

# Compendium of Studies of Tax-Exempt Organizations, 1989-1998

*Third Volume in a Series of Statistics of Income Publications*

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The *Compendium of Studies of Tax-Exempt Organizations, Volume 3, 1989-1998* presents information from studies on tax-exempt, nonprofit organizations. Included are articles and tables of data on nonprofit charitable organizations (primarily charitable, religious, educational, and health organizations), nonprofit organizations described in Internal Revenue Code sections 501(c)(4)-(c)(9), private foundations, charitable remainder trusts, and unrelated business income of exempt organizations. The data included in the volume cover the time period 1989-1998, although limited historical information dating to 1975 is contained in selected articles. Important issues within the nonprofit sector are discussed, both in previously published *Bulletin* articles as well as papers prepared for publication in other academic journals.

By request, additional unpublished information from each of the studies is available and special tabulations can be produced. Requests for these services should be addressed to Statistical Information Services, Statistics of Income Division, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608. Alternately, it is possible to call the SOI Statistical Information Services Office (202-874-0410). A fee may be charged for some services. See the Products and Services section at the back of the publication for additional information.

Melissa Belvedere and Margaret Riley of the Statistics of Income Division were the technical editors of the *Compendium*. Special appreciation is extended to Gerald Auten and David Joulfaian of the Office of Tax Analysis at the U.S. Department of the Treasury, Linda Lampkin of the National Center for Charitable Statistics at Urban Institute, and Burton Weisbrod of the Department of Economics at Northwestern University for taking part in this endeavor by writing the Foreword. Views expressed in the articles are those of the authors and do not necessarily represent the views of the Treasury Department or the Internal Revenue Service.



# Compendium of Studies of Tax-Exempt Organizations, 1989-1998\*

Third Volume in a series of Statistics of Income Publications

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# Foreword

by Gerald Auten and David Joulfaian, Office of Tax Analysis, U.S. Department of the Treasury  
Linda M. Lampkin, National Center for Charitable Statistics, Urban Institute  
Burton A. Weisbrod, Department of Economics, Northwestern University

## Analyzing Charitable Giving Using SOI Tax Return Data

by Gerald Auten and David Joulfaian

Statistics on charitable giving are important in measuring the level of charitable contributions, as well as the size of the non-profit sector. Charitable giving data also reveal trends in the non-profit sector. In evaluating the effects of tax policy on the level and distribution of giving, as well as the activities of non-profit organizations, such data are vital. However, data on donations and non-profit organizations are relatively scarce in government and private sector statistics. As a result, the data gleaned from Federal tax returns by the Statistics of Income (SOI) Division of the Internal Revenue Service (IRS) often provide the only source of information on the magnitude of charitable and non-profit activities. SOI's tax data not only provide information on annual receipts of nonprofit organizations and private foundations, but also provide information on contributions by corporations, individuals and estates.

The use of tax data to measure and analyze the size of the non-profit sector has a number of important advantages, as well as a few limitations. SOI's tax data are based on large samples (more than 100,000 returns, in the cases of individual and corporate contributions), and this is an important advantage. In contrast to most non-tax data sources, SOI data sets contain large numbers of observations on wealthy individuals and large corporations, because such individuals and businesses are over-sampled. Tax data are also available on a fairly consistent basis over relatively long time periods. In some cases, such as the estate tax and corporate tax areas, tax data are essentially the only comprehensive sources of statistics. Tax data do have limitations, however. There may be some bias toward the overstatement of donations to the extent that taxpayers overvalue property gifts or claim deductions for money paid to ineligible organizations or for ineligible

purposes. In addition, some important data are missing from SOI's tax statistics, such as the donations of non-itemizers and the receipts and expenditures of religious organizations.

Annual cross-section samples of Federal tax returns have been used by a number of researchers to examine the responsiveness of individuals to the deduction allowed for contributions. A recurring concern, however, is that annual data may provide a distorted view of contributions, as well as other aspects of taxpayer behavior, such as the realization of capital gains and income measurement. In response to this concern, SOI has constructed a number of panel data sets from individual income tax returns. One early study by Auten and Rudney (1990) used an SOI panel of tax returns for 1971-1975 and found that high-income taxpayers were much more likely to concentrate their giving, while lower and middle-income taxpayers tended to give more stable amounts from year to year. Auten, Clotfelter and Schmalbeck (2000) found similar patterns using an overlap panel of tax returns for 1991-1995.

These findings suggest that annual observations on high-income individuals could provide a misleading picture of both their giving over time and their responses to tax law changes. That is, taxpayers' behavioral responses may differ between the short- and long-term. Panels of tax returns allow us to observe individuals' giving both before and after tax law changes, including any transitory acceleration or delay of income reporting or contributions made. The "natural experiments" from tax law changes allow us to observe changes in individual giving in response to exogenous changes in tax price. Two recent examples of panel studies are those by William Randolph (1995) and Gerald Auten, Holger Sieg and Charles Clotfelter (forthcoming), who employed variants of the 1979 forward tax panel with 10 or more years of data spanning several major tax law changes. Both studies find that charitable contributions respond differently to current (transitory) income and tax price than to the corresponding long-run (permanent) variables, thereby demonstrating the importance of panel data for analysis.

*Gerald Auten and David Joulfaian are on the staff of the Office of Tax Analysis, U.S. Department of the Treasury*

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During recent debates that took place about the Federal estate tax and its possible repeal, charitable bequests have attracted considerable attention. While charitable transfers at death represent less than 10 percent of aggregate lifetime giving, they potentially account for a sizeable amount of total giving by the wealthy. A number of researchers have examined Federal estate tax data to measure the response of charitable giving to estate taxation. Beginning in 1982, SOI has provided estate tax data on wealthy decedents for every filing year; year-of-death data are available on a tri-annual basis. Available information includes the size and composition of wealth at death, demographic data on the deceased, and the disposition of the estate. Examples of studies that examine estate tax and charitable bequest data include Joulfaian (2000a, 1999, and 1991), Clotfelter (1985), and Boskin (1976).

Several SOI studies have linked information on charitable bequests from estate tax returns to information on lifetime charitable contributions from the income tax returns of the decedents. This is done by matching estate tax returns to the universe of income tax returns filed for the year prior to the date of death. Some of the earliest work was undertaken by Eugene Steuerle (1987), who employed the 1976 Collation Study (CS) to study differences in the pattern of giving during life and at death. This CS data linked estate tax returns of decedents in 1976 to the 1975 income tax returns. Auten and Joulfaian (1996) extended this work by employing the 1982 CS data and found that the estate tax influences lifetime charitable contributions, not just charitable bequests.

A file that matches estate tax returns to income tax panel data is one of the more interesting of SOI's new products. Focusing on the 1987-96 panel of income tax returns, SOI extracts the estate tax re-

turns of panel members as they die. Thus, we observe not only the pattern of lifetime contributions, but also the patterns of wealth disposal at death. In a recent paper, Joulfaian (2000b) employed this matched panel to study how the wealthy allocate their transfers between lifetime contributions and bequests, as well as how estate taxation affects charitable giving.

The federal taxation of corporate income and charitable giving by corporations is an area that seems to have received much less attention. In part, this can be explained by the limited number of major changes in corporate tax provisions that affect contributions. The lack of tax law changes makes it difficult for researchers to examine how taxes influence corporate giving. Given that the tax rate is likely to be determined by profits or income, it is not an easy task to separately identify the effects of income and taxes (price). Beginning in 1991, however, SOI began capturing the contributions reported by S corporations. Because these entities are not subject to a corporate level tax, Carroll and Joulfaian (1997) used them as a control group in examining the effects of the corporate income tax.

In conclusion, data on charitable transfers derived from individual, corporate, and estate tax returns are instrumental in analyzing the effects of tax law changes on giving. These data are useful for scholarly research and for purposes of making revenue estimates and evaluations of policy proposals. Indeed, tax records often provide the only source of information to interested analysts. Without SOI's efforts in constructing and maintaining these data, it would be very difficult to gauge the effects of taxes and make informed policy recommendations. With over \$100 billion in annual transfers, the importance of such studies and the necessity of SOI data cannot be understated.



## Foreword

National Center for Charitable Statistics and SOI Collaboration on Nonprofit Organization Research

by Linda M. Lampkin

In the nine years since the last volume in this series, the changes that have taken place in the availability of data on nonprofit organizations for researchers, particularly in the past three years, have been dramatic. The data made available and the work completed by the Statistics of Income (SOI) staff have helped scholars and policymakers to better understand the nonprofit sector and its myriad activities and contributions to American society. The articles and the papers included here illustrate the great advances in the development of information on this sector.

The National Center for Charitable Statistics (NCCS), now a program of the Center on Nonprofits and Philanthropy at the Urban Institute, has worked with SOI for nearly two decades. Through this collaboration, NCCS has been able to use the data files that are the sampling frames for the annual SOI studies of Internal Revenue Code Section 501(c)(3) organizations and construct a dataset for in-depth analysis of the sector by researchers. This database contains about 60 financial variables for all Internal Revenue Service Form 990 filers (those that have more than \$25,000 in annual gross receipts), as compared to the 300 variables analyzed in the SOI sample. NCCS checks the data, incorporates corrections from the SOI Form 990 study sample, and checks and completes the classification of all organizations in the file. This comprehensive dataset (called NCCS Core Data) is produced annually and is available to researchers through NCCS. Using this information, NCCS published its first book, *State Non-profit Almanac 1997: Profiles of Charitable Organizations*, providing a level of detail and precise definitions on the sector available for the first time. These profiles are now updated annually and available on the NCCS website ([nccs.urban.org](http://nccs.urban.org)).

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A recent NCCS-SOI project also helped ensure the quality of the coding of the organizations in the SOI Form 990 study sample. SOI had long used the National Taxonomy of Exempt Entities (NTEE) to group charities by purpose, type, and major function. This classification system was developed by NCCS, with the guidance of leading nonprofit scholars and practitioners. By 1998, the Internal Revenue Service was using three systems — the Standard Industrial Classification (SIC) system, supplemented with a system of Activity Codes (to better describe the varied activities of the charities), and NTEE codes to classify nonprofit organizations.

When the SIC coding system was replaced by the North American Industry Classification System (NAICS) in 1997, the Service seized the opportunity to simplify and consolidate its coding. NCCS was asked to create NTEE-Core Codes (NTEE-CC), a more concise and easier-to-use version of NTEE. This new version eliminated little-used categories, created full definitions, and developed rules for coding to ensure higher consistency, as well as aligning the system with NAICS. The expertise and input of the SOI Form 990 study editors at IRS's Ogden Submission Processing Center in Utah were invaluable as NCCS worked to develop the new NTEE. SOI staff also are part of the NTEE Oversight Committee that made the final decisions on the changes, and they participate in the on-going maintenance of the system.

Now the Service uses only NTEE-CC to code tax-exempt organizations as they apply for tax-exempt status, and that code is electronically cross-walked into a NAICS classification. Government reports are now completed using the required NAICS classifications, but the more comprehensive portrait of the sector is also available using the NTEE-CC.

With a revision of the NTEE-CC came an opportunity for NCCS to work with SOI to verify the classifications of the 1994 Form 990 SOI study sample (Stengel, Lampkin, and Stevenson 1999 and in this volume). This project served to permanently improve both the codes and the system for coding for the future. Codes for large organizations that were

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difficult to classify were hard-coded, so that they would never need to be classified again. Also, an analysis of common pitfalls was used to develop prescriptive rules to increase the accuracy and consistency of classification. One of the NCCS findings was that the SOI editors were producing quality codes using a system that, at the time, was less than ideal.

At the conclusion of the verification project, about 88 percent of the file records were deemed as coded with “high or fair confidence.” This is a big achievement for a sector that formerly used codes that were based only on information from one Form 990 or all too often, just the organization name. For the larger organizations (with assets of \$10 million or more), 93 percent were coded with “high or fair confidence.” A detailed description of the project is included in this compendium. We are proud that our work with SOI has resulted in the best classified and most completely documented dataset of charities ever assembled.

A second project that has had a phenomenal impact on the availability of nonprofit data is co-sponsored by NCCS and Philanthropic Research, Inc. (PRI, with its GuideStar web site) and involves collaboration with IRS staff in SOI, the Tax Exempt/Government Entities (TE/GE) Division, and the

Submission Processing Center in Ogden. The Forms 990 and 990-PF received in Ogden are scanned and stored on CD-ROMs or tapes and sent to NCCS/PRI. Well over 20 million pages of the forms and their attachments have been scanned as you read this. The images are then made available on a web site (at [www.guidestar.org](http://www.guidestar.org) or [www.nccs.urban.org](http://www.nccs.urban.org)) for instant and easy access. The forms have become a valuable resource for researchers and policymakers, as well as potential donors and the general public. The nonprofits themselves are learning that the Form 990 on the web can be used as a communication tool as they comply with the requirements for disclosure of this information. This increased scrutiny has worked to increase the quality of reporting by nonprofits, as a Form 990 may be a first introduction to potential donors.

Only a few years ago, nonprofit researchers spent most of their time, money, and energy just collecting data and checking their quality and usefulness. Now easy access makes the information truly widely available. The giant steps that have been taken to increase the quality and quantity of data on charities would not have happened without the support and cooperation of SOI and the Service, and we look forward to future collaboration.

## Foreword

### Research on Nonprofit Organization Behavior: The SOI Data

by *Burton A. Weisbrod*

As the nonprofit sector has grown, so has the importance of understanding nonprofit organization behavior. The data made available by the Statistics of Income (SOI) Division of the Internal Revenue Service (IRS) are valuable aids for research, making use of information from IRS Forms 990, 990-PF, and 990-T returns for thousands of individual nonprofit organizations. Aided by the industry classifications of the National Taxonomy of Exempt Entities (NTEE), these data permit identification and analysis of behavioral patterns within specific industries – e.g., health, education, and anti-poverty activities – and over time.

Form 990 informational returns are required to be filed by all nonprofit organizations, except for religious organizations, having gross revenue in excess of \$25,000. Data from Form 990 are public information, available in the annual SOI study samples as well as on the Web at [www.guidestar.org](http://www.guidestar.org), and directly from each nonprofit organization. The Form 990-T tax return, by contrast, is required only if a nonprofit has \$1,000 or more of gross “unrelated business income” (UBI) – that is, income from activities that are not substantially related to the nonprofit’s tax-exempt mission. Information for specific organizations reported on these returns by law cannot be disclosed to the public. For analytic purposes, the SOI Division has developed annual samples of Form 990-T unrelated business income tax (UBIT) returns from which it publishes aggregate statistics. In addition to independently selected Forms 990-T, the SOI sample also includes any Form 990-T tax return filed by an organization whose information return was selected for the SOI sample of Forms 990/EZ.

Through an agreement with the IRS, which allows academic researchers to access otherwise nondisclosable tax return data from SOI samples

(and requires strict accordance with disclosure provisions pertaining to taxpayer confidentiality), I analyzed one element of nonprofit organization behavior that has puzzled students of nonprofit organizations and tax policy: how to explain the SOI findings that the aggregate profit reported on the more than 30,000 Form 990-T UBIT returns is *negative* year after year (Riley 1995, 1996, 1997, 1998, 1999, and 2000, and in this volume). Since, by definition, UBI involves activities that are unrelated to the nonprofit’s tax-exempt mission, why would a nonprofit undertake such an activity unless it generated profit for cross-subsidizing the mission? Research now in progress (by Weisbrod) is examining a large data set of matched Forms 990 and 990-T returns to see whether there is evidence that much of the explanation rests on the use of Generally Accepted Accounting Principles for allocating joint costs. Earlier research produced evidence, though from relatively small samples of hospitals, colleges, and museums, that is consistent with the hypothesized cost-allocation explanation. The *true* profit on unrelated business activities in all three industries, if profit is measured by the difference between revenue and *incremental* costs, is significantly greater than the *reported* profit, which reflects allocation of joint costs that contribute to both related and unrelated activities. (See Cordes and Weisbrod 1998, and elsewhere in this volume.) The new research extends the earlier work to larger samples, more industries, and multiple years, to identify the forms of cost-shifting.

In addition to the question of how costs are allocated between the untaxed, mission-related, activities and the taxed, unrelated business activities, another research question is how the choice of cost categories can affect a nonprofit organization’s revenue – particularly from donations (“contributions, gifts, and grants” – CGG). When expenses are reported as for “management” rather than for “fundraising,” the nonprofit may be seen by donors as having a low fundraising ratio. This might increase donations, in light of the growing “guidance” that prospective donors are receiving to give to organizations with low fundraising percentages. Changes

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over time in the reporting of fundraising costs would pose problems for researchers.

The SOI annual samples of Form 990 data present an unparalleled, though imperfect, source of research data on behavior of individual nonprofit organizations over time. The data are currently available for every IRS reporting year between 1982 and 1998, except for 1984. Segal and Weisbrod (1998 and included in this volume) utilized these data, creating a panel of nonprofits that were in the SOI samples for multiple years—primarily the larger organizations, with assets of \$10 million or more. The objective was to study the extent to which revenues from CGG and from sales (“program service revenues”) are substitutes, complements, or independent revenue sources. The SOI data permit analysis of individual organization behavior over time and in each of a number of industries. We studied the effects of an exogenous change in CGG in one year on an organization’s program service revenues in subsequent years.

In another study of nonprofits’ revenue sources and their interdependencies, Okten and Weisbrod (2000, and in this volume) also took advantage of the multiple years of SOI data. We focused on the forces affecting nonprofit organization revenues from private CGG, examining the influences of such variables as the organization’s age, the level of its fundraising expenses (notwithstanding their limitations as noted above), and revenue from other sources such as government grants and program service revenues in prior years. The analyses covered a number of industries including hospitals, colleges, museums, scientific research organizations, libraries, and organizations serving the poor.

The SOI Division performs a valuable function for researchers studying the financing and expenditure policies of nonprofit organizations. By making available, electronically, detailed data on each of thousands of nonprofit organizations over time, and by encouraging analysis of the data, the SOI continues its tradition of advancing public policy through research.

# Overview of Tax-Exempt Sector Research

## Introduction

In the United States, charities play an extremely important part in the lives of citizens, as well as being an important economic force. According to a 1999 survey conducted by the Independent Sector, 70.1 percent of households contributed to charities in 1999, and the average household contribution to charity was \$1,075 [1]. Seventy-six percent of citizens reported feeling that nonprofit organizations played an important role in their own communities [2]. Because the nonprofit sector plays such a large role in the U.S. economy, detailed study and analysis of this “third sector” is vital. The Statistics of Income (SOI) data show that the number of nonprofit charitable organizations filing information returns with the Internal Revenue Service (IRS) more than doubled during the 20-year period between 1975 and 1995, and their real assets and revenues more than quadrupled [3] [4].

In addition to being a significantly large component of the American economy, the nature of the nonprofit sector is changing. A report by the Kellogg Foundation examined several new characteristics of the nonprofit sector which have emerged in the late twentieth century. Specifically, the report found three new waves of change. First, the “innovations of social entrepreneurs and the organizational models they are creating require new perspectives and responses from traditional philanthropy” [5]. Second, “pressures from an active and vocal civil society, along with enlightened corporate leadership are...creating new opportunities and incentives for the commercial sector to partner with philanthropies, other nonprofits and government” [6]. Last, “belief in the value of wealth creation in addressing social change along with the principles of venture capital investment is influencing the practice of emerging philanthropists” [7]. Such important shifts in a large sector of the American economy makes critical the financial information pertaining to exempt organizations [8]. This Compendium of Studies of Tax-Exempt Organizations provides a comprehensive picture of the financial characteristics of tax-exempt organizations, allowing scholars access to the wealth of information gathered by The Statistics of Income Division.

## Volume 3: A Tradition of Exempt-Organization Data Publishing

The Compendium of Studies of Tax-Exempt Organizations, Volume 3, 1989-1998, is a comprehensive source of SOI data and information concerning the nonprofit sector. SOI conducts annual studies of certain types of tax-exempt organizations, using samples of returns filed with the IRS. Analyses of study results, along with statistical tabulations, are published annually in the *SOI Bulletin*. Volume 3 of the Compendium consolidates all data and articles previously published by SOI, covering various Reporting Years between 1989 and 1998 [9].

The earliest collection of SOI data on nonprofit charitable organizations and private foundations, classified as tax-exempt under Internal Revenue Code section 501(c)(3), appeared in the first volume of the Compendium, which presented articles published from 1974 through 1987. The Compendium, Volume 2, was more comprehensive. In addition to data on section 501(c)(3) organizations, it contained information on charitable bequests and organizations exempt from tax under sections 501(c)(4) through (c)(9). These sections of the Code describe social welfare organizations; membership societies; and civic, social, recreational, and fraternal organizations.

SOI plays an important role in fostering research on tax-exempt organizations by sharing its data and collaborating with other researchers inside and outside of Government. In addition to SOI articles, Volume 3 contains papers authored by non-SOI scholars who have used SOI data for research on various aspects of the nonprofit sector.

Volume 3 of the Compendium organizes the articles and papers on tax-exempt organizations into the following sections:

- Overview of Tax Exempt Sector Research
- Charities and Other Tax Exempt Organizations
- Private Foundations and Charitable Trusts
- Unrelated Business Income Tax
- Charitable Remainder Trusts
- Related Papers on Nonprofit Research Using SOI Data

## Overview of Tax-Exempt Sector Research

Of the articles included in the Compendium, Volume 3, most have appeared in various quarterly editions of the Statistics of Income (SOI) Bulletin. Some were prepared for publication in other SOI publications and academic journals. A listing of references for the articles and papers included in this volume, in addition to references cited therein, appears in the “References” section.

### **Areas of Focus Within the Nonprofit Sector**

The first two articles in The Compendium, Volume 3, provide a historical overview of nonprofit research done at SOI. Skelly’s article focuses on all nonprofit research done, while that written by Meckstroth and Arnsberger deals mainly with research on section 501(c)(3) organizations filing Forms 990, 990-EZ, and 990-PF. In addition to the two articles presenting historical data, the “Overview” section includes an article describing the methodologies used to select each of the SOI exempt-organization return samples

In the section entitled “Charities and Other Tax Exempt Organizations,” data presented were gathered from Forms 990, *Return of Organization Exempt from Income Tax*, and 990-EZ (the short-form version of the return) for Reporting Years 1989 through 1998. These articles include information on organizations such as schools, hospitals, public charities, and certain religious organizations, as well as social welfare organizations, civic and business leagues, labor and agricultural organizations, recreational and social clubs, fraternal beneficiary associations, and voluntary employees’ beneficiary associations. Reporting Year 1997 and later years’ data incorporate two significant additions to the annual studies: information regarding lobbying expenditures by 501(c)(3) organizations, as well as a worksheet reconciling revenue and expenses on an organization’s financial statements with the amounts it reports on Form 990.

The third section, “Private Foundations and Charitable Trusts,” presents data collected from Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*, for Reporting Years 1991 through 1997. Rather than operate their own charitable programs, many private foundations provide grants to other nonprofit organizations, com-

munities, and individuals. These grants provide financial support to programs in the areas of the arts, humanities, education, health, human services, and environmental protection, among others. In addition to information on private foundations, this section includes information on “nonexempt charitable trusts” classified under Code section 4947(a)(1).

This is the first Compendium volume to include annual information from Form 990-T, *Exempt Organization Business Income Tax Return*. Data are presented for Tax Years 1991 through 1997, based on samples of returns with reported gross “unrelated business income” (UBI) of \$1,000 or more. Generally, a Form 990-T tax return is required to be filed by an organization, ordinarily exempt from tax, to report income produced from activities that are “regularly carried on” and “are not substantially related” to its tax exempt purpose. Beginning with Tax Year 1993, the sample included all Forms 990-T filed by any organizations whose annual information returns were selected for the Form 990 SOI sample, in addition to other Forms 990-T selected independently.

Also included in this Compendium volume is an article on charitable remainder trusts for Reporting Year 1998, which was published in the Winter 2000-2001 issue of the SOI Bulletin. Data for the 1998 study of charitable remainder trusts were collected from Form 5227, *Split Interest Trust Information Return*. Form 5227 is filed by trusts having both charitable and noncharitable beneficiaries, as described in section 4947(a)(2) of the Internal Revenue Code. The most recent split-interest trust data published by SOI prior to the 1998 report were for Reporting Year 1979 [10]. Charitable remainder trusts pay either a fixed dollar amount or a percentage of assets annually to one or more non-charitable beneficiaries. These payments may be for a specified number of years or for the life of the beneficiary. Upon termination of the payments, the remaining interest is transferred to a charitable organization.

The final section contains additional articles and papers on topics related to the nonprofit sector. These topics cover corporate and individual philanthropy, tax-exempt private activity bonds, the classification of nonprofit charitable organizations by the National Taxonomy of Exempt Entities, and the commercialization of nonprofit organizations.

## Overview of Tax-Exempt Sector Research

### **Statistical Research at SOI**

Since 1917, the Statistics of Income Division within IRS has produced annual financial statistics which are reported on various returns filed with the IRS. SOI produces financial statistics on individuals, domestic corporations, U.S. corporations with foreign activities, wealth and estates, and tax exempt organizations. Data and descriptive articles regarding these subject areas are published in various SOI publications, which are detailed at the back of this volume in the “SOI Products and Services” section.

Data for SOI is developed using samples of all tax returns filed with the Internal Revenue Service. Specifically, tax-exempt organization data are collected from the following forms:

- Form 990, Return of Organizations Exempt from Income Tax
- Form 990EZ, Short Form: Return of Organizations Exempt from Income Tax
- Form 990-PF, Return of Private Foundation (of Section 4947(a)(1) Trust Treated as a Private Foundation)
- Form 990-T, Exempt Organization Business Income Tax Return
- Form 5227, Split-Interest Trust Information Return

For a general discussion of SOI sampling procedures and data limitations, there is an article entitled “SOI Sampling Methodology and Data Limitations,” found in the Appendix to this volume. As mentioned above, a more detailed description of sampling for the various exempt organizations studies is included in the “Overview” section. Additionally, articles published in the SOI Bulletin each contain a section dedicated to “Data Sources and Limitations.”

### **Looking Toward the Future: Upcoming Plans for Tax Exempt Data**

SOI has recently engaged in a project that greatly improves the accessibility of nonprofit data by scanning and storing Forms 990 and 990-PF on CD-ROMS or tapes. This project, which has been co-sponsored by the National Center for Charitable Statistics (NCCS), requires collaboration with IRS staff in SOI, the Tax Exempt/Government Entities (TE/GE) Division, and the Submission Processing

Center in Ogden, UT. To date, more than 20 million pages of the forms and their attachments have been scanned.

The SOI studies of charitable remainder trusts for Reporting Years 1998 and 1999 cover only two types of split-interest trusts filing Form 5227. These are charitable remainder annuity trusts and charitable remainder unitrusts. Beginning with Reporting Year 2000, the SOI split-interest trust studies will be expanded to include all types of organizations filing Form 5227 – charitable remainder trusts, pooled income funds, and charitable lead trusts.

### **SOI Products and Services**

SOI data are available in both electronic format and printed publications. Microdata for exempt organizations (Forms 990 and 990-PF) are available from SOI, as well as the National Center for Charitable Statistics. The data, which contain identifiable organization records, can be made available because of the Federal requirement for these organizations to make their IRS information returns available to the public. To request any of the data or microdata CD-ROM’s offered by SOI, contact the Statistical Information Services Office:

Statistical Information Services  
(202) 874-0410  
Statistics of Income Division  
(202) 874-0964 (fax)  
Internal Revenue Service  
sis@irs.gov (e-mail)  
P.O. Box 2608  
Washington, DC 20013-2608

Scanned images of Forms 990 and 990-PF filed by section 501(c)(3) organizations are also available from the internet sites of Philanthropic Research, Inc. (PRI) and the National Center for Charitable Statistics (NCCS). The World Wide Web addresses for PRI and NCCS are as follows:

Philanthropic Research, Inc.  
www.guidestar.org  
National Center for Charitable Statistics  
www.nccs.urban.org

Additionally, SOI’s Internet site offers over 800 files of both SOI and non-SOI products and services.

## Overview of Tax-Exempt Sector Research

Files presenting tables, articles, information about SOI products and services, IRS Annual Data Book tables, Compliance Research projections, and non-profit Master File microdata records are currently available. The SOI World Wide Web address is: [http://www.irs.gov/tax\\_stats](http://www.irs.gov/tax_stats).

### Notes and References

- [1] The statistics quoted are based on the 1999 National Survey conducted by the Independent Sector. The complete results of this survey can be found on the Independent Sector's World Wide Web page, <http://www.independentsector.org/GandV/default.htm>.
- [2] *ibid.*
- [3] Meckstroth, Alicia and Arnsberger, Paul, "A 20-Year Review of the Nonprofit Sector, 1975-1995," *Statistics of Income Bulletin*, Fall 1998, Volume 18, Number 2, in this Compendium.
- [4] Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. They also exclude most colleges and universities operated by State and local governments.
- [5] Reis, Tom and Clohesy, Stephanie. "Unleashing New Resources and Entrepreneurship for the Common Good: A Scan, Synthesis, and Scenario for Action." This article was found on a World Wide Web page operated by the Kellogg Foundation; it can be accessed in either PDF or HTML format from the following web page: <http://www.wkkf.org/Knowledgebase/results.asp>.
- [6] *ibid.*
- [7] *ibid.*
- [8] Additional information on the changing nature of nonprofits, and their relationship to the Government can be found in the article entitled, "Changing Roles, Changing Relationships: The New Challenge for Business, Nonprofit Organizations, and Government." This article is available in HTML format through the Independent Sector's World Wide Web Page, [http://www.independentsector.org/programs/leadership/3Sector\\_Collaboration.html](http://www.independentsector.org/programs/leadership/3Sector_Collaboration.html).
- [9] The title of the Compendium, Volume 3, cites the years 1989-1998 because these are the Return Years covering annual analyses that were published for the various SOI tax-exempt organization return studies. However, two articles that contain limited historical data for certain years prior to 1989 have also been included in the Overview section of the Compendium.
- [10] Petska, Thomas B., "Charitable Trusts: An IRS Examination of Nonexempt Philanthropic Organizations," *Statistics of Income and Related Administrative Record Research: 1983*, Selected Papers Given at the 1983 Annual Meeting of the American Statistical Association in Toronto, Canada: August 14-18, 1983, Washington, DC: Internal Revenue Service, Statistics of Income Division, October 1983.



# Tax-Based Research and Data on Nonprofit Organizations, 1975-1990

by Daniel F. Skelly

**T**ax-exempt organizations represent a significant and growing sector within the U.S. economy [1]. For 1990, the revenues and expenses of tax-exempt organizations each represented 10 percent of the gross domestic product (GDP), up from less than 6 percent for 1975 (Figure A). Between 1975 and 1990, assets of tax-exempt organizations increased in real terms by over 150 percent, while revenues increased by over 227 percent. This is in comparison to a growth in real GDP of 52 percent over the same period.

For 1990, there were approximately 1.4 million tax-exempt, nonprofit organizations in the “independent sector.” Of these, 350,000 were churches, synagogues and other religious organizations that, although tax-exempt, were not required to register or file tax returns with the Internal Revenue Service (IRS). Of the approximately 1 million organizations registered as tax-exempt with the IRS, almost 455,000 were “nonprofit charitable organizations,” exempt under Internal Revenue Code section 501(c)(3), that engaged in educational, research, scientific, religious, philanthropic, and other charitable activities [2]. The remaining organizations encompassed a vast array of voluntary and philanthropic institutions that provide a wide variety of services to the American population. These include, among others, civic leagues and social welfare organizations, business leagues, recreational and social clubs, fraternal and voluntary employees' beneficiary associations, and Federal credit unions.

Has the growth in the nonprofit sector been induced by cutbacks in Federal social programs? How has the mix of contributions received, program fees, investment income, and commercial income from unrelated activities fueled the growth in the sector? What types of organizations have exhibited the biggest growth rates and why? What role has the Government played in the growth? What policy decisions have contributed to the expansion of the sector? Tax policy issues like these can be addressed using data collected from Federal information and tax returns filed by tax-exempt organizations.

*Daniel F. Skelly is currently Acting Director, Statistics of Income. This article was originally published in Voluntas, Volume 4, Number 4, International Journal of Voluntary and Non-Profit Organizations, Thematic Issue: The Not-For-Profit Sector in the National Accounts and Related Systems, Manchester University Press, Manchester, United Kingdom, 1993, and is reprinted here with permission of the National Academy of Sciences, Washington, DC. The article has been slightly edited and updated for republication in the Statistics of Income Bulletin.*

Data from Federal information and tax returns of tax-exempt organizations are available from several sources [3]. First, the Statistics of Income (SOI) organization of the IRS, using sample data, conducts studies of tax-exempt, nonprofit organizations. Income statement, balance sheet, and other financial data, as well as a great amount of nonfinancial information, are collected in these SOI studies. The data are subject to comprehensive testing and correction procedures to ensure that they are of high quality. Sec-

From 1975 to 1990, the growth of tax-exempt organizations substantially exceeded the growth of the national economy.

ond, the IRS collects, for administrative purposes, selected data items from all tax-exempt organization returns filed. Only limited information (for example, total assets and total receipts) is available to the public from this administrative file. These

data are subject to limited testing; thus, taxpayer filing errors may not always be corrected. Finally, current information on tax-exempt organizations can be gathered from the actual returns filed. Copies of the publicly-disclosed tax and information returns can be obtained from the IRS district office where the organization is located or through public inspection at the organization itself.

The primary purposes of this article are to document the growth in the nonprofit sector relative to the economy as a whole and to describe ongoing SOI studies of nonprofit organizations [4]. Readers interested in the specific types of information on nonprofits available through SOI will appreciate the Products and Services section of this paper.

## SOI Studies of Nonprofit Organizations

Beginning in the mid-1970's, SOI again began to collect information on nonprofit organizations, including periodic studies of private foundations and other tax-exempt organizations. Since 1982, studies of private foundations and nonprofit charitable organizations have been conducted annually (except for 1984) [5]. For 1988, the study of nonprofit charitable organizations was expanded to include organizations exempt under Code section 501(c)(4)-(9). An annual study of the “unrelated business income” of tax-exempt organizations was initiated in 1987. Together, these studies provide a basis for examining the growth in the nonprofit sector of the economy.

SOI data indicate that the growth of tax-exempt organizations from 1975 to 1990 substantially exceeded the growth of the national economy as a whole (Figure B). For example, while the real GDP grew by 51 percent in the period from 1974 to 1990, the revenue of private foundations,

# Tax-Based Research and Data on Nonprofit Organizations

**Figure A**

**Total Revenue and Total Expenses as Percentages of Gross Domestic Product (GDP) for All Tax- Exempt Organizations, 1975 and 1990<sup>1</sup>**

[Money amounts are in millions of dollars.]

Tax year	Total revenue	Percentage of GDP	Total expenses	Percentage of GDP
	(1)	(2)	(3)	(4)
1975 <sup>2</sup> .....	93,833	5.9	90,135	5.7
1990 <sup>3</sup> .....	577,900	10.4	551,058	9.9

<sup>1</sup> Organizations exempt under section 501(c) of the Internal Revenue Code, including private foundations.

<sup>2</sup> Includes amounts from the 1975 Statistics of Income study of section 501(c) organizations, excluding private foundations; augmented by estimates for foundations.

<sup>3</sup> Preliminary.

**Figure B**

**Selected Data for Nonprofit Charitable Organizations, Except Private Foundations, in 1987 Constant Dollars**

[All figures are estimates based on samples--money amounts are in millions of dollars]

Item	1975	1982	1985	1986	1987	1988	1990 <sup>1</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total assets.....	220,546	333,697	448,670	504,830	529,514	561,668	597,058
Total revenue.....	110,057 <sup>2</sup>	234,255	284,311	301,840	310,766	341,334	359,978
Contributions, gifts, and grants.....	34,775	49,251	59,079	62,038	61,686	66,469	71,673
Dues and assessments.....	3,105	2,955	3,974	3,856	4,187	3,822	4,421
Program service revenue.....	n.a.	148,417	177,858	193,946	211,404	230,311	n.a.
Investment income.....	n.a.	11,302	14,758	14,296	16,192	18,543	20,062
Total expenses.....	104,165 <sup>2</sup>	216,347	258,701	271,897	288,681	318,397	343,268
Program service expenses.....	74,737	180,988	218,850	229,003	242,188	270,975	n.a.
Gross domestic product <sup>3</sup> .....	3,221,700	3,760,300	4,279,800	4,404,500	4,539,900	4,718,600	4,897,300

**Selected Data for Private Foundations, in 1987 Constant Dollars**

[Money amounts are in millions of dollars]

Item	1974	1979	1982	1985	1986	1987	1988	1990 <sup>1</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fair market value of total assets.....	n.a.	68,165	75,044	102,849	116,797	114,301	124,051	142,283
Investments in securities.....	n.a.	n.a.	59,455	79,481	89,799	87,352	95,833	n.a.
Total revenue.....	7,267	9,180	10,891	17,387	20,672	17,117	15,669	16,275
Contributions received.....	2,710	3,484	3,197	5,786	7,382	5,285	5,070	5,465
Interest and dividends..... <sup>4</sup>	3,151	3,696	4,499	5,117	5,312	5,577	6,213	6,903
Net gain (less loss) from								
sale of assets.....	659	1,157	2,129	5,432	7,218	5,567	3,514	3,570
Total expenses.....	7,100	5,398	6,962	7,671	8,539	9,072	9,389	10,705
Grants paid.....	4,350	4,276	5,344	5,717	6,504	7,061	7,303	n.a.
Gross domestic product <sup>3</sup> .....	3,248,100	3,796,800	3,760,300	4,279,800	4,404,500	4,539,900	4,718,600	4,897,300

<sup>1</sup> Preliminary.

<sup>2</sup> Estimated from other data included in the SOI study of nonprofit organizations.

<sup>3</sup> Gross Domestic Product (GDP) data are from the Economic Report of the President, Table B-2, February 1994.

<sup>4</sup> This number represents the sum of "Interest on savings and temporary cash investments" and "Dividends and interest from securities."

n.a.-Not available.

## Tax-Based Research and Data on Nonprofit Organizations

adjusted for inflation, increased by 124 percent. The total revenue and total expenses of nonprofit charitable organizations, excluding private foundations, each grew by more than 225 percent from 1975 to 1990, while real GDP increased by 52 percent [6]. In current dollars, total revenue and expenses of all nonprofit charitable organizations, including private foundations, grew from less than 4 percent of GDP in 1975 to nearly 8 percent in 1990 (Figure C).

### Nonprofit organizations tax-exempt under Internal Revenue Code section 501(c)

The first recent study of tax-exempt organizations conducted by SOI was for 1975 and included all section 501(c) organizations, charitable as well as other nonprofit organizations, but excluded private foundations. The most recent complete SOI financial data available for nonprofit charitable organizations are for 1989 [7]. The data base is a stratified probability sample of 11,400 organizations that

includes all nonprofit charitable organizations with \$10 million or more in assets (6,900 organizations) and 4,500 organizations with less than \$10 million in assets. These data on nonprofit charitable organizations have also been classified by type of organization, including hospitals, educational institutions, and support organizations [8]. The 1989 data for Code section 501(c)(4)-(9) organizations consist of a sample of approximately 10,800 returns selected from a population of 97,300.

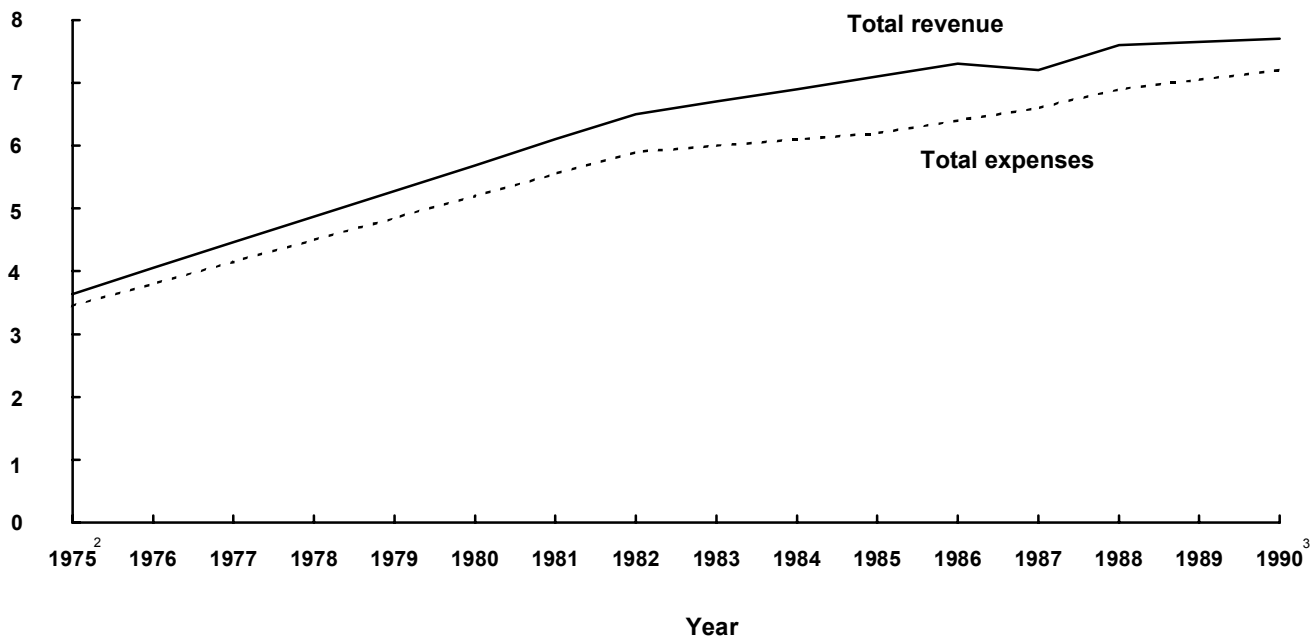
### Administrative Data on Nonprofits

By any measure, nonprofit charitable organizations (excluding private foundations) receiving tax-exempt status under section 501(c)(3) are the largest group of tax-exempt organizations. Based on data for 1990 from IRS administrative files, returns filed by nonprofit charitable organizations represented 53 percent of the returns filed by

Figure C

### Internal Revenue Code Section 501(c)(3) Organizations: Total Revenue and Total Expenses as Percentages of Gross Domestic Product, 1975-1990 <sup>1</sup>

Percentage



<sup>1</sup>Includes private foundations and nonprofit charitable organizations.

<sup>2</sup>1975 data for private foundations were estimated based on 1974.

<sup>3</sup>Preliminary.

## Tax-Based Research and Data on Nonprofit Organizations

all organizations tax-exempt under section 501(c) and accounted for 66 percent of the total assets reported. Between 1975 and 1990, the number of nonprofit charitable organizations grew by 25 percent.

Over the 1975 to 1990 period, in real terms, total assets of nonprofit charitable organizations grew by 171 percent while total assets of business leagues, Code section 501(c)(6); State-chartered credit unions, section 501(c)(14); certain mutual insurance companies, section 501(c)(15); and war veterans organizations, section 501(c)(19), each grew by more than 140 percent. Total revenue for nonprofit charitable organizations grew by 275 percent over this period compared to real GDP growth of 52 percent.

Total revenue for all organizations exempt under section 501(c) (excluding private foundations) reached \$560 billion for 1990, with nonprofit charitable organizations accounting for 73 percent, while voluntary employees' beneficiary associations, section 501(c)(9), and civic leagues and social welfare organizations, section 501(c)(4), ranked second and third. Total investment income was \$33.5 billion, with \$22.6 billion coming from nonprofit charities. Ranking second were State-chartered credit unions with \$3.9 billion, followed by voluntary employees' beneficiary associations with \$2.1 billion.

Total assets for all tax-exempt organizations exceeded \$1 trillion (Figure D). Nonprofit charitable organizations held 66 percent of total assets, followed by State-chartered credit unions with 12 percent.

### SOI Data on Nonprofits

More detailed information on exempt organizations is available from the SOI data files. Based on data from the 1989 SOI data file, program service revenue (fees collected to administer charitable programs) was the largest component of total nonprofit charitable organization revenue for 1989, accounting for nearly two-thirds of total revenue. Program service revenue includes a broad spectrum of revenue sources, such as hospital charges for patient care (whether paid by the patient or through third-party reimbursement); tuition, fees, and day-care charges at educational institutions; admissions to museums, concerts, and other performing arts events; educational workshop fees; charges for athletic programs and housing facilities at YMCA's; and payments received for insurance and retirement coverage by pension and annuity fund companies.

However, while program service fees were the major source of revenue for the large nonprofit charities, contributions (received directly from the public or indirectly through fundraising campaigns and Government grants) comprised the major portion of the revenues of the smaller

charities. For 1989, contributions represented about 50 percent (\$15.7 billion) of the total revenue (\$27.5 billion) of organizations with assets of less than \$1 million.

Using data from its nonprofit studies, SOI has recently been able to focus its attention on nonprofit hospitals, their financial performance, and how they compare to for-profit hospitals. Nonprofit hospitals and other health-care organizations hold over 30 percent of total nonprofit charitable organization assets and earn 45 percent of total revenue. While the nonprofit hospitals, as a group, hold over five times as much in assets as the for-profit hospitals, the assets of for-profit hospitals grew over three times as fast as those of nonprofit hospitals during the 1980's. Using data collected from IRS tax returns, along with supplementary data from the American Hospital Association and the National Center for Education Statistics, SOI has recently examined comparative financial indicators for nonprofit and for-profit hospitals, such as asset and revenue growth rates, operating margins, debt-to-equity ratios, and returns on equity. The results of the analysis show that the nonprofit hospitals earned higher operating margins, had notably lower debt-to-equity ratios, and earned similar returns on equity when compared to the for-profit hospitals. However, after accounting for the nonprofit advantage of tax-exempt bond financing, the for-profit hospitals earned higher "revised" operating margins and higher "revised" returns on equity than did the nonprofits. Figures E and F show hospital operating margins for the years 1987-1989.

### Private foundations

The first SOI studies of information returns filed by private foundations were for 1974 and 1979. For 1982, an annual series was started. Included in the annual samples are the returns of all private foundations with total assets (book value) of \$10 million or more (almost 1,500 returns for 1990, the most recent year for which data are available) [9]. These 1,500 returns, representing only 4 percent of the foundation population, accounted for 82 percent of the total assets of all private foundations. The returns in the remainder of the sample were randomly selected at various rates, ranging from 5.9 percent to 15.4 percent, depending on the size of the book value of total assets. For 1990, private foundations held \$164.8 billion in assets and realized \$19.5 billion in revenues.

One of the striking characteristics of foundations is the significance of investment assets as a percentage of the fair market value of total assets (Figure G). For 1990, investment assets accounted for 94.8 percent of total assets, with investments in securities alone accounting for 76.6 percent of total assets. Of the 76.6 percent, investments in corporate stock represented 48.1 percent; investments in U.S. and State Government obligations represented 19.7 percent; and

# Tax-Based Research and Data on Nonprofit Organizations

**Figure D**

## Code Section 501(c)(3) Tax Exempt Organizations, Excluding Private Foundations: Number of Returns and Financial Information, by Type of Organization, 1975 and 1990

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of organization Internal Revenue Code section 501(c) subsection <sup>1</sup>	Number of returns	Total assets	Total liabilities	Total revenue <sup>2</sup>	Contributions, gifts, and grants	Gross dues and assessments	Total expenses <sup>2</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>1975</b>							
<b>Total</b> .....	<b>220,197</b>	<b>176,286,448</b>	<b>75,735,071</b>	<b>90,286,469</b>	<b>20,564,692</b>	<b>19,424,262</b>	<b>86,669,725</b>
Corporations organized under Act of Congress (1).....	665	6,017,352	5,806,477	514,988	10,712	26,590	481,133
Title holding companies (2).....	3,263	1,650,326	852,933	405,306	22,669	22,807	400,958
Charitable, religious, educational, and scientific organizations (3).....	82,048	108,508,657	36,335,259	54,148,810	17,109,471	1,527,545	51,249,949
Civic leagues, social welfare and local associations of employees (4).....	28,064	12,727,346	9,145,790	14,700,650	680,546	8,556,313	14,841,056
Labor, agricultural and horticultural organizations (5).....	28,258	4,052,011	517,756	4,743,437	119,571	3,233,684	4,627,708
Business leagues, chambers of commerce, and real estate boards (6).....	17,530	3,468,646	1,533,241	3,217,865	230,020	2,155,722	3,220,802
Social and recreational clubs (7).....	18,228	3,379,389	1,161,802	1,899,864	31,952	1,081,785	1,888,801
Fraternal beneficiary societies (8).....	12,066	6,296,592	4,274,971	1,430,821	45,617	719,610	1,339,760
Certain mutual and beneficiary associations (9).....	4,285	4,301,564	1,507,429	4,958,124	1,925,523	1,648,112	4,841,506
Domestic fraternal societies (10).....	4,674	1,202,932	400,195	300,514	21,327	94,487	273,625
Teachers retirement fund associations (11).....	49	236,721	31,143	38,177	*5,911	*4,062	22,118
Local benevolent life insurance associations (12).....	4,975	10,723,199	8,118,740	1,965,357	16,640	154,357	1,805,488
Cemetery companies (13).....	1,518	1,044,161	221,874	180,880	5,076	1,931	154,320
State-chartered credit unions (14).....	1,610	11,156,481	5,304,101	966,615	*1,225	8,265	577,337
Certain mutual insurance companies or associations (15).....	864	115,065	6,834	56,934	*1	25,254	49,473
Farmers cooperatives organized to finance crop operations (16).....	36	214,318	158,873	51,511	*18,460	*12,123	45,763
Supplemental unemployment benefit trusts (17).....	496	292,046	76,960	425,758	244,362	65,411	610,393
Employee-funded pension trusts (18).....	*42	*112,393	880	*12,546	*6,684	*23	*8,022
War veterans organizations (19).....	1,921	167,478	30,381	88,693	6,848	23,089	81,267
Organizations not specified.....	9,605	619,773	239,436	244,171	62,078	63,092	216,529
<b>1990</b>							
<b>Total</b> .....	<b>274,483</b>	<b>1,019,138,751</b>	<b>461,646,309</b>	<b>559,526,262</b>	<b>93,363,490</b>	<b>30,254,786</b>	<b>538,991,732</b>
Corporations organized under Act of Congress (1).....	1	9,501	9,057	--	--	--	1,140
Title holding companies (2).....	2,634	13,238,730	2,678,973	1,714,842	55,638	31,415	676,250
Charitable, religious, educational, and scientific organizations (3).....	146,041	674,078,671	305,117,957	406,414,677	80,918,569	4,990,978	387,549,701
Civic leagues, social welfare and local associations of employees (4).....	23,098	30,959,948	21,186,898	19,053,822	1,700,786	2,019,975	18,465,150
Labor, agricultural and horticultural organizations (5).....	21,989	13,990,196	2,413,756	12,720,921	310,698	7,716,959	12,190,669
Business leagues, chambers of commerce, and real estate boards (6).....	23,916	19,395,481	11,525,202	18,423,846	1,016,425	7,722,588	18,188,157
Social and recreational clubs (7).....	15,566	9,222,228	3,010,745	3,750,009	51,427	3,484,404	5,880,650
Fraternal beneficiary societies (8).....	9,397	30,488,112	24,610,541	6,990,985	112,779	507,630	7,079,262
Certain mutual and beneficiary associations (9).....	10,224	33,446,314	11,749,215	54,587,516	4,550,623	2,653,334	53,749,610
Domestic fraternal societies (10).....	1,201	1,116,723	74,488	353,872	48,662	96,936	271,088
Teachers retirement fund associations (11).....	6	527,415	10,041	78,579	--	12,553	47,581
Local benevolent life insurance associations (12).....	3,299	41,754,694	28,548,753	10,332,493	543,391	194,071	15,092,661
Cemetery companies (13).....	1,747	3,665,667	622,495	516,792	14,180	3,724	520,156
State-chartered credit unions (14).....	1,152	119,522,430	41,981,289	11,698,822	2,349,248	152,260	7,539,145
Certain mutual insurance companies or associations (15).....	738	918,094	720,030	269,450	1,154	61,399	233,412
Farmers cooperatives organized to finance crop operations (16).....	11	265,603	217,464	21,942	109	71	19,674
Supplemental unemployment benefit trusts (17).....	247	637,948	28,175	741,445	40,741	11,822	738,879
Employee-funded pension trusts (18).....	4	851,911	10,293	105,613	--	6,027	62,777
War veterans organizations (19).....	5,005	1,237,677	195,801	432,637	49,269	97,404	612,452
Organizations not specified.....	8,207	23,811,408	6,935,136	11,317,990	1,599,791	491,236	10,073,318

<sup>2</sup>Estimate should be used with caution because of the small number of sample returns on which it was based.

<sup>1</sup>Numbers in parentheses refer to subsections of Internal Revenue Code section 501(c).

<sup>2</sup>Total revenue and total expenses for 1975 estimated from other data included in the SOI study of nonprofit organizations (excluding private foundations).

NOTE: Detail may not add to totals because of rounding.

# Tax-Based Research and Data on Nonprofit Organizations

**Figure E**

**Hospital Operating Margins<sup>1</sup>**

Size of hospital <sup>2</sup>	Median operating margins (percents)		
	1987 (1)	1988 (2)	1989 (3)
<b>Nonprofit</b>			
Total.....	2.0	2.2	2.1
Small hospitals.....	1.5	1.5	1.1
Large hospitals.....	3.3	3.2	3.5
<b>For-profit</b>			
Total.....	1.9	-0.1	1.3
Small hospitals.....	1.9	-0.1	1.3
Large hospitals.....	-0.3	0.2	1.6

<sup>1</sup> Operating margin equals total revenue minus total expenses, divided by total revenue.  
<sup>2</sup> Small hospitals hold less than \$50 million in assets while large hospitals hold \$50 million or more.

**Figure F**

**"Revised" Hospital Operating Margins<sup>1</sup>**

Size of hospital <sup>2</sup>	Median operating margins (percents)		
	1987 (1)	1988 (2)	1989 (3)
<b>Nonprofit</b>			
Total.....	4.6	4.6	4.7
Small hospitals.....	3.7	3.7	3.5
Large hospitals.....	6.2	6.0	6.3
<b>For-profit</b>			
Total.....	5.7	3.1	4.8
Small hospitals.....	4.8	0.2	3.2
Large hospitals.....	11.5	10.6	12.0

<sup>1</sup> Revised operating margin equals total revenue minus total expenses (except interest expense), divided by total revenue.  
<sup>2</sup> Small hospitals hold less than \$50 million in assets while large hospitals hold \$50 million or more.

investments in corporate bonds represented 8.7 percent.

Beginning with 1989 data, SOI again began collecting annual data on the charitable trusts included under Code section 4947(a)(1). These trusts have exclusively charitable interests, and, like foundations, file Form 990-PF. The trusts, which are presented separately from the foundations, represent only 6 percent of all Form 990-PF filers. For 1990, over 2,680 trusts held \$2.8 billion in total assets and realized \$270 million in total revenues.

**Tax-exempt organizations' unrelated business income**

In 1950, Congress imposed a tax on the income of tax-exempt organizations earned from a trade or business not substantially related to the organization's exempt purpose or function. The law's purpose was to restrict the potential for unfair competition between nonprofits and taxable for-profit businesses providing similar services. The Tax Reform Act of 1969 revised and expanded this tax on "unrelated business income." In more recent years, with Federal cutbacks in funding for social programs leading to increased fiscal pressure on exempt organizations, there has been an increased focus on the movement of exempt organizations into commercial activities and on the resulting impact of this movement on for-profit businesses.

SOI is currently collecting data on unrelated business income of tax-exempt organizations for Tax Years 1988 to 1990. Data are expected to be available by the fall of 1994.

**Figure G**

**Percentage Distribution of Asset Components for Private Foundations, by Size of Fair Market Value of Total Assets, 1990**

(Money amounts are in billions of dollars.)

Item	All foundations (1)	Size of fair market value of total assets			
		\$1 under \$1,000,000 (2)	\$1,000,000 under \$10,000,000 (3)	\$10,000,000 under \$50,000,000 (4)	\$50,000,000 or more (5)
<b>Fair market value of assets, total.....</b>	<b>164.8</b>	<b>6.0</b>	<b>23.0</b>	<b>27.4</b>	<b>108.4</b>
(Percentages of total assets)					
Cash, non-interest-bearing accounts.....	0.8	6.0	1.8	1.1	0.2
Receivables <sup>1</sup> .....	1.0	3.0	1.6	1.7	0.6
Investments, total.....	94.8	84.2	91.1	92.2	96.8
Securities.....	76.6	50.3	67.2	73.9	80.7
U.S. and State Government obligations.....	19.7	13.9	22.1	23.3	18.6
Corporate stock.....	48.1	27.7	35.3	38.3	54.5
Corporate bonds.....	8.7	8.7	9.8	12.3	7.6
Savings and temporary cash investments.....	8.4	24.3	14.7	9.6	5.9
Land, buildings, and equipment (less accumulated depreciation).....	2.1	1.6	2.4	2.2	2.1
Other investments.....	7.3	6.8	5.9	6.0	7.9
Charitable purpose land, buildings, and equipment (less accumulated depreciation).....	1.8	3.8	3.4	3.4	1.0
Other assets.....	1.5	2.9	2.0	1.5	1.3

<sup>1</sup>Receivables include accounts receivable, pledges receivable, grants receivable, receivables due from disqualified persons and other notes and loans receivable (excluding mortgages).  
 NOTE: Detail may not add to 100 percent because of rounding.

# Tax-Based Research and Data on Nonprofit Organizations

## Products and Services

Information on all of SOI's nonprofit studies are published in the quarterly *Statistics of Income Bulletin*. In addition, a *Compendium of Studies of Tax-Exempt Organizations: 1974-1987* was released by SOI [10,11]. This volume is comprised of articles published in the *Statistics of Income Bulletin*, the *Proceedings of the American Statistical Association*, and the *INDEPENDENT SECTOR's Spring Research Forum Working Papers*, along with facsimiles of tax forms and instructions and previously unpublished articles and tables. A second volume in SOI's tax-exempt compendium series, with updated articles on the tax-exempt sector, was published in the fall of 1993 [12]. These compendiums represent only a portion of the available statistical information that might be of value to interested users.

Copies of the microdata tapes for foundations and charitable organizations are available for purchase from Statistics of Income. Since the returns are open to public inspection, these tapes contain identifiable records. Since tax returns on the unrelated business income of organizations are not publicly disclosed, data from Form 990-T returns are not available on tape. Special tabulations can be prepared from all three sources on a reimbursable basis.

## Conclusion

SOI is responding to rapid changes in the nonprofit sector with new programs for data collection and analysis. These can be classified as follows:

- *Programs to keep pace with growth and diversity in the nonprofit sector.* SOI is responding to the rapid growth and diversity of the nonprofit sector by working to improve the classification of tax-exempt organizations. This includes recoding all of the organizations registered with IRS, based on the National Taxonomy for Exempt Entities (NTEE) coding scheme. This will allow for better information about the various segments of the nonprofit sector, and will allow the IRS to identify groupings where there is a need to improve compliance through education efforts. In addition, SOI is helping with efforts to revise the Standard Industrial Classification (SIC) coding scheme to better reflect the activities of tax-exempt organizations.
- *Programs to compare for-profit and nonprofit organizations.* SOI is considering ways to expand the scope of its current statistical pro-

grams so that it would be possible to compare for-profit and nonprofit institutions, such as hospitals, in more systematic ways. Current comparisons of nonprofit and for-profit hospitals are a first step in this direction.

- *Programs to study the commercial income of nonprofits.* SOI has efforts underway to associate unrelated (commercial) income and income related to the exempt function of organizations. In addition, there are plans to collate information on nonprofits with their for-profit subsidiaries. This would permit an examination of organizational structures composed of different business types, such as hospitals.

## Notes and References

- [1] The term "tax-exempt organizations" applies to all organizations exempt from Federal income tax under Internal Revenue Code section 501(c). Tax-exempt status is accorded by the U.S. Government to organizations that engage in charitable, religious, and certain other nonprofit activities. The exemption from Federal income tax and the deduction from income allowed to individuals and businesses contributing to section 501(c)(3) organizations have been the major incentives Congress has provided to encourage these philanthropic activities.
- [2] The Internal Revenue Code of 1986.
- [3] Tax-exempt organizations file Form 990, *Return of Organization Exempt from Income Tax*; Form 990-PF, *Return of Private Foundation*; and Form 990-T, *Exempt Organization Business Income Tax Return*.
- [4] See also Skelly, Daniel and Steuerle, Eugene, "The Nonprofit Sector and Taxes: Invaluable and Largely Untapped Research Bases," *Journal of Nonprofit Management and Leadership*, Summer 1992.
- [5] Charitable organizations exempt under Code section 501(c)(3) are hereafter referred to as "nonprofit charitable organizations."
- [6] Nonprofit charitable organizations differ from private foundations, which are also exempt under section 501(c)(3), because they derive their funds primarily from the general public.
- [7] Hilgert, Cecelia and Arnsberger, Paul, "Charitable and Other Tax-Exempt Organizations, 1988." *Statistics of Income Bulletin*, Volume 12, Number 1, Summer 1992.

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- [8] Detailed financial information on these three types of organizations is available on an annual basis from 1982 forward (except 1984).
- [9] Riley, Margaret and Meckstroth, Alicia, "Private Foundation Returns, 1988," *Statistics of Income Bulletin*, Volume 11, Number 3, Winter 1991-1992, Internal Revenue Service, Fall 1991. See also Meckstroth, Alicia, "Analyzing the Trends Within Private Foundations," *Trusts and Estates*, August 1991, pp. 38-47.
- [10] Meckstroth, Alicia, "Providing Health Care in America: A Comparative Analysis of Nonprofit and For-profit Hospitals," *INDEPENDENT SECTOR's Spring Research Forum Working Papers*, 1993, pp. 565-582.
- [11] *Statistics of Income—Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, 1991.
- [12] *Statistics of Income—Compendium of Studies of Tax-Exempt Organizations, 1986-1992*, Volume 2, Fall 1993.



# A 20-Year Review of the Nonprofit Sector, 1975-1995

by Alicia Meckstroth and Paul Arnsberger

**T**he nonprofit sector, also called the voluntary sector or the independent sector, is an important force in American society. Nonprofit organizations, strengthened by charitable giving and volunteering, make positive differences in communities, states, and the nation by providing goods and services, often using innovative strategies. While nonprofit organizations lack the resources and are not structured to meet all of America's needs, they do play an important role in addressing needs and in enhancing community strength, vitality, and diversity [1]. During the 20-year period from 1975 to 1995, the real assets and revenues of nonprofit organizations filing information returns with the IRS more than tripled, to \$1.9 trillion and \$899 billion, respectively. This compares to real growth in gross domestic product (GDP) of 74 percent during the same 20-year period [2].

The Statistics of Income (SOI) Division of the IRS collects extensive data each year on the different types of organizations that comprise the nonprofit sector. Through these nonprofit sector statistical programs, SOI is involved in ongoing data collection efforts that allow researchers and policymakers to better describe and measure the role of the different types of nonprofit organizations in the American economy.

The nonprofit sector includes a wide range of organizations exempt under section 501(c) of the Internal Revenue Code. First, those organizations exempt under 501(c)(3) are considered charitable in nature and include organizations, such as universities and schools, hospitals, scientific research organizations, United Way campaigns, social service organizations, community development groups, performing arts groups, and environmental support organizations (referred to as nonprofit charitable organizations). Also exempt under section 501(c)(3) are private foundations. The 501(c)(3) organizations operate programs, provide services, and/or make grants in order to fulfill charitable purposes. They can receive tax-deductible contributions to support their pur-

poses. Each must serve the public good (as opposed to private interests) to qualify for tax-exempt status. Also, they are restricted in activities that can influence legislation and political campaigns.

In addition to these charitable organizations, the nonprofit sector includes various other tax-exempt organizations that provide an array of not-for-profit services and activities that benefit their members, but are not charitable in nature. These organizations are exempt from Federal income tax under one of the other 501(c) subsections of the Internal Revenue Code. They include, for instance, civic leagues and social welfare organizations, business leagues, recreational and social clubs, fraternal and voluntary employee beneficiary associations, and State-chartered credit unions. Unlike the 501(c)(3) organizations, the majority of these other exempt organizations are not eligible to receive tax-deductible charitable contributions.

This article is a summary profile of the nonprofit sector over the past 20 years. It begins with a description of the data on nonprofit organizations that are collected from Federal information and tax returns by the Statistics of Income Division of IRS. Next, it describes the manner in which the nonprofit sector has grown and changed over the 20-year period from 1975 to 1995. Then, it provides descriptive statistical profiles of the different types of nonprofit sector organizations--nonprofit charitable organizations, private foundations, and other tax-exempt organizations--and highlights trends with each over the past 20 years. In addition, it describes the nature and extent of "unrelated business income" earned by nonprofit organizations and the tax they pay on it. The article concludes with a discussion of the publications and services that are available through SOI, as well as a discussion of SOI's future plans for its nonprofit sector statistical program.

## IRS Data on Nonprofit Sector Organizations

A variety of tax policy issues related to exempt organizations and the nonprofit sector can be addressed using data collected by the IRS from tax and information returns, including the comprehensive sample data from the Statistics of Income (SOI) Division, as well as the less detailed population data from the IRS administrative business master file. This article relies primarily on SOI data, but draws

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on IRS master file data in cases where SOI data are not available. The available data from SOI and the IRS master file are described below.

### Statistics of Income Data

The Statistics of Income (SOI) Division constructs population estimates and compiles detailed descriptive data of nonprofit organizations using samples of tax and information returns filed by the organizations. Data--financial and otherwise--are compiled from the income statements, balance sheets, and schedules of the tax and information returns. Data are collected annually by SOI for the following types of nonprofit organizations:

- Nonprofit charitable organizations exempt under subsection 501(c)(3). (Filers of *Form 990, Return of Organization Exempt from Income Tax* or *Form 990-EZ*)
- Private foundations exempt under subsection 501(c)(3). (Filers of *Form 990-PF: Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)* [3])
- Other organizations exempt under subsections 501(c)(4)-(c)(9). (Filers of *Form 990, Return of Organization Exempt from Income Tax* or *Form 990-EZ*)
- Organizations exempt under section 501(c) that earned income from activities that were unrelated to the organizations' exempt purpose. (Filers of *Form 990-T, Exempt Organization Business Income Tax Return*)

SOI data are most recently available for Reporting Year 1995 for all of these types of organizations. Since the mid-1970s, data on exempt organizations have been collected by SOI. Private foundation data were first collected by SOI for Reporting Year 1974; other exempt organization data were first collected by SOI for Reporting Year 1975. For the 1975 study, SOI collected sample data for all types of organizations exempt under section 501(c), including those exempt under subsections 501(c)(1), (c)(2), and (c)(10)-(c)(25), for which later SOI data are not

available.

Since 1982, SOI data on private foundations and nonprofit charitable organizations have been collected annually (except for 1984). In 1988, the study of nonprofit charitable organizations was expanded to include organizations exempt under subsections 501(c)(4)-(c)(9). Finally, in 1987, an annual study of the unrelated business income of exempt organizations was initiated. Together, all of these studies provide a basis for examining the growth in the American economy's nonprofit sector.

SOI data are based on stratified probability samples, with higher sampling rates for the larger organizations [4]. The data are subject to comprehensive consistency and validity testing and correction procedures to ensure that they are of high quality.

### IRS Master File Administrative Data

In addition to the SOI studies, the IRS collects selected data items from *all* exempt organization returns through the administrative Business Master File of exempt organizations. Master File data for Reporting Year 1995 include all those organizations that filed 1995 returns through the end of Calendar Year 1997, or essentially the entire population required to file. Master File data are used for IRS administrative purposes. Unlike the SOI data files, only limited information (for example, total assets, total revenue, and total contributions received) is available from these annual administrative files. In addition, these Master File data are subject only to limited testing; thus, taxpayer filing errors may not always be corrected.

Although this article relies primarily on SOI data for all years, it draws on Master File data in cases where SOI data are not available. That is, since SOI data are not available for 1995 for organizations exempt under subsections 501(c)(1), (c)(2), and (c)(10)-(c)(25), master file data are used to present estimates related to these organizations for that year.

### Profile of the Nonprofit Sector

In 1995, there were approximately 1.2 million nonprofit organizations exempt under section 501(c) of the Internal Revenue Code, including private foundations. Of these, only about 355,000 were required to file information returns with the IRS.

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The remainder, approximately 845,000, were not required to file either because they were churches, synagogues, or other religious organizations (over 340,000) or because they had annual gross receipts of less than \$25,000 [5]. Of those that filed information returns, 51 percent were nonprofit charitable organizations exempt under section 501(c)(3); 13 percent were private foundations also exempt under section 501(c)(3); 36 percent were other types of organizations exempt under subsections 501(c)(1), (c)(2), or (c)(4) - (c)(25), including business leagues, civic leagues, labor organizations, and social clubs.

Nonprofit organizations represent an important and growing force in the American economy. From 1975 to 1995, the total number of all nonprofit organizations that filed returns with the IRS--those organizations exempt under section 501(c) of the Internal Revenue Code--increased by 44 percent to an estimated 355,000. Figure A shows the number of each type of exempt organization for both 1975 and 1995, along with total assets and revenues. The total revenue and total assets reported by exempt organizations more than tripled in real terms from

1975 to 1995 [6,7]. This compares to growth in real GDP of 74 percent during this same 20-year period. The greatest growth came from the nonprofit charitable organizations and private foundations.

The revenues of all organizations exempt under section 501(c) are estimated at 12.4 percent of the 1995 gross domestic product (GDP), which is more than double that of 20 years ago. By excluding from the calculation the revenue of other exempt organizations and private foundations, the revenue of 501(c)(3) nonprofit charitable organizations alone represents 9.1 percent of GDP. It should be noted, however, that the nonprofit sector's share of GDP does not account for double-counted contributions; that is, it does not remove those contributions that are given by one nonprofit organization to another nonprofit organization. One study, using 1987 data, suggested that the total revenue of 501(c)(3) nonprofit charitable organizations would be approximately 5 percent less each year if adjustments for such double-counting were made [8]. Given this, if revenues of all 501(c)(3) organizations were reduced by 5 percent, their share of GDP would fall from 9.1 percent to an

**Figure A**

### Total Assets and Revenue of All Internal Revenue Code 501(c) Exempt Organizations, 1975 and 1995, in Current and Constant Dollars<sup>1</sup>

[Money amounts are in millions of dollars]

Tax year and type of organization	Total number of exempt organizations <sup>2</sup>	Current dollars		Constant dollars	
		Total assets <sup>3</sup>	Total revenue	Total assets <sup>3</sup>	Total revenue
	(1)	(2)	(3)	(4)	(5)
<b>1995</b>					
<b>All exempt organizations</b> .....	<b>355,367</b>	<b>1,903,148</b>	<b>898,533</b>	<b>1,770,370</b>	<b>835,845</b>
501(c)(3) nonprofit charitable organizations.....	180,931	1,143,079	663,371	1,063,329	617,089
501(c)(3) private foundations.....	47,983	263,386	32,290	245,010	30,037
All other exempt organizations <sup>4</sup> .....	126,453	496,683	202,872	462,031	188,718
<b>1975</b>					
<b>All exempt organizations</b> .....	<b>247,086</b>	<b>201,801</b>	<b>93,614</b>	<b>479,451</b>	<b>222,414</b>
501(c)(3) nonprofit charitable organizations.....	82,048	108,509	54,149	257,802	128,651
501(c)(3) private foundations.....	26,889	25,514	3,263	60,618	7,752
All other exempt organizations <sup>4</sup> .....	138,149	67,778	36,202	161,031	86,011

<sup>1</sup> Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Table 7.1.

<sup>2</sup> The total number of organizations includes only those that were required to file an information return with the IRS.

<sup>3</sup> Assets were generally reported in book value for the 501(c)(3) nonprofit charitable organizations and the other exempt organizations. While assets for the private foundations were reported in book value for 1975, they were reported in fair market value for 1995.

<sup>4</sup> Includes organizations exempt under sections 501(c)(1), (2), and (4) through (25).

NOTE: Data for 1995 for those organizations exempt under subsections 501(c)(3) through (c)(9) are from the 1995 SOI study. For organizations exempt under all other subsections, data are from the IRS's administrative master file. Data for 1975 are from the 1975 SOI study (and, for private foundations, from the 1974 SOI study).

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estimated 8.7 percent [9].

Despite their important role, nonprofit organizations comprise a much smaller share of the American economy than either business or government. That is, the nonprofit sector's share of national income was estimated at less than half that of the government sector for 1995 [10]. For a detailed accounting of the different types of organizations that comprise the nonprofit sector, refer to the *Nonprofit Almanac* [11].

### Nonprofit Charitable Organizations Exempt Under Section 501(c)(3)

Nearly 181,000 nonprofit charitable organizations exempt under section 501(c)(3) filed Forms 990 for 1995. These organizations held \$1.1 trillion in assets and earned over \$663 billion in revenues [12]. In addition, they received nearly \$128 billion in contributions, gifts, and grants from a combination of public and private sources. Although more than 75 percent of these nonprofit charitable organizations each held less than \$1 million in assets, the vast majority of assets and revenues are accounted for by those organizations that held \$50 million or more in assets. These large nonprofit charitable organizations held 76 percent of total assets and accounted

for 65 percent of total revenues for 1995.

Beginning with Tax Year 1994, SOI has been classifying nonprofit charitable organizations using the National Taxonomy of Exempt Entities (NTEE), developed by the National Center for Charitable Statistics [13]. This system classifies organizations based on their institutional purpose and major activity. The NTEE system is comprised of 26 groups, which can be aggregated into the 10 major categories shown in Figure B.

There were nearly 72,000 human service organizations in 1995, comprising 40 percent of the total number of nonprofit charities filing returns with the IRS. Educational and health-related organizations, while fewer in number, held the majority of assets, a combined \$726 billion. Mutual benefit organizations also held a large amount of assets despite their small numbers. Organizations in the health category received the most revenue for 1995, nearly \$365 billion. Eighty-six percent of this revenue was generated by program services, by far the largest portion of revenue of any of the 10 major groups. Some other categories relied heavily on contributions, gifts, and grants (religion-related organization) or membership dues (mutual benefit associations).

**Figure B**

### Selected Items for Nonprofit Charitable Organizations Classified by NTEE Major Category, 1995

[Money amounts are in millions of dollars]

NTEE major category <sup>1</sup>	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Contributions, gifts, and grants	Program service revenue	Total expenses	Excess of revenue over expenses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total</b> .....	<b>180,931</b>	<b>1,143,079</b>	<b>512,383</b>	<b>630,696</b>	<b>663,371</b>	<b>127,743</b>	<b>443,052</b>	<b>604,645</b>	<b>58,725</b>
Arts, culture, and humanities.....	19,492	36,777	5,869	30,908	15,441	7,359	4,418	12,858	2,583
Education <sup>2</sup> .....	27,011	303,352	79,128	224,223	123,035	32,512	66,305	100,836	22,199
Environment, animals.....	6,340	13,127	3,343	9,785	5,425	2,490	1,481	4,587	839
Health.....	29,644	423,400	196,118	227,282	364,682	28,674	314,437	344,780	19,901
Human services.....	71,897	99,216	51,816	47,400	76,565	33,366	36,268	72,716	3,849
International, foreign affairs.....	2,481	5,561	1,671	3,890	6,565	5,442	706	6,393	173
Mutual, membership benefit.....	562	166,795	156,618	10,177	35,990	123	10,981	35,496	494
Public, society benefit.....	15,746	86,767	16,279	70,488	30,795	14,450	7,820	22,647	8,148
Religion-related.....	7,427	7,853	1,463	6,390	4,796	3,260	637	4,275	522
Unknown, unclassified.....	332	231	78	154	76	67	( <sup>3</sup> )	59	17

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that can be aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The codes describe the purposes and activities of the organizations. See Notes and References.

<sup>2</sup> Excludes most colleges and universities operated by State and local governments.

<sup>3</sup> Less than \$500,000.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

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### Twenty-Year Nonprofit Charitable Organization Growth

The growth in nonprofit charitable organizations over the period from 1975 to 1995 has been dramatic. During this nearly 20-year period, the number of nonprofit charitable organizations that file Form 990 more than doubled, from over 82,000 for 1975 to nearly 181,000 for 1995. The growth in nonprofit charitable organization assets and revenues has been even more dramatic, as illustrated in Figure C. This figure shows real growth in assets, revenues, and contributions received by nonprofit charitable organization filers. The growth in total assets and total revenues increased by over 312 percent and 380 percent, respectively, from 1975 to 1995. However, the amount of contributions received, which currently comprises about one fifth of total revenue,

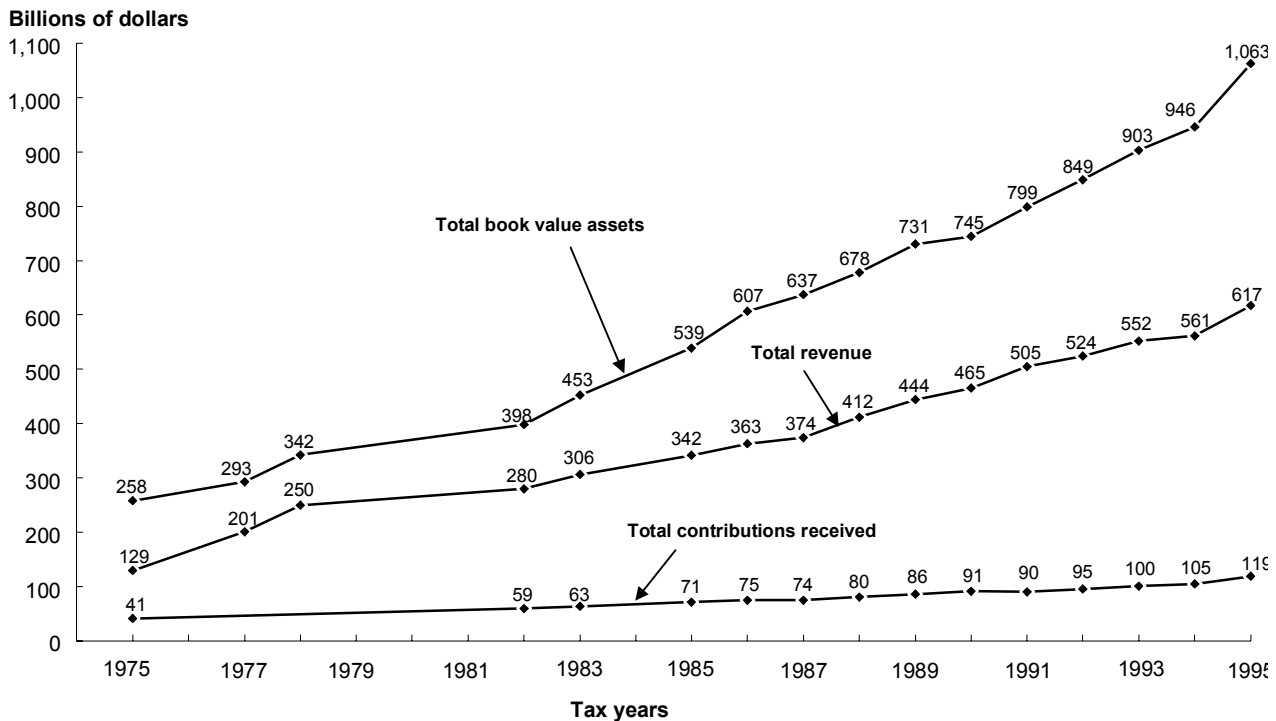
increased by only 190 percent, less than the growth in assets and revenues.

### Revenues of Nonprofit Charitable Organizations

As a group, nonprofit charitable organizations rely on program service revenue as their primary source of income. Program service revenue is comprised primarily of fees collected from the programs and activities operated in support of an organization's tax-exempt purpose. Examples of program service revenue include tuition and fees at educational institutions, hospital patient care charges (including Medicare and Medicaid payments), admissions fees collected by museums or community performing arts groups, and YMCA/YWCA activity fees. As shown in Figure D, program service revenue comprised two-thirds of nonprofit charitable organization

**Figure C**

### Internal Revenue Code Section 501(c)(3) Nonprofit Charitable Organizations: Total Assets, Revenue, and Contributions Received, 1975-1995, in Constant Dollars<sup>1</sup>

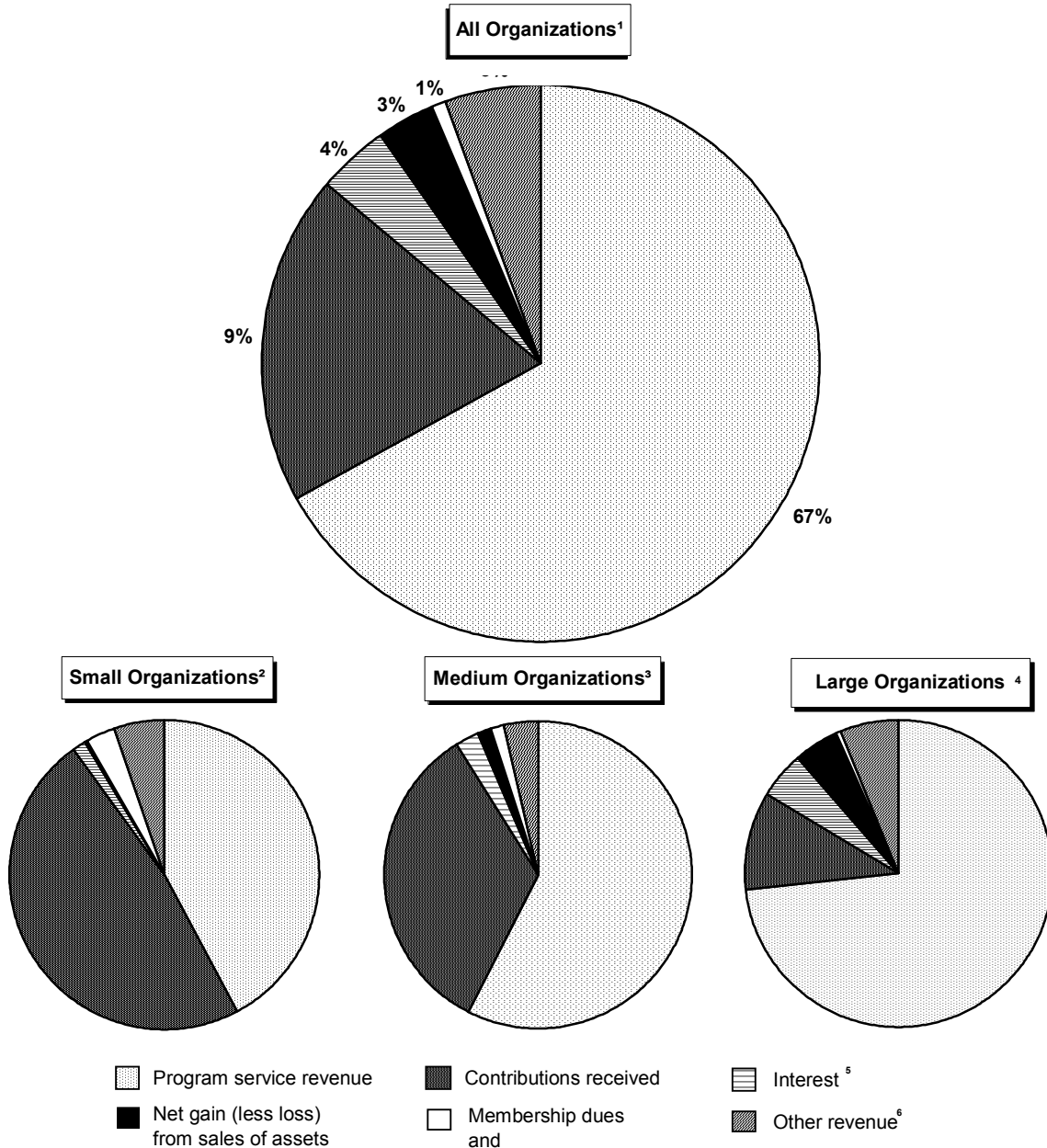


<sup>1</sup> Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Table 7.1.

NOTES: SOI data were used for all years. Total revenue estimates for 1977 and 1978 actually represent total receipts; total revenue was not available from SOI data for these years. Total receipts generally are greater than total revenue by the sum of cost of goods sold and sales and revenue expenses.

**Figure D**

**Sources of Internal Revenue Code Section 501(c)(3) Nonprofit Charitable Organization Revenue, by Size of Organization, 1995**



<sup>1</sup> Includes organizations with assets unreported or equal to zero, which are not shown separately.  
<sup>2</sup> Small organizations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.  
<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.  
<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.  
<sup>5</sup> Sum of "Dividends and interest from securities," and "Interest on savings and temporary cash investments," from Form 990.  
<sup>6</sup> Sum of "Net rental income," "Other investment income," "Net income (loss) from special events and activities," "Gross profit (loss) from sales of inventories," and "Other revenue," as reported on the Form 990. "Other income" includes items such as interest on notes receivable not held as investments; interest on loans to officers, directors and other employees; and royalties that do not constitute investment income or program service revenue.  
 NOTE: Data are from Form 990 filers only.

## A 20-Year Review of the Nonprofit Sector, 1975-1995

revenue. In general, as the size of the organization increases, so does its reliance on this type of revenue. Since 1975, nonprofit charitable organizations have increasingly relied on program service revenue. They earn or receive smaller portions of total revenue from two other sources: contributions, 19 percent; and investment income such as dividends, interest, and net gain from sales of assets, 6 percent. The proportion of revenue that nonprofit charitable organizations receive from contributions has dropped substantially since 1975, when contributions received represented nearly one-third of total revenue.

Of the contributions received by nonprofit charitable organizations, 42 percent were from government grants (not including government contracts), and 58 percent were from nongovernmental sources. These percentages were very similar for 1982 data, the first year SOI collected data on the different types of contributions received by nonprofit organizations. In general, smaller organizations tend to rely much more on contributions, gifts, and grants. Typically, as organizations increase in size, they tend to rely less on contributions and more on program service revenue as their primary source of income.

### **Assets of Nonprofit Charitable Organizations**

The assets of nonprofit charitable organizations are comprised of a variety of investments and other holdings. Figure E reveals that over one half, or 55 percent, of assets are comprised of investments, which include securities, such as corporate stock, corporate bonds, and U.S. and State Government obligations; savings and temporary cash investments; and other miscellaneous investments. Holdings of charitable-purpose land, buildings, and equipment (less accumulated depreciation) comprise one-quarter of total assets. The remaining 19 percent of assets are comprised of net accounts receivable; other types of receivables, such as pledges, grants, and loans; inventories for sale or use; prepaid expenses and deferred charges; cash; and other assets, such as program-related investments (those investments made primarily to accomplish an exempt purpose). Over time, nonprofit charitable organizations, in aggregate, have tended to hold greater proportions of assets as investments in securities.

As organizations increase in size, they tend to hold a greater proportion of their assets as invest-

ments in securities, and less as savings and other temporary cash investments. For instance, for 1995 those small organizations that held less than \$1 million in total assets held 10 percent of their assets as investments in securities and 26 percent as savings and other temporary cash investments. In contrast, those large organizations that held \$50 million or more in assets held 43 percent of assets as investments in securities and 6 percent as savings and other temporary cash investments.

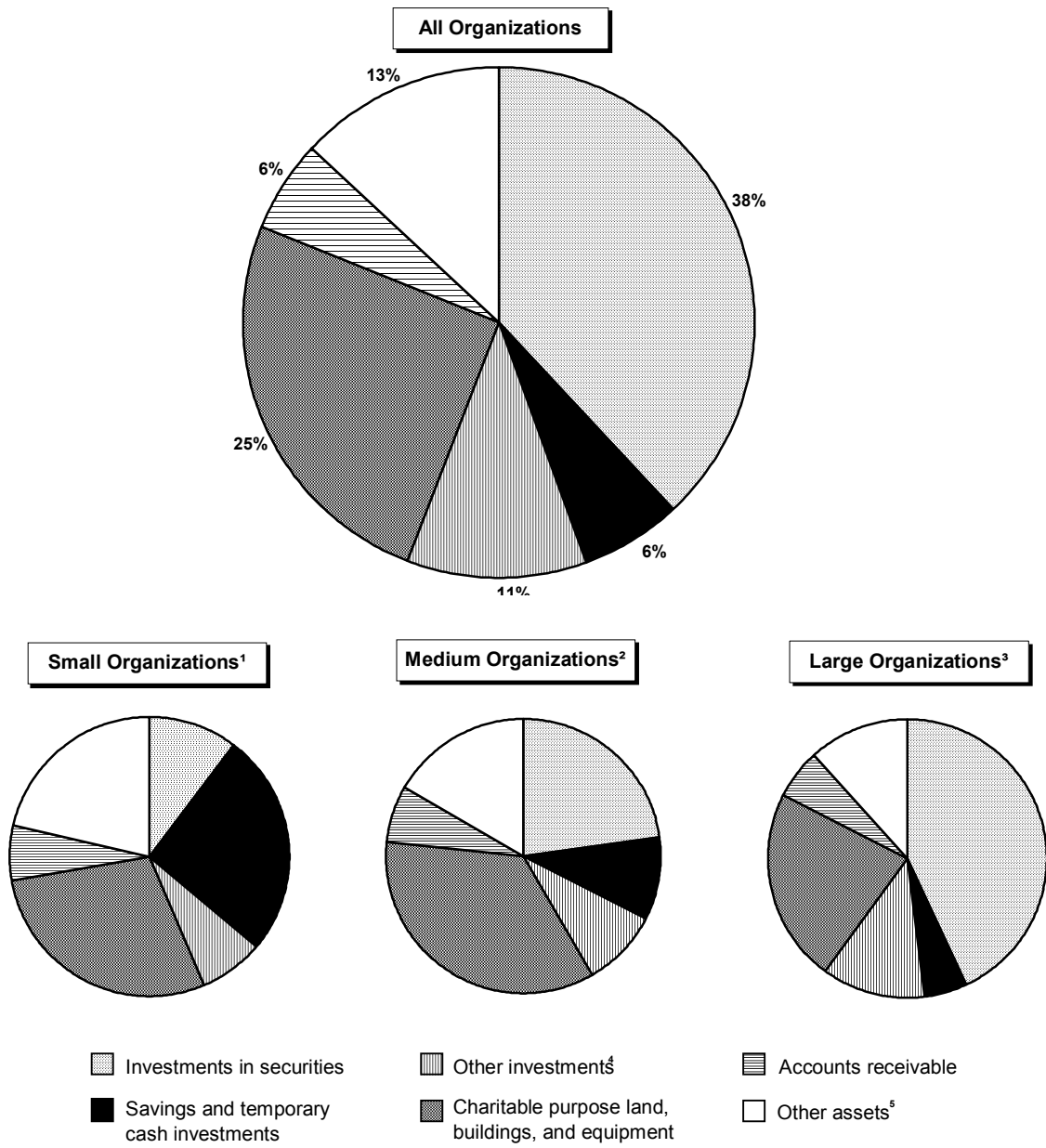
### **Private Foundations**

Nearly 48,000 private foundations filed Form 990-PF returns with the IRS for Reporting Year 1995. These organizations held \$263 billion in fair market value assets, received \$32 billion in revenues, and distributed \$13 billion in charitable gifts and grants to various causes, such as education, health, human services, community development, the arts and humanities, the environment, and research. Although 72 percent of all private foundations each hold less than \$1 million in assets, the majority of foundation assets are held by the less than 1 percent of foundations that hold \$100 million or more in assets. These very large foundations account for about 60 percent of total foundation assets and half of total foundation revenues.

A private foundation is a nonprofit, tax-exempt corporation, association, or trust, which is narrowly supported and controlled, usually by an individual, family, or corporation. It is this narrow base of support and control that distinguishes a private foundation from other charitable organizations exempt under section 501(c)(3). Due to their centralized support and control, foundations are more strictly regulated compared to other nonprofit organizations. The majority of foundations are “nonoperating foundations” that generally provide indirect charitable support by making grants to other nonprofit organizations that conduct charitable programs of their own. These nonoperating foundations (92 percent of all foundations) are required to distribute a minimum amount each year for charitable purposes. The required minimum “pay out” amount is based on 5 percent of the value of a foundation’s net investment assets. In addition, most foundations are required to pay an annual 2 percent excise tax on their investment income.

**Figure E**

**Composition of Internal Revenue Code Section 501(c)(3) Nonprofit Charitable Organization Assets, by Size of Organization, 1995**



<sup>1</sup> Small organizations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.  
<sup>2</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.  
<sup>3</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.  
<sup>4</sup> Sum of "Investments in land, buildings, and equipment," and "Other investments," as reported on the Form 990. "Other investments" include items such as advances; and investments in art, coins, gold, and gems.  
<sup>5</sup> Sum of "Cash," "Pledges receivable," "Grants receivable," "Receivables due from officers, directors, trustees, and key employees," "Other notes and loans receivable," "Inventories for sale or use," "Prepaid expenses and deferred charges," and "Other assets" as reported on the Form 990. "Other assets" include, for example, program-related investments, which are investments made primarily to accomplish an exempt purpose, rather than to produce income.  
 NOTE: Data are from Form 990 filers only.



## A 20-Year Review of the Nonprofit Sector, 1975-1995

### 20-Year Private Foundation Growth

Private Foundations rely largely on asset growth, earned income from investments, and contributions received to support their charitable giving. As with the nonprofit charitable organizations, private foundations have grown dramatically over the past 20 years, as illustrated in Figure F. While the number of foundations increased by only 78 percent from 1974 to 1995, foundation fair market value real assets soared, increasing nearly fourfold over the 21-year period. Foundation assets grew relatively steadily each year, with the exception of two years when the value of assets dropped. Since foundations hold the majority of their assets as investments and earn a large portion of their revenue through investment income, they assume more risk than other nonprofit organizations, and, hence, experience

greater short-term volatility, but also greater long-term growth. Overall, foundation revenues, measured in real terms, more than tripled from 1974 to 1995, despite year-to-year fluctuations. The growth of foundation assets has helped to support growth in their charitable giving, which increased in real terms by 133 percent from 1974 to 1995.

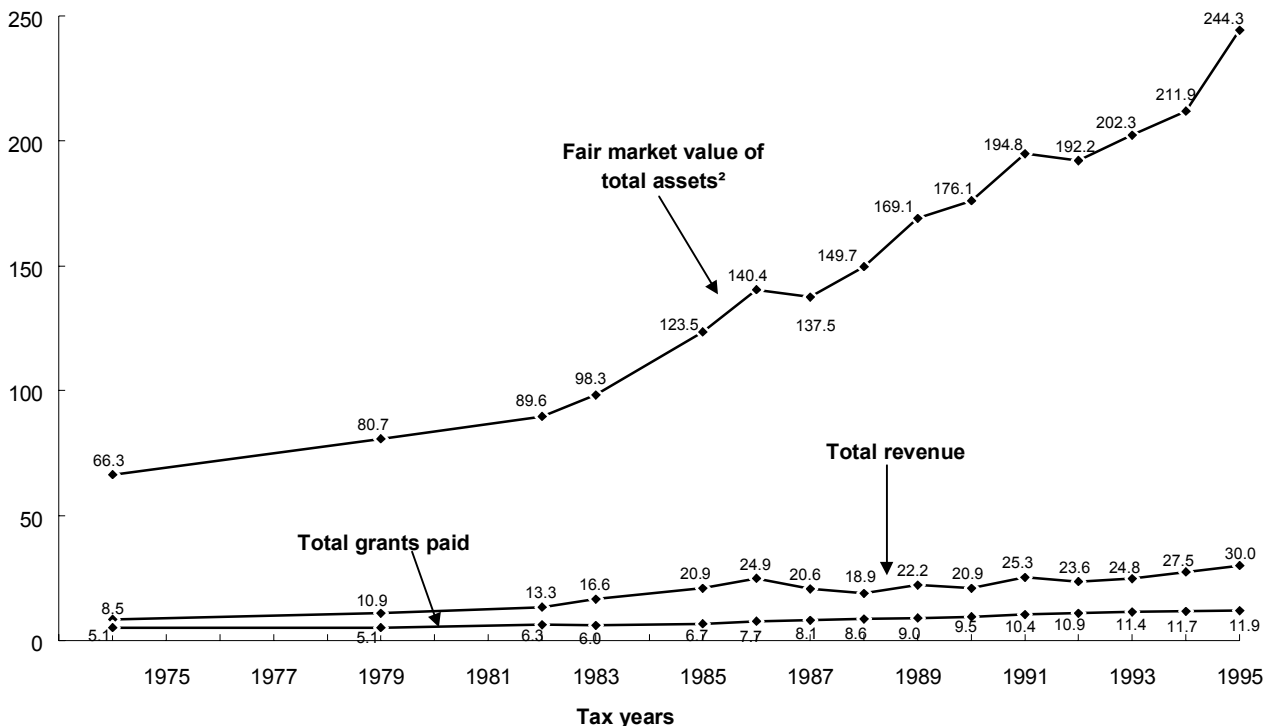
### Revenues of Private Foundations

Private foundation revenue is comprised largely of various types of investment income, as shown in Figure G. For 1995, foundations earned about two-thirds of their revenue from investments, which included 37 percent from net gains from sales of assets, 24 percent from dividends and interest from securities, and 4 percent from interest on savings and temporary cash investments. And, like other non-

**Figure F**

### Private Foundations: Total Assets, Revenue, and Grants Paid, 1974-1995, in Constant Dollars<sup>1</sup>

Billions of dollars

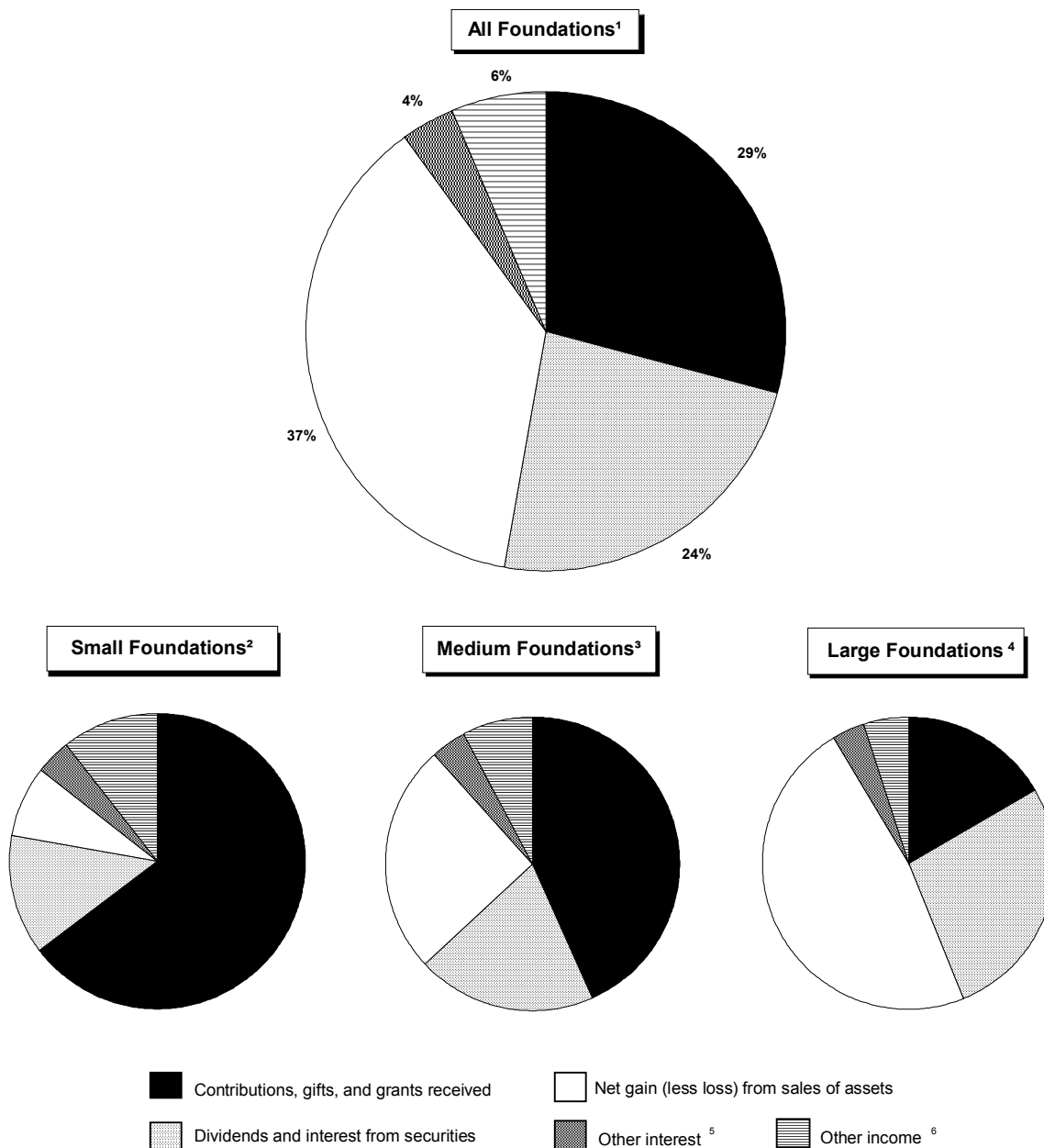


<sup>1</sup> Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Table 7.1.

<sup>2</sup> Data for 1974 on total assets were not available in fair market value.

**Figure 6**

**Sources of Private Foundation Revenue, by Size of Foundation, 1995**



<sup>1</sup> Includes foundations with assets unreported or equal to zero, which are not shown separately.

<sup>2</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.

<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>5</sup> Represents "Interest on savings and temporary cash investments," as reported on Form 990-PF.

<sup>6</sup> Includes "Gross rents and royalties" and "Gross profit (or loss) from business activities" as reported on Form 990-PF, as well as items such as imputed interest on deferred payments and program-related investment income.

## A 20-Year Review of the Nonprofit Sector, 1975-1995

profit charitable organizations, foundations also rely on contributions as a source of revenue. Most of the remaining revenue was comprised by contributions, 29 percent. Compared to 1974 data, the proportion of foundation revenue comprised by these different sources has remained fairly constant.

As foundations grow in asset size, they rely much more on investment income as their primary source of income and much less on contributions. For instance, the largest foundations--those holding \$100 million or more in fair market value of assets--received 80 percent of revenue from investment income and 15 percent from contributions for 1995. On the other hand, the smallest foundations--those holding less than \$1 million in fair market value of assets--received only 25 percent of revenue from investment income, but 65 percent from contributions. It is likely that at least some of the contributions received by smaller foundations are made by the larger foundations.

### **Assets of Private Foundations**

Holdings of investment assets dominate total foundation assets, comprising 93 percent of assets for 1995. As illustrated in Figure H, over three-quarters of foundation assets were held as investments in securities, which include corporate stock (58 percent), corporate bonds (8 percent), and government obligations (12 percent). Significant proportions of other types of assets held by foundations include investments in savings and temporary cash investments, 5 percent, and "other" investments, 10 percent. The "other" investment category includes, for example, investments in land, buildings, and equipment, and mortgage loans. Since 1982 (the first year for which detailed data by asset type was available in fair market value), the proportion of assets comprised by investments has remained fairly constant, 92 percent for 1982 compared to 93 percent for 1995.

As foundations grow in size, they tend to engage in more sophisticated investment practices and hold greater proportions of investments in securities. For instance, the largest foundations held 81 percent of their assets as investments in securities for 1995, while the smallest foundations held 59 percent of their assets in this manner. Due in large part to their greater holdings of investments in securities, the

larger foundations have realized much greater increases in asset growth over the past 20 years compared to their smaller foundation counterparts.

### **Private Foundation Investment Performance and Charitable Giving**

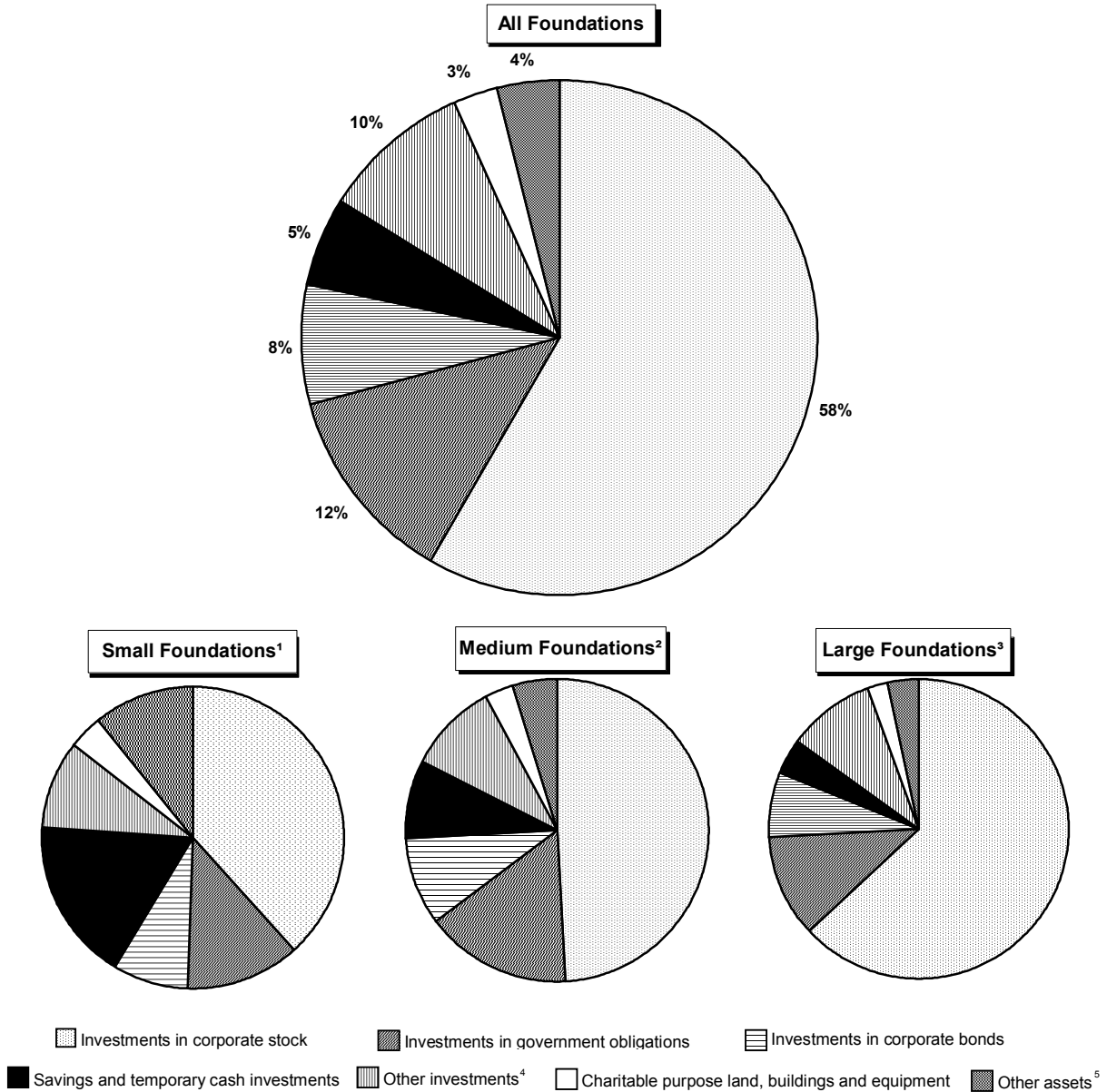
Three measures of foundation behavior are interesting to examine: (1) the realized investment income earned by a foundation on its investment assets, or its "income yield;" (2) total capital appreciation of a foundation's endowment, or its "rate of total return on assets"; and (3) charitable distributions made as a proportion of adjusted net investment assets, or a foundation's "payout rate" [14].

A foundation's net investment income yield is calculated by dividing net investment income by end-of-year fair market value of assets. The median income yield, 5.8 percent for 1995, has remained relatively constant since the mid-1980's, when SOI began calculating the yield regularly. For instance, during the period 1986 to 1995, the median income yield ranged from a low of 4.9 percent for 1994 to a high of 7.7 percent for 1989. Larger foundations typically earn higher income yields. For instance, foundations holding \$100 million or more in assets realized a median yield of 8.0 percent for 1995, compared with 4.5 percent for small foundations holding between \$1 and \$100,000 in assets. Large foundations, compared to small foundations, rely more on investment income as a source of revenue. These foundations also possess the resources to use more sophisticated investment management techniques. Both factors help explain why the larger foundations typically realize higher income yields.

The rate of return, a measure of the total capital appreciation of a foundation, is a more comprehensive measure of investment performance than the income yield. The formula used here to calculate rate of return measures the change in the value of the entire asset base, with considerations for inflows and outflows of money [15]. The formula measures the realized income from assets, investments, and otherwise, as well as the unrealized appreciation or depreciation of fair market value of assets. As calculated using SOI statistics, the median foundation earned a rate of total return of 10.2 percent for 1995. Foundations experience more year-to-year variation in rates of total return, compared to income yields, as fluc-

**Figure H**

**Composition of Private Foundation Assets, by Size of Foundation, 1995**



<sup>1</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.  
<sup>2</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.  
<sup>3</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.  
<sup>4</sup> Sum of "Investments in land, buildings, and equipment," "Investments in mortgage loans," and "Other investments," as reported on the Form 990-PF. "Other investments" includes items such as advances; certificates of investment; and investments in art, coins, gold, and gems.  
<sup>5</sup> Sum of "Cash: non-interest bearing accounts," "Inventories," "Prepaid expenses and deferred charges," "Accounts receivable, net," "Pledges receivable, net," "Grants receivable," "Receivables due from disqualified persons," "Other notes and loans receivable," and "Other assets" as reported on the Form 990-PF. "Other assets" include, for example, program-related investments, which are investments primarily to accomplish a charitable purpose rather than to produce income.

## A 20-Year Review of the Nonprofit Sector, 1975-1995

tuations in the rates of total return tend to coincide with fluctuations in the stock market. This is particularly true for larger foundations, which typically hold a greater proportion of assets as investments, making them able to earn higher returns, but subjecting them to greater risk and volatility in realized returns. For instance, the median foundation earned a rate of return that dropped from 1.9 percent for 1993 to less than 1 percent for 1994, only to rise sharply to 10.2 percent for 1995.

As with income yields, large foundations typically realize higher rates of return compared to their smaller counterparts. For 1995, the largest foundations, or those holding \$100 million or more in assets, realized a median rate of 19.8 percent, compared with 1.8 percent for the smallest foundations, or those holding between \$1 and \$100,000 in assets.

The payout rate measures a foundation's "qualifying (charitable) distributions" as a proportion of its net investment assets. Nonoperating foundations are required to pay out 5 percent of the value of their net investment assets each year. Aggregate foundation payout rates are generally very steady from year to year. For instance, from 1986 to 1995, the median payout rate ranged from a low of 6.1 percent for 1993 to a high of 7.2 percent for 1988.

Small foundations tend to distribute more charitable dollars relative to their required amount. Consequently, they tend to have higher payout rates compared to the larger foundations. For instance, the median payout rate for 1995 for the smallest foundations, 10.5 percent, was much higher than the median payout rate for the largest foundations, 5.1 percent. Payout rates for the large and midsized foundations generally are between 5.0 and 6.0 percent, or very close to the required 5 percent. Those of the smaller foundations, which tend to emphasize current charitable giving, rather than long-term endowment growth, are typically much higher than the required rate. The larger foundations, in contrast, typically reinvest a greater proportion of their return on investments, consequently growing their endowments, which helps to ensure increased amounts of charitable giving in the future.

### **Other Exempt Organizations**

Other nonprofit organizations, as discussed here, are those organizations exempt under subsections 501(c)(4)-(c)(25) of the Internal Revenue Code [16].

These other exempt organizations--including civic leagues, business leagues, labor organizations, and recreational clubs, among others--encompass a diverse group of voluntary organizations that provide various services, activities, and programs for different subgroups within the American population. For 1995, over 119,000 "other exempt organizations," those that are exempt filers under sections 501(c)(4) through 501(c)(25), held \$455.3 billion in assets and received \$192.2 billion in revenues. Unlike the nonprofit charitable organizations that are tax-exempt under section 501(c)(3), most of these other exempt organizations are not eligible to receive tax-deductible contributions. Figure I provides a summary description of the different types of 501(c) organizations and the activities in which they engage. Table 1 provides selected financial data for both 1975 and 1995 for all Form 990 filers exempt under section 501(c) (excluding private foundations). The table presents data in constant, 1992-based dollars.

The section 501(c)(4) through (c)(25) exempt organizations represent a smaller proportion of the nonprofit sector compared to the nonprofit charitable organizations exempt under section (501)(c)(3). For instance, for 1995, these other exempt organizations comprised over 39 percent of section 501(c) Form 990 filers in number, 28 percent in total assets, and 22 percent in total revenue. This represents a smaller share than for 1975, when these organizations comprised 61 percent of the section 501(c) Form 990 filers, held 34 percent of total assets, and received 39 percent of total revenues.

Four types of organizations comprise nearly 70 percent of the total number of organizations exempt under sections 501(c)(4) through 501(c)(25). Based on 1995 data, these include:

501(c)(6): Business leagues, chambers of commerce, and real estate boards, 21 percent

501(c)(4): Civic leagues, social welfare organizations, and local employee associations, 18 percent

501(c)(5): Labor, agricultural, and horticultural organizations, 18 percent

501(c)(7): Social and recreational clubs, 13 percent

## 20-Year Review of the Nonprofit Sector, 1975-1995

**Figure I**

### Types of Exempt Organizations, by Internal Revenue Code Section 501(c)

Internal Revenue Code section	Description of organization	General nature of activities
501(c)(1)	Corporations organized under Act of Congress	Instrumentalities of the United States
501(c)(2)	Title holding corporation for an exempt organization (e.g., Masonic building corporations)	Holds title to property of an exempt organization
501(c)(3)	Charitable, religious, educational, scientific, and literary organizations (including private foundations) and organizations that foster national or international amateur sports competitions, prevent cruelty to children and animals, and test for public safety (e.g., Yale University, Kaiser Foundation Health Plan, United Way, Ford Foundation)	Promotes public welfare (as opposed to private interests) primarily through charitable, religious, educational, scientific, or literary activities
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees (e.g., Lions Clubs, Rotary Clubs, volunteer fire departments)	Promotes community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
501(c)(5)	Labor, agricultural, and horticultural organizations (e.g., Major League Baseball Players Association, United Auto Workers)	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
501(c)(6)	Business leagues, chambers of commerce, and real estate boards (e.g., National Football League, American Bar Association)	Works toward improvement of business conditions in one or more lines of business
501(c)(7)	Social and recreational clubs (e.g., Metropolitan Club, sorority and fraternity chapters)	Pleasure, recreational, and social activities
501(c)(8)	Fraternal beneficiary societies and associations (e.g., B'nai B'rith, Loyal Order of Moose)	Provides for payment of life, sickness, accident, or other benefits to members
501(c)(9)	Voluntary employee beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered under 501(c)(10)) (e.g., U.S. Steel and Carnegie Pension Plan, National Education Association Members Insurance Trust)	Provides for payment of life, sickness, accident, or other benefits to members
501(c)(10)	Domestic fraternal societies (e.g., Knights Templar)	Devotes net earnings to charitable, fraternal, and other specified purposes, without life, sickness, or accident benefits to members
501(c)(11)	Teachers' retirement fund associations	Fiduciary association that provides payment of retirement benefits
501(c)(12)	Local benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
501(c)(13)	Cemetery companies	Provides burials and incidental related activities to members
501(c)(14)	State-chartered credit unions and mutual reserve funds	Provides loans to members
501(c)(15)	Certain mutual insurance companies or associations	Provides insurance to members substantially at cost
501(c)(16)	Farmers cooperatives organized to finance crop operations	Finances crop operations in conjunction with activities of a marketing or purchasing association
501(c)(17)	Supplemental unemployment benefit trusts	Fiduciary agent that pays supplemental unemployment compensation benefits
501(c)(18)	Employee-funded pension trusts	Provides for payments of benefits under a pension plan funded by employees
501(c)(19)	War veterans organizations (e.g., American Legion Posts)	Provides services and activities for war veterans

NOTE: A small number of other organizations are also exempt under subsections 501(c)(20)-(25). These include: prepaid legal service funds exempt under 501(c)(20); black lung benefit trusts exempt under 501(c)(21); withdrawal liability payment funds exempt under 501(c)(22); associations of past and present members of the armed forces founded before 1880, exempt under 501(c)(23); trusts described in section 4049 of the Employee Retirement Income Security Act of 1974 exempt under 501(c)(24); and title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or benefit interest exempt under 501(c)(25). Those organizations exempt under 501(c)(20) were only exempt for reporting years before June 20, 1992.

## A 20-Year Review of the Nonprofit Sector, 1975-1995

Other types of organizations, while relatively small in number, hold large portions of other exempt organization assets. State-chartered credit unions exempt under section 501(c)(14), for instance, comprise 33 percent of total other exempt organization assets, but represent only 1 percent in number. Similarly, local benevolent life insurance associations exempt under section 501(c)(12) comprise 11 percent of total other exempt organization assets, but represent only 3 percent in number. Two other types of organizations also hold relatively large shares of other exempt organization assets: voluntary employee beneficiary associations exempt under section 501(c)(9), 15 percent; and civic leagues, social welfare organizations, and local employee associations exempt under section 501(c)(4), 10 percent.

The majority of the revenues of other exempt organizations are attributable to the 501(c)(9) voluntary employee beneficiary associations, 37 percent, and three other types of other exempt organizations that each represent from 10 to 15 percent of total revenue: section 501(c)(4) civic leagues, social welfare organizations, and local employee associations; section 501(c)(12) local benevolent life insurance associations; and section 501(c)(6) business leagues, chambers of commerce, and real estate boards.

### **20-Year Profile of Other Exempt Organizations**

The other exempt organizations have not realized the same levels of growth as nonprofit charitable organizations and private foundations over the past two decades. In fact, the number of these organizations actually fell from 1975 to 1995 by 11 percent [17]. Nevertheless, real assets and revenues increased by 197 and 113 percent, respectively, well below the rates of increase of other section 501(c)(3) nonprofit organizations. Over the 20-year period, the biggest decrease in the number of organizations was for the 501(c)(5) labor, agricultural, and horticultural organizations, which fell by over 7,000 organizations, or 25 percent. The greatest increase in the number of organizations occurred among the 501(c)(6) business leagues, chambers of commerce, and real estate boards, which grew by nearly 8,000 organizations, or 46 percent.

In terms of assets, the greatest increases were realized by two types of organizations: State-char-

tered credit unions and voluntary employee beneficiary associations, 501(c)(14) and 501(c)(9), respectively. Over the 1975-1995 period, these organizations realized real asset gains of 420 percent and 504 percent, respectively. In terms of revenues, the greatest increases were realized by the voluntary employee beneficiary associations and the 501(c)(12) local benevolent life insurance associations, which, respectively, received over 469 and 333 percent more in real revenues for 1995 compared to 1975. Not all other exempt organizations, however, saw their revenues increase over the 20-year period. For instance, the revenues of the 501(c)(4) civic leagues, social welfare organizations, and local employee associations fell by 24 percent, as their receipts from member dues and assessments dropped dramatically.

### **Revenues and Assets of Other Exempt Organizations**

Other exempt organizations rely largely on program service revenue as a source of income. Program service revenue comprised 69 percent of total other exempt organization revenue for 1995, nearly the same percentage as for the 501(c)(3) nonprofit charitable organizations. Program service revenue represents income from fees collected from programs and activities that are operated to support the organizations' tax-exempt purposes. Examples of program service revenue include interest income on loans a credit union makes to its members, payments received by voluntary employee beneficiary associations from participants or employers of participants for health and welfare benefits coverage, insurance premiums received by a fraternal beneficiary society, and registration fees received in connection with a meeting or convention. It also includes income from program-related investments, which are investments made for the primary purpose of accomplishing an exempt purpose consistent with the organization's exempt status--for example, scholarship loans or low-interest loans to charitable organizations or indigent persons.

Over the past 20 years, other exempt organizations have tended to rely increasingly on program service revenue as their primary source of revenue. At the same time, their overall reliance on contributions received and member dues and assessments has fallen. For instance, for 1975, member dues and

assessments comprised over half of total other exempt organization revenue, and contributions received, one-tenth. However, by 1995, dues and assessments comprised only 14 percent of total other exempt organization revenue, and contributions received, only 3 percent. For 1995, program service revenue was the major source of revenue for many exempt organizations, including section 501(c)(8) fraternal beneficiary societies, section 501(c)(9) voluntary employee beneficiary associations, section 501(c)(12) local benevolent life insurance associations, and section 501(c)(14) State-chartered credit unions.

Still, some exempt organizations do rely on member dues and assessments, rather than program service revenue, as their primary source of income. For instance, section 501(c)(5) labor, agricultural, and horticultural organizations and section 501(c)(7) social and recreational clubs both receive nearly 60 percent of revenue from member dues and assessments, and less than 26 percent from program service revenue. Section 501(c)(6) business leagues, chambers of commerce, and real estate boards and section 501(c)(10) domestic fraternal societies also receive more from dues and assessments than from program services.

Detailed SOI data on the different types of assets held by exempt organizations are only available at this time for section 501(c)(3) to (c)(9) organizations. Using 1995 SOI data, both section 501(c)(8) fraternal beneficiary societies and section 501(c)(9) voluntary employee beneficiary associations held over half of their assets as investments in securities, 58 percent and 65 percent, respectively. As a basis for comparison, section 501(c)(3) nonprofit charitable organizations held 38 percent of their assets as investments in securities. In contrast to organizations that hold large proportions of assets as investments in securities, section 501(c)(7) social and recreational clubs hold very few of their assets as investments in securities, only 3 percent. These social and recreational clubs hold 66 percent of their assets in the form of charitable-purpose land, buildings, and equipment. The other exempt organizations that are in the section 501(c)(4) through (c)(9) group have far fewer holdings in land, buildings, and equipment.

### **Exempt Organizations' Unrelated Business Income**

The similarities between certain types of nonprofit organizations (for example, 501(c)(3) hospitals) and their for-profit counterparts have raised many questions regarding tax-exempt status. As competition with other entities has increased, some nonprofit organizations have begun to earn supplementary income, which is considered unrelated to their charitable purpose and on which the unrelated business income tax is levied.

Unrelated business income (UBI) is defined as income from a trade or business that is regularly carried on by an exempt organization and is not substantially related to carrying out the exempt purpose or function for which the organization has tax-exempt status. Congress established the unrelated business income (UBI) tax as part of the Revenue Act of 1950. The UBI tax initially applied only to organizations exempt under sections 501(c)(3), (5), (6), (9), and (15). The law's purpose was to restrict the potential for unfair competition between nonprofit organizations and taxable for-profit businesses that provide similar services. In addition to section 501(c) organizations, the unrelated business income tax provisions apply to section 401(a) Individual Retirement Arrangements and section 408(e) qualified pension, profit-sharing, and stock bonus plans. The Tax Reform Act of 1969 revised and expanded this tax on unrelated business income to include all 501(c) organizations, except those U.S. Government instrumentalities exempt under section 501(c)(1).

Unrelated business taxable income is gross unrelated business income, less deductions directly connected with carrying on the trade or business, and less certain other deductions. The unrelated business income tax is determined based on the corporate or trust tax rates that are in effect for a given tax year. For Tax Year 1995, over 36,400 exempt organizations reported \$6.3 billion of "gross unrelated business income" from regular business activities that were not substantially related to their exempt purposes. After offsetting gross UBI with \$7.3 billion of total deductions, these organizations reported an aggregate net deficit of \$1.0 billion. After consider-



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ing these deductions, half of these organizations reported positive unrelated business *taxable* income (UBTI) and were required to pay the unrelated business income tax. These 18,200 organizations reported positive UBTI of \$893.0 million. After adjustments for other taxes and certain credits were made to the \$276.6 million of reported unrelated business income tax, nonprofit organizations incurred a total tax liability of \$277.5 million. The UBI earned by exempt organizations most commonly falls into the major industrial categories services and finance, insurance, and real estate. Over 80 percent of organizations that reported gross UBI for 1995 received at least some of their income from activities falling into one or both of these categories.

Sixty-two percent of all exempt organizations that filed Form 990-T for Reporting Year 1995 fell into one of three categories: section 501(c)(3) nonprofit charitable organizations (including private foundations), 27 percent; section 501(c)(7) social and recreational clubs, 18 percent; and section 501(c)(6) business leagues, chambers of commerce, and real estate boards, 17 percent. Since section 501(c)(3) organizations represent the largest proportion of exempt organizations, it is not surprising that they also represent the largest proportion of Form 990-T filers. (Nonetheless, based on the returns filed, only 4 percent of all section 501(c)(3) organizations reported UBI for 1995. However, large proportions of both section 501(c)(6) and section 501(c)(7) organizations reported UBI for 1995, 24 percent and 41 percent, respectively. In addition, relatively large proportions of section 501(c)(8) fraternal beneficiary associations and section 501(c)(19) war veterans' organizations also reported gross unrelated business income for 1995, 14 percent and 28 percent, respectively.)

### **Publications, Services, and Plans for SOI's Nonprofit Sector Statistical Program**

Through its nonprofit sector statistical program, the Statistics of Income Division of IRS provides a wide array of data and other information on the various types of organizations that comprise the nonprofit sector. In addition, SOI collects data on related topics, such as charitable giving, charitable bequests, and tax-exempt bonds, as well as a wealth of data in the areas of individual and corporate income and

taxes. These data and information are available through publications, microdata tapes, an electronic bulletin board, and a worldwide website. SOI has ongoing plans to expand and enhance its current nonprofit-sector program. This section describes SOI's publications and statistical services and provides information on how to obtain these publications and access these services. It also discusses recent enhancements to SOI's nonprofit sector statistical program, as well as future plans in this area.

### **Publications**

Data and analyses from all of SOI's nonprofit studies are published in the quarterly *Statistics of Income Bulletin* [18]. In addition, SOI has twice consolidated its nonprofit data and reports in two published volumes of the *Compendium of Studies of Tax-Exempt Organizations* [19]. The first volume encompasses research on Reporting Years 1974 to 1987, SOI's earliest work related to the nonprofit sector. It includes over 20 reprinted articles and extensive data. The second volume of the *Compendium* focuses on Reporting Years 1986 to 1990, consolidating SOI's more recent research on nonprofit charitable organizations, private foundations, charitable giving, and section 501(c)(4)-(c)(9) other exempt organizations. It includes 12 reprinted articles and extensive data. Both volumes include articles published in the *Statistics of Income Bulletin*, as well as those published by SOI staff in the *Proceedings of the American Statistical Association*, the *Independent Sector's Spring Research Forum Papers*, and the *Journal of Nonprofit Management and Leadership*.

### **Statistical Services**

Copies of SOI's microdata tapes for nonprofit organizations are available for purchase from the Statistics of Income Division. Because the Form 990 and Form 990-PF are open to public inspection, these tapes which contain identifiable records, are available for public use. Because tax returns on the unrelated business income of nonprofit organizations are not publicly disclosed, data from Form 990-T returns are not available on tape. Special tabulations can be prepared from all of these sources on request.

Other SOI studies may also be of interest to

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analysts of the nonprofit sector. For example, annual data are available on individual and corporate taxes. In addition, certain files of individual tax returns include data on charitable contributions. And, data on estates, which include information on charitable bequests, are published periodically.

In addition to microdata tapes, SOI offers an electronic bulletin board and a site on the worldwide web. Over 1,200 files from various IRS sources and SOI studies, including nonprofit charitable organizations, private foundations and charitable trusts, and other organizations exempt under sections 501(c)(4) through 501(c)(9), are all currently available for public use on a reimbursable basis on the SOI electronic bulletin board. In addition, there are over 700 public use files and other statistical data available on the IRS web page [20].

### **Plans for SOI's Nonprofit Sector Statistical Program**

SOI continues to respond to policy analysis needs related to the nonprofit sector by developing and improving strategies for coding, sampling, and compiling data. Data collection and analysis plans include:

*Integrating the National Taxonomy of Exempt Entities (NTEE) coding system with SOI's nonprofit sector studies and the IRS master file of exempt organizations.* The National Taxonomy of Exempt Entities was developed as a classification system by the National Center for Charitable Statistics; it uses 26 major groups, which can be aggregated into 10 categories. SOI has applied the codes to its data files, beginning with the Reporting Year 1994 study. In addition, IRS added the NTEE coding system to the exempt organization entity section of the Master File, determining a code for each organization at the time that its application for exemption is approved.

*Revising the Standard Industrial Classification (SIC) system.* SOI recently assisted with developing the North American Industry Classification System (NAICS) coding system to better reflect the activities of nonprofit organizations. Beginning with Tax Year 1998, tax-exempt organizations will classify activities that generate Unrelated Business Income (UBI) using NAICS codes on Forms 990, 990-PF, and 990-T.

*Sampling Form 990 and Form 990-T studies using an integrated matching program.* Beginning

with Reporting Year 1993 data, SOI integrated its samples of Form 990 and Form 990-T filers. This allows for the examination of comparable information on "related" (tax-exempt) and "unrelated" (taxable) income and expenses for organizations filing both forms, including the 501(c)(3) nonprofit charitable organizations and the 501(c)(4) through (c)(9) other exempt organizations.

*Sampling private foundation returns based on fair market value of assets.* Beginning with Reporting Year 1994 data, at the request of several users of the data, the SOI sample of private foundation returns was stratified based on fair market value, rather than book value, of total assets. Given that foundation subgroup analyses use asset categories that are constructed using fair market value, this revised sampling strategy will lead to improved subgroup estimates.

*Imaging exempt organization returns.* The Statistics of Income Division and the office of Employee Plans and Exempt Organizations of the Internal Revenue Service have been working together to develop a new imaging system that will facilitate public access to exempt organizations' information returns. Beginning in July 1998, all Forms 990 and 990-PF filed by organizations classified as tax-exempt under subsection code 501(c)(3) of the Internal Revenue Code are being electronically scanned and their images stored at the Ogden Service Center on optical disks. When the system is in full production, researchers will be able to examine financial data for these organizations within 2 months of the date they file with the IRS. Making tax-exempt organizations' information returns more easily available to the public should increase the quality and accuracy of reporting. It is hoped that increased public accessibility and awareness of the financial reporting of these tax-exempt organizations will lead to self policing and result in better overall compliance at minimal costs to the Service.

*Comparing nonprofit data.* SOI plans to study nonprofit sector data from other statistical sources (e.g., the IRS Business Master file, the Commerce Department's Bureaus of Census and Economic Analysis, and the Federal Reserve Board), reconcile these with SOI data, and publish the results in a future issue of the *SOI Bulletin*.

## Notes and References

- [1] Wolpert, Julian, *Patterns of Generosity in America: Who's Holding the Safety Net*, A Twentieth Century Fund Press, New York, NY, 1993.
- [2] U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Table 2A.
- [3] Since Reporting Year 1989, SOI has also collected data on section 4947(a)(1) charitable trusts that also file Forms 990-PF. These organizations, like private foundations, have exclusively charitable interests. However, unlike foundations and other 501(c)(3) organizations, they are not exempt from Federal income tax. Charitable trusts are subject to the same requirements as private foundations, including the excise tax provisions and the charitable payout requirement. However, unlike foundations, charitable trusts are not required to receive formal recognition as tax-exempt organizations from the IRS. Most were originally formed as 4947(a)(2) split-interest trusts that, at one time, had one or more noncharitable beneficiaries. The charitable trusts must pay an annual tax on their income that is not distributed for charitable purposes. For 1995, over 2,700 charitable trusts reported nearly \$3.7 billion in total assets, earned \$411.8 million in total revenues, and distributed \$222.3 million in total charitable contributions, gifts, and grants.
- [4] Sample data on the 501(c)(3) nonprofit charitable organizations for Reporting Year 1995 are based on a stratified probability sample of approximately 12,000 returns, selected from a population of 184,600 returns. The sample was stratified based on book value of total asset, with sampling rates ranging from 0.45 percent for the small asset classes to 100 percent for organizations with assets of \$10 million or more.

Sample data on private foundations for Reporting Year 1995 are based on a stratified probability sample of approximately 6,400 entities (5,600 foundations and 800 4947(a)(1) charitable trusts that file Form 990-PF) that were selected from a population of approximately 52,000 (49,800

foundations and 2,200 trusts). (The 4947(a)(1) charitable trusts that file Form 990-PF are described in footnote 2 above.) The sample was stratified based on both the size of fair market value of total assets and the type of organization (either a foundation or a trust). Foundation returns were selected at rates that ranged from approximately 2.8 percent for small foundations with assets of less than \$100,000 to 100 percent for very large foundations with assets of \$10 million or more.

Sample data on the 501(c)(4) through (c)(9) exempt organizations for Reporting Year 1995 are based on a stratified probability sample of approximately 8,800 returns, selected from a population of approximately 104,700. The sample was stratified based on book value of total assets. Sampling rates ranged from 2.0 percent for the small asset classes to 100 percent for organizations with assets of \$2.5 million or more.

Sample data on the unrelated business income (UBI) of exempt organizations for Reporting Year 1995 are based on a stratified probability sample of approximately 7,300 returns drawn from a population of approximately 36,400 returns. The sample was stratified based on the size of gross unrelated business income. Depending on the amount of UBI, sampling rates ranged from a minimum of 2.6 percent for the lower income returns to a maximum of 100 percent for the higher income returns. In addition, beginning with Reporting Year 1993, the Form 990-T sample was integrated with the Form 990 sample in order to gather comparable information on income and expenses for organizations that filed both forms, including both the 501(c)(3) nonprofit charitable organizations and the 501(c)(4) through (c)(9) other exempt organizations.

- [5] Hodgkinson, Virginia A. and Weitzman, Murray S., et al., *Nonprofit Almanac 1996-1997: Dimensions of the Independent Sector*, San Francisco, CA: Jossey-Bass Inc., Publishers, 1996, p. 39.
- [6] Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic

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Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Table 3.

- [7] The small increase in the number of exempt organizations during the past 20 years, relative to the large increases in assets and revenues, is due, in part, to changes in the filing requirements that raised the minimum level of gross receipts required for filing from \$5,000 to \$10,000 in 1976, and from \$10,000 to \$25,000 in 1982.
- [8] Hodgkinson, Virginia A.; Weitzman, Murray S.; Toppe C.; and Noga, S; *Nonprofit Almanac, 1992-1993: Dimensions of the Independent Sector*, San Francisco, CA: Jossey-Bass Inc., Publishers, 1992, Table 4.9, p. 160.
- [9] In other parts of this article, when discussing nonprofit charitable organization revenue, adjustments are not made for double-counted contributions.
- [10] Hodgkinson, Virginia A. and Weitzman, Murray S., et al., *Nonprofit Almanac 1996-1997: Dimensions of the Independent Sector*, San Francisco, CA: Jossey-Bass Inc., Publishers, 1996.
- [11] See footnotes 5 and 8.
- [12] Instructions to Form 990 for tax-exempt organizations state that assets are generally to be reported in terms of book value. Investments in securities, however, may be reported as either book value or fair market value.
- [13] For information on the National Taxonomy of Exempt Entities classification system, see Hodgkinson, Virginia A.; Weitzman, Murray S.; et al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, San Francisco: Jossey-Bass, Inc., 1996; Stevenson, David R.; Pollak, Thomas H.; and Lampkin, Linda M.; et al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, Washington, DC: The Urban Institute, 1997; and *The National Taxonomy of Exempt Entities Manual*, Washington, DC: The Urban Institute, 1997.

The 26 major group areas of the National Taxonomy of Exempt Entities (NTEE) can be grouped according to 10 major categories. They are listed below.

- I. Arts, Culture, and Humanities (NTEE area A)
  - II. Education (B)
  - III. Environment and Animals  
Environmental Quality, Protection, and Beautification (C)  
Animal-Related (D)
  - IV. Health  
Health--General and Rehabilitative (E)  
Mental Health, Crisis Intervention (F)  
Diseases, Disorders, Medical Disciplines (G)  
Medical Research (H)
  - V. Human Services  
Crime, Legal-Related (I)  
Employment, Job-Related (J)  
Food, Agriculture, and Nutrition (K)  
Housing, Shelter (L)  
Public Safety, Disaster Preparedness, and Relief (M)  
Recreation, Sports, Leisure, Athletics (N)  
Youth Development (O)  
Human Services--Multipurpose and Other (P)
  - VI. International, Foreign Affairs (Q)
  - VII. Public, Society Benefit  
Civil Rights, Social Action, Advocacy (R)  
Community Improvement, Capacity Building (S)  
Philanthropy, Voluntarism, and Grantmaking Foundations (T)  
Science and Technology Research Institutes, Services (U)  
Social Science Research Institutes, Services (V)  
Public, Society Benefit--Multipurpose and Other (W)
  - VIII. Religion-Related (X)
  - IX. Mutual/Membership Benefit (Y)
  - X. Unknown, Unclassified (Z)
- [14] These measures are calculated only for the nonoperating foundations, since only they are subject to the charitable payout requirement.

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[15] The rate of return formula used here is the same as that developed and used by Salamon and Voytek in their studies on foundation assets. See Salamon, Lester and Voytek, Kenneth, *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, Washington, DC: The Council on Foundations, 1989, p. 32. The formula is as follows:

Rate of Total Return =

[Ending Fair Market Value of Assets  
 - Beginning Fair Market Value of Assets  
 - Contributions Received  
 + Grants Paid  
 + Operating and Administrative Expenses  
 + Excise Tax Paid on Net Investment Income]

DIVIDED BY

[Beginning Fair Market Value of Assets  
 + 50% of Contributions Received]

To calculate the rate of total return, samples of private foundation information returns for consecutive years had to be matched in order to analyze both the beginning-of-year and end-of-year fair market value data. The beginning-of-year fair market value of assets for any given year equals the ending fair market value reported on the prior year's information return. Thus, in order to provide a consistent form of measurement by which to compare rates of total return among different years, the ending fair market value of asset amounts (reported for both the year subject to the computation and the prior year) were used to compute the rate of return. In order to obtain an inflation-adjusted real rate of return, the figure equaling the beginning-of-year fair market value of assets was adjusted using the GDP chain-type price index. (See footnote 6.)

[16] Also included in this discussion are the small number of exempt organizations with unspecified subsection codes. However, those organizations exempt under subsections 501(c)(1) and (c)(2) are not included in this discussion

(although they are included in Table 1.) Subsection 501(c)(1) organizations are corporations organized under an Act of Congress to act as instrumentalities of the United States. Subsection 501(c)(2) organizations are title-holding corporations that generally hold title to the property of other exempt organizations.

- [17] This decline can be explained, in part, due to changes in the filing requirements that raised the minimum level of gross receipts required for filing from \$5,000 to \$10,000 in 1976, and from \$10,000 to \$25,000 in 1982.
- [18] For the most recent published data on 501(c)(3) nonprofit charitable organizations and 501(c)(4) through (c)(9) exempt organizations, see Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1994," *Statistics of Income Bulletin*, Spring 1998, Volume 17, Number 4. For recent data on private foundations and Charitable Trusts, 1994," *Statistics of Income Bulletin*, Fall 1997, Volume 17, Number 2. For recent data on the unrelated business income of exempt organizations, see Riley, Margaret, "Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1994," *Statistics of Income Bulletin*, Spring 1998, Volume 17, Number 4.
- [19] U.S. Department of Treasury, Internal Revenue Service, *Statistics of Income—Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, Statistics of Income Division, U.S. Government Printing Office Publication 1416 (7-91), Washington, DC, 1991, and U.S. Department of Treasury, Internal Revenue Service, *Statistics of Income—Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*, Statistics of Income Division, U.S. Government Printing Office Publication 1416 (8-93), Washington, DC, 1993. Both volumes of the Compendium are available from the Statistics of Income Division.
- [20] To order copies of any of SOI's publications or to request any of the items or services discussed above, contact SOI's Statistical Infor-

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mation Services Office at (202) 874-0410 (phone), (202) 874-0964 (fax), or via electronic mail (**sis@soi.irs.gov**). Alternatively, write to the Director, Statistics of Income, OP:RS:S, Internal Revenue Service, P.O. Box 2608,

Washington, DC 20013. To access the electronic bulletin board, call (202) 874-9574. To access the Internal Revenue Service's web site, where SOI is represented, go to [http://www.irs.ustreas.gov/prod/tax\\_stats](http://www.irs.ustreas.gov/prod/tax_stats).

## 20-Year Review of the Nonprofit Sector, 1975-1995

### All 501(c) Exempt Organizations, Excluding Private Foundations: Number of Organizations and Selected Financial Information, by Type of Organization, 1975 and 1995, SOI and Master File Data

[All figures are estimates based on samples, -- money amounts are in millions of constant dollars.]

IRC section	Type of organization	Number of organizations <sup>1</sup>	Total assets	Total liabilities	Total revenue <sup>2</sup>	Program service revenue	Contributions gifts, and grants	Gross dues and assessments	Total expenses
<b>1995</b>									
	<b>Total.....</b>	<b>307,384</b>	<b>1,525,359</b>	<b>666,551</b>	<b>805,807</b>	<b>542,199</b>	<b>124,936</b>	<b>31,015</b>	<b>730,910</b>
501(c)(1)	Corporations organized under Act of Congress.....	2	138	125	11	9	--	--	10
501(c)(2)	Title holding companies.....	2,990	15,321	2,704	2,231	469	41	36	826
501(c)(3)	Charitable, religious, educational, and scientific organizations.....	180,931	1,063,328	476,635	617,089	412,141	118,831	5,719	562,460
501(c)(4)	Civic leagues, social welfare, and local associations of employees.....	21,983	43,086	30,217	26,589	19,884	2,324	1,608	25,544
501(c)(5)	Labor, agricultural, and horticultural organizations.....	21,242	18,908	2,885	13,135	3,364	433	7,846	11,758
501(c)(6)	Business leagues, chambers of commerce and real estate boards.....	25,460	25,985	12,813	19,531	7,246	1,465	8,450	17,708
501(c)(7)	Social and recreational clubs.....	15,919	11,450	3,372	6,619	1,162	74	3,884	6,422
501(c)(8)	Fraternal beneficiary societies.....	7,973	48,800	40,308	9,860	8,492	87	304	9,302
501(c)(9)	Voluntary employee beneficiary associations.....	9,818	61,700	15,444	66,986	58,695	8	2,322	61,029
501(c)(10)	Domestic fraternal societies.....	2,581	1,742	127	522	60	55	117	463
501(c)(11)	Teachers retirement fund associations.....	5	208	14	26	3	--	5	12
501(c)(12)	Local benevolent life insurance associations.....	3,333	47,142	29,830	20,224	17,467	580	196	18,647
501(c)(13)	Cemetery companies.....	1,862	4,830	589	848	233	20	3	582
501(c)(14)	State chartered credit unions.....	1,645	137,842	41,859	10,528	6,450	379	143	7,952
501(c)(15)	Certain mutual insurance companies or associations.....	691	1,741	2,238	380	150	( <sup>3</sup> )	58	248
501(c)(16)	Farmers co-ops organized to finance crop operations.....	14	298	240	26	17	( <sup>3</sup> )	( <sup>3</sup> )	20
501(c)(17)	Supplemental unemployment benefit trusts.....	166	377	33	284	220	8	29	269
501(c)(18)	Employee funded pension trusts.....	2	2,296	10	375	55	--	--	126
501(c)(19)	War veterans organizations.....	5,941	1,618	378	836	151	77	110	786
501(c)(20-25)	Other organizations.....	756	15,515	3,801	2,061	602	244	18	518
	Organizations not specified.....	4,070	23,034	2,929	7,645	5,329	310	168	6,227
<b>1975</b>									
	<b>Total.....</b>	<b>220,197</b>	<b>418,832</b>	<b>179,936</b>	<b>214,508</b>	<b>n.a.</b>	<b>48,859</b>	<b>46,149</b>	<b>205,915</b>
501(c)(1)	Corporations organized under Act of Congress.....	665	14,296	13,795	1,224	n.a.	25	63	1,143
501(c)(2)	Title holding companies.....	3,263	3,921	2,026	963	n.a.	54	54	953
501(c)(3)	Charitable, religious, educational, and scientific organizations.....	82,048	257,802	86,328	128,650	n.a.	40,650	3,629	121,763
501(c)(4)	Civic leagues, social welfare, and local associations of employees.....	28,064	30,238	21,729	34,927	n.a.	1,617	20,329	35,260
501(c)(5)	Labor, agricultural, and horticultural organizations.....	28,258	9,627	1,230	11,270	n.a.	284	7,683	10,995
501(c)(6)	Business leagues, chambers of commerce and real estate boards.....	17,530	8,241	3,643	7,645	n.a.	546	5,122	7,652
501(c)(7)	Social and recreational clubs.....	18,228	8,029	2,760	4,514	n.a.	76	2,570	4,488
501(c)(8)	Fraternal beneficiary societies.....	12,066	14,960	10,157	3,399	n.a.	108	1,710	3,183
501(c)(9)	Voluntary employee beneficiary associations.....	4,285	10,220	3,581	11,780	n.a.	4,575	3,916	11,503
501(c)(10)	Domestic fraternal societies.....	4,674	2,858	951	714	n.a.	51	224	650
501(c)(11)	Teachers retirement fund associations.....	49	562	74	91	n.a.	*14	*10	53
501(c)(12)	Local benevolent life insurance associations.....	4,975	25,477	19,289	4,669	n.a.	40	367	4,290
501(c)(13)	Cemetery companies.....	1,518	2,481	527	430	n.a.	12	5	367
501(c)(14)	State chartered credit unions.....	1,610	26,506	12,602	2,297	n.a.	*3	20	1,372
501(c)(15)	Certain mutual insurance companies or associations.....	864	273	15	135	n.a.	( <sup>3</sup> )(*)	60	118
501(c)(16)	Farmers co-ops organized to finance crop operations.....	36	509	377	122	n.a.	*44	*29	109
501(c)(17)	Supplemental unemployment benefit trusts.....	496	694	183	1,012	n.a.	581	155	1,450
501(c)(18)	Employee funded pension trusts.....	*42	*266	*2	*30	n.a.	*16	( <sup>3</sup> )(*)	*19
501(c)(19)	War veterans organizations.....	1,921	398	72	211	n.a.	16	55	193
	Other organizations, including (20)-(25).....	9,605	1,472	569	580	n.a.	147	150	514

<sup>1</sup> The number of organizations reported for 1995 represents those organizations that filed a 1995 return with the Internal Revenue Service through the end of the 1997 calendar year.

<sup>2</sup> Estimates from 1975 are imputed from 1975 study; for this reason, detail does not add precisely to total.

<sup>3</sup> Less than \$500,000.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Data for 1975 are from the 1975 SOI study. Data for 1995, subsection 501(c)(3) through (9) data are from the 1995 SOI study; all other data are from the IRS's administrative master file. Adjustments for inflation are based on the chain-type price index for the Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Table 7.1

# Description of Tax-Exempt Organization Sampling

by Tamara L. Rib

This article describes sample design and sample selection, data capture and cleaning, the method of estimation, and the sampling variability of estimates for the various exempt organization (EO) studies conducted by the Statistics of Income (SOI) Division of the Internal Revenue Service.

## Exempt Organization Study Domains

The SOI Division selects annual study samples of many types of tax-exempt organizations. Tax-exempt organizations that engage in charitable, educational, religious, and other nonprofit activities usually report financial and other required information on Form 990, *Return of Organization Exempt from Income Tax* (or the “short” Form 990-EZ), and Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*. Some of these nonprofit organizations must also file a Form 990-T, *Exempt Organization Business Income Tax Return* to report income from activities that are considered unrelated to their tax-exempt missions. This type of income is taxable; income from related activities is not. For Reporting Year 1998, SOI began selecting an annual study sample of Form 5227, *Split-Interest Trust Information Return*. This form is used to report financial activities of split-interest trusts.

For each SOI study year of the Form 990 series (990/EZ, 990-PF, 990-T), the sample frame consists of all returns “posted” to the IRS Business Master File (BMF) over a period of 2 years. Returns from the Form 990-series are filed over a period of 12 months. The requirement for when to file depends upon an organization’s established annual accounting period; however, extensions of time to file can add several months to the required filing date. It is for this reason that Form 990-series returns are sampled over a 2-year period.

For the Form 5227, the sample frame consists of all returns posted to the IRS BMF over a period of only 1 year. All Forms 5227 are required to file by

April of the year following the IRS reporting year, which is a calendar year for all filers. Even with extensions of time to file, a 1-year sampling period is sufficient.

Amended returns are not included in the EO studies because the original returns had already been subjected to sampling. Returns that change because of IRS examinations are also excluded.

## Sample Design and Selection

The sample design is a stratified probability sample. For each study, stratification is carried out as follows:

1. The Form 990/990-EZ returns are stratified by organizations exempt under Internal Revenue Code (IRC) section 501(c)(3) or the IRC section 501(c)(4)-(9) group, and size of assets based on book value. The sample excludes those returns with gross receipts less than \$25,001, the filing threshold. For Reporting Year 1996 only, organizations exempt under IRC section 501(c)(4)-(9) were excluded because of budgetary restrictions.

2. The Form 990-PF returns are stratified by organizations defined as a private foundation or a “nonexempt charitable trust” treated as a private foundation, and size of assets. For Reporting Year 1994 and later years, size of assets is based on fair market value. Prior to Reporting Year 1994, size of assets was based on book value.

3. The Form 990-T returns are stratified by size of gross unrelated business income (GUBI). Prior to Tax Year 1992, net income was used as the stratifier. The sample includes only those returns that had GUBI greater than or equal to \$1,000, the filing threshold. Beginning with Tax Year 1993, joint strata samples from the Form 990-T and the Form 990 have been selected. The sample design is based on size of GUBI and the strata from the Form 990 when both a Form 990 and 990-T with the same Employer Identification Number (EIN) have been filed. An integrated match is done between the Form 990-T returns and the Form 990 returns. Sample strata are labeled with sample codes from both forms. This results in numerous sample strata, which are later consolidated into a smaller number of sample groups for weighting purposes. For Tax Year 1996 and later years, the Form 990-T sample only matched to the Form 990 IRC subsection (c)(3)s. After Tax Year 1995, Form 990 subsection (c)(4)-(9)’s were excluded.

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## Description of Tax-Exempt Organization Sampling

4. The Form 5227 returns are stratified by organizations defined as charitable remainder annuity trusts, charitable remainder unitrusts, lead trusts, or pooled income funds, and size of assets. For Reporting Year 1998 and 1999, only charitable remainder annuity trusts and charitable remainder unitrusts were sampled. Also, for those reporting years, the size of assets was based on fair market value. Review of this data proved that better estimates were achieved by using size of assets based on book value. For Reporting Year 2000 and later years, size of assets are based on book value only, unless book value assets are less than 10 million dollars and fair market value assets are greater than 50 million dollars.

Neyman allocation is used to assign the designated sample to the stratum. A Bernoulli sample is selected independently from each stratum with rates ranging from less than one percent for the small asset or income classes to 100 percent for the organizations with very large assets or income.

Each return posted to the BMF and belonging to the sample frame is assigned to a stratum and then subjected to sampling. The BMF-SOI “transform” method is based on the EIN assigned to each exempt organization. A unique random number, called the transformed taxpayer identification number (TTIN), is calculated for each EIN and then compared to a range of numbers based on a return’s selection rate. If the number falls within that range, the return is selected. The formula that generates the TTIN does not change from year to year. Therefore, once an exempt organization is selected for the sample, it will be selected into the sample every subsequent year providing the organization’s assets fall in a stratum with the same or higher rate.

### **Data Capture and Cleaning**

When an exempt organization return is filed, selected data items are computer entered for administrative purposes to determine correct reporting information. All data are then transmitted to the IRS Business

Master File (BMF) system. This database serves as the SOI sampling frame. Data are updated on a weekly basis to the BMF; therefore, the SOI sample is selected as the returns are being processed.

EO data are extracted directly from the tax or information return. The SOI data-capture process allows the data to be entered into a database where consistency tests and error resolution tests are run. Problems that arise include returns that are out of scope, sampled in error, or misclassified. The misclassified returns have SOI-generated sample codes different from the sample codes assigned during BMF processing. Tests also check for returns with data inconsistencies, such as items not adding to the correct totals.

### **Estimation**

Each selected return is weighted to reflect the entire population. This weight is computed by dividing the population count of filed returns in a given stratum by the number of sample returns for that same stratum, after adjusting for rejected returns, missing returns, and outliers. A missing return may occur if some other IRS function retrieves the return, and it cannot be located by SOI after selection. The weights are used to produce aggregate estimates for items of interest such as assets, liabilities, revenue, and expenses.

### **Sampling Variability**

Any sample selected for the EO studies is one of any number of samples that could have been selected using the same sample design. The estimates calculated from the different samples would vary. The standard error (SE) of the estimate is a measure of the variation among the estimates of all possible samples. The SE is usually expressed as a percent of the value being estimated. This ratio is called the coefficient of variation (CV), which is the SE divided by the estimate. The use of CV’s is explained in the Appendix to this volume, “SOI Sampling Methodology and Data Limitations.”



# Charities and Other Tax-Exempt Organizations

## Introduction

**N**onprofit charitable organizations, those exempt under section 501(c)(3) of the Internal Revenue Code, include organizations whose purposes are religious, charitable, educational, scientific, or for the purpose of testing for public safety. These organizations can receive tax-deductible contributions and must serve the public interest in a manner that supports their charitable mission. This group includes, among others, schools and universities, hospitals and other health-related organizations, religious organizations, and publicly-supported charities. Certain other tax-exempt organizations, those exempt under sections 501(c)(4) through (c)(9), are included in the articles and tables (with the exception of Reporting Year 1996). This group includes civic leagues and social welfare organizations, labor organizations, business leagues, recreational and social clubs, fraternal beneficiary associations, and voluntary employee beneficiary associations. Unlike organizations exempt under section 501(c)(3), these organizations, in most cases, are not eligible to receive tax-deductible contributions.

This section presents articles and tables on nonprofit charitable and other tax-exempt organizations for Tax Years 1989 through 1998. The data come from samples of the Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, the short form version of this information return. The latter form may be completed by smaller organizations, those with end-of-year assets of \$25,000 or less, and gross receipts of \$25,000 to \$100,000.

Nonprofit charitable organizations exempt from income tax under Internal Revenue Code section 501(c)(3) filed over 207,000 information returns for 1998, and increase of 4 percent from the previous year. These organizations reported \$1.4 billion in assets, a decrease of 6 percent from 1997, and

\$752.0 in revenue, slightly less than the previous year. These statistics exclude private foundations, most organizations with receipts totaling less than \$25,000, as well as most churches and certain other types of religious organizations.

## Program Developments

The SOI program on nonprofit charitable and tax-exempt organizations has expanded and evolved during the 1990's. Beginning with Tax Year 1994, SOI began classifying nonprofit charitable organizations using the National Taxonomy of Exempt Entities (NTEE), developed by the National Center for Charitable Statistics [1]. This system classifies organizations based on their institutional purpose and major activity. Detailed information on the income-producing activities of tax-exempt organizations was collected for the first time for Tax Year 1990. For 1992, compensation data for officers, directors, trustees, and other highly-paid employees were included in the SOI program for the first time. For Tax Year 1997, there were two major additions to the data: a worksheet that reconciles revenue and expenses on organizations' financial statements with the values reported on the Form 990; and detailed information on lobbying expenditures by 501(c)(3) organizations.

[1] For information on the National Taxonomy of Exempt Entities classification system, see Hodgkinson, Virginia A., Weitzman, Murray S., et al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, Jossey-Bass, Inc., 1996; Stevenson, David R., Pollak, Thomas H., and Lampkin, Linda M., et al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, The Urban Institute, 1997; and *The National Taxonomy of Exempt Entities Manual*, The Urban Institute, 1997.

# Charities and Other Tax-Exempt Organizations, 1989

by Cecelia Hilgert and Paul Arnsberger

**T**he revenue and assets of nonprofit charitable organizations exempt from Federal taxation under Internal Revenue Code section 501(c)(3), excluding private foundations and most religious organizations, showed continued increases for 1989. Total revenue rose by 12 percent to \$398.6 billion, of which the organizations' program service activities provided more than two-thirds (\$272.1 billion) of the total. Total assets also grew, by 12 percent, to \$655.4 billion. There were 133,157 returns filed for 1989, which represented a 7-percent increase from 1988. These statistics are based on data from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990EZ, the short form of the return. This latter form was introduced for 1989 for smaller organizations, those with gross receipts of less than \$100,000 and end-of-year assets less than \$250,000. Data on organizations that are exempt under Code sections 501(c)(4) through (9) are also presented in the second part of this article. For 1989, there were 96,438 returns filed by these organizations, reporting \$101.7 billion of total revenue, and \$126.7 billion of total assets.

## Organizations Exempt Under Section 501(c)(3)

Internal Revenue Code section 501(c) classifies nonprofit organizations into 25 categories, each of which is dealt with in a separate subsection. Some of the organizations may be eligible for tax-deductible donations under section 170 of the Code. Those nonprofit charitable organizations exempt under section 501(c)(3) receive the largest part of tax-deductible donations and services. They are organizations whose purposes are religious, charitable, educational, scientific, or related to public safety testing. Their activities are restricted in that they must further one or more of these exempt purposes. Examples of these organizations include nonprofit hospitals, nonprofit universities and schools, youth organizations, community fundraising campaigns, public charities, and environmental support groups. In addition, the organizations must serve the "public good," as opposed to private interests, and thus may not distribute their net earnings to a private shareholder or individual. They are also restricted from activities that can influence legislation, and they cannot participate in any political campaign on behalf of, or in opposition to, any candidate for political office.

Only 133,157 of the 394,953 active nonprofit charitable organizations exempt under section 501(c)(3) were required to file information returns on Forms 990 or 990EZ for 1989 [1]. The remainder were either religious organi-

zations, which are not required to file; or small organizations with annual gross receipts of less than \$25,000, the filing threshold. Selected data from Form 990EZ are shown separately because the line items on the form are not the same as on the longer Form 990. (Where possible Form 990 data and Form 990EZ data are combined, such as in Figure A.)

**Figure A**

### Selected Data for Nonprofit Charitable Organizations, Reporting Years 1987-1989

[Money amounts are in billions of dollars]

Item	1987	1988	1989
	(1)	(2)	(3)
Number of returns.....	122,018	124,232	133,157
Total assets.....	529.5	583.6	655.4
Total revenue.....	310.8	354.6	398.6
Program service revenue.....	211.9	239.3	272.1
Contributions, gifts, and grants....	61.7	69.1	77.0
Dues and assessments.....	4.2	4.0	4.7
Other.....	33.0	42.3	44.8
Total expenses.....	288.7	330.8	371.5

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding.

The number of returns filed showed a larger increase (7 percent) for 1989 than had been registered for 1988, when there was a 2-percent increase over the previous year [2]. This overall increase for 1989 was evident for both the smallest-size organizations, those with assets of less than \$500,000, and for the largest ones, those with assets of \$10 million or more. Both of these size categories showed a gain of 7 percent in the number of returns filed for 1989 over 1988. Organizations with assets of less than \$500,000 accounted for more than two-thirds of all the returns filed for 1989, while the largest organizations accounted for 5 percent [3].

The total assets held by nonprofit charitable organizations increased by 12 percent for 1989 to \$655.4 billion [3]. This was greater than the 10-percent increase registered in total assets from 1987 to 1988. In constant dollars, assets increased by 34 percent since 1985, which is twice as great an increase as that of the real gross domestic product over the same period. Organizations with asset holdings of \$50 million or more accounted for 70 percent of the assets in 1989 (Figure B). This size class registered a gain of 15 percent in total assets from 1988. For small organizations, with assets of less than \$500,000, total asset holdings increased by 8 percent from their 1988 level. Liabilities of all nonprofit charitable organizations registered \$293.8 billion, up from \$257.6

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# Charities and Other Tax-Exempt Organizations, 1989

**Figure B**

## Nonprofit Charitable Organizations, by Asset Size, Reporting Year 1989

[Money amounts are in millions of dollars]

Asset size	Returns		Total assets		Total revenue	
	Number	Percent	Amount	Percent	Amount	Percent
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>133,157</b>	<b>100.0</b>	<b>655,426</b>	<b>100.0</b>	<b>398,628</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	53,832	40.4	1,781	0.3	6,274	1.6
\$100,000 under \$500,000.....	36,769	27.6	8,915	1.4	14,144	3.6
\$500,000 under \$1,000,000.....	12,549	9.4	8,955	1.4	9,936	2.5
\$1,000,000 under \$10,000,000.....	23,118	17.4	71,243	10.9	54,031	13.6
\$10,000,000 under \$50,000,000.....	4,756	3.6	105,912	16.2	70,461	17.7
\$50,000,000 or more.....	2,133	1.6	458,619	70.0	243,782	61.1

<sup>1</sup>Includes returns with zero assets or assets not reported.

<sup>2</sup>Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding.

billion for 1988. The balance sheet of a tax-exempt organization does not have an owner's equity section; instead, earnings accrue to a "net worth/fund balance" account. The total fund balance for nonprofit charitable organizations was \$361.6 billion, up from \$329.5 billion for 1988.

In terms of revenue, program service revenue--the fees collected by organizations for the programs operated in support of their tax-exempt purposes--represented more than two-thirds of the total. Contributions, gifts, and grants accounted for another 19 percent of revenue. The largest asset-size class, \$50 million or more, accounted for the largest proportion of total revenue, 61 percent; organizations in this size class reported total revenue of \$243.8 billion, 15 percent more than 1988. Program service revenue was the largest proportion of the total revenue of the larger organizations, those with total assets of \$10 million or more, accounting for about three-quarters of the total reported by these organizations (Figure C). In contrast, contributions, gifts, and grants comprised one-half of the revenue reported by the smaller organizations, those with assets under \$1 million. In constant dollars, program service revenue grew by 41 percent after 1985, and contributions, gifts, and grants, by 20 percent. For the 1988-1989 period, these two items grew by 14 percent and 11 percent, respectively, using current dollars.

### Types of Nonprofit Charitable Organizations

Figures D, E, and F present information on the types of nonprofit charitable organizations exempt under section 501(c)(3) that filed Form 990 or Form 990EZ (short form) for 1989. The information was based on responses to a question on the return forms identifying the reason why the organization was not classified as a private foundation. In contrast to a nonprofit charitable organization, a private

foundation is narrowly supported and controlled, usually by an individual, family, or corporation, as opposed to an organization receiving broad support from a large number of sources within the general public [4].

Hospitals were the leading category of nonprofit charitable organization in terms of assets and revenue. Their assets totaled \$189.7 billion and their revenue, \$179.2 billion, which represented increases of 11 percent and 14 percent, respectively, over 1988. Hospitals accounted for 29 percent of the assets and 45 percent of the revenue totals reported for nonprofit charitable organizations. Nearly all of their revenue, 93 percent, was program service revenue.

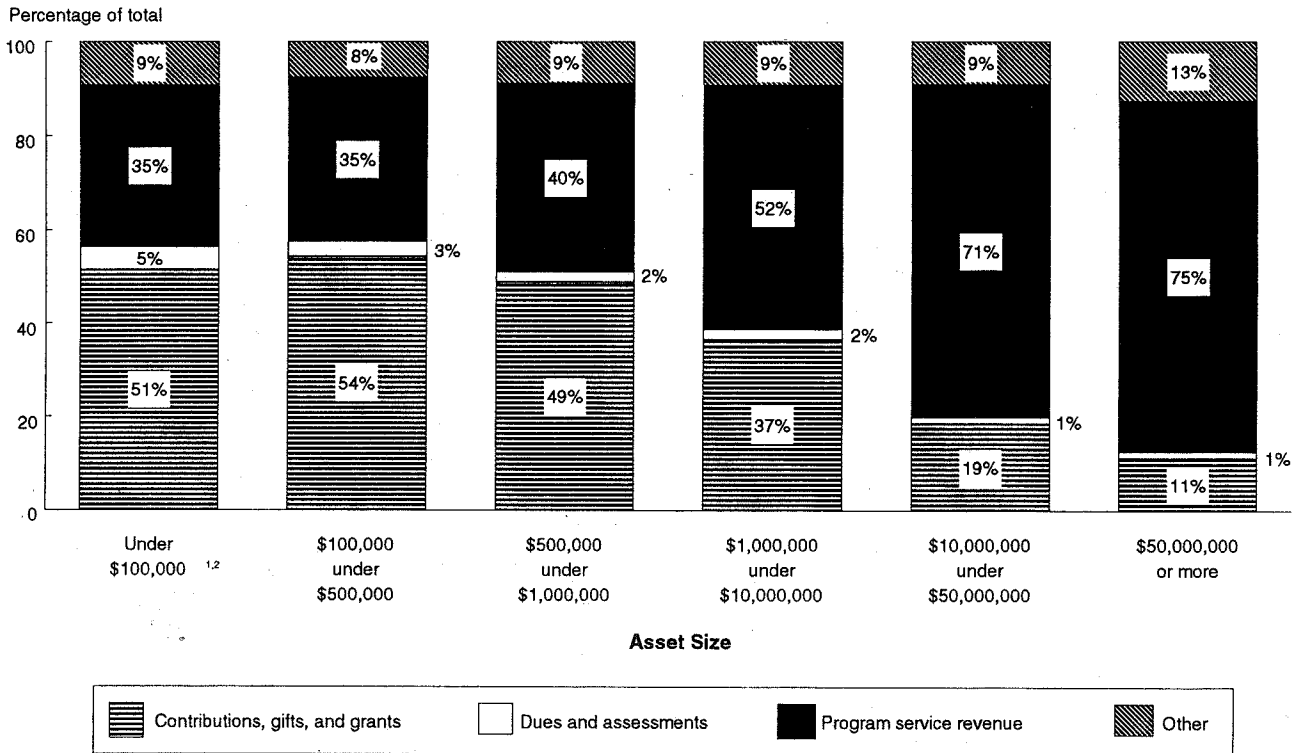
Educational institutions were the second leading type of nonprofit charitable organization in terms of assets, with \$156.3 billion, reporting one-quarter of the total, and third leading type of organization in terms of revenue, with \$69.5 billion, 17 percent of the total. Included in this category were primary and secondary schools (both public and private), colleges and universities, professional and trade schools, and other organizations with educational activities of instruction.

"Publicly-supported organizations" were the third leading type of nonprofit organization in terms of assets, with \$144.2 billion, and second in terms of revenue, with \$107.5 billion, accounting for 22 percent and 27 percent of the respective totals. This category was comprised of organizations which normally receive a substantial part of support from a governmental unit, or from the general public in the form of contributions or revenue from their exempt function services and products (program service revenue). Types of organizations that generally qualify include organizations such as the American Red Cross or United Way and their affiliated agencies; voluntary health agencies such as the American Cancer Society and the

# Charities and Other Tax-Exempt Organizations, 1989

**Figure C**

**Components of Nonprofit Charitable Organization Revenue, by Asset Size, Reporting Year 1989**



<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTE: Nonprofit charitable organizations exclude private foundations and most religious organizations.

**Figure D**

**Selected Balance Sheet and Income Statement Items, by Type of Nonprofit Charitable Organization, Reporting Year 1989**

[Money amounts are in millions of dollars]

Type of organization	Total assets	Total liabilities	Total revenue	Program service revenue	Total expenses
	(1)	(2)	(3)	(4)	(5)
<b>Total</b> .....	<b>655,426</b>	<b>293,819</b>	<b>398,628</b>	<b>272,135</b>	<b>371,526</b>
Educational institution or school.....	156,334	31,048	69,517	41,916	61,539
Governmental unit.....	1,878	1,651	1,312	605	1,268
Hospital.....	189,672	97,261	179,160	165,843	171,712
Hospital research organization.....	8,727	1,169	1,928	848	1,638
Organization supporting a public college.....	7,495	987	3,688	945	2,801
Organization supporting charitable organizations.....	142,751	97,555	32,513	13,782	28,968
Organization testing for public safety.....	303	39	227	195	193
Publicly-supported organization.....	144,165	62,026	107,500	46,418	100,727
Religious-affiliated organization <sup>1</sup> .....	3,908	1,969	2,455	1,302	2,344
Type not reported.....	194	114	329	281	319

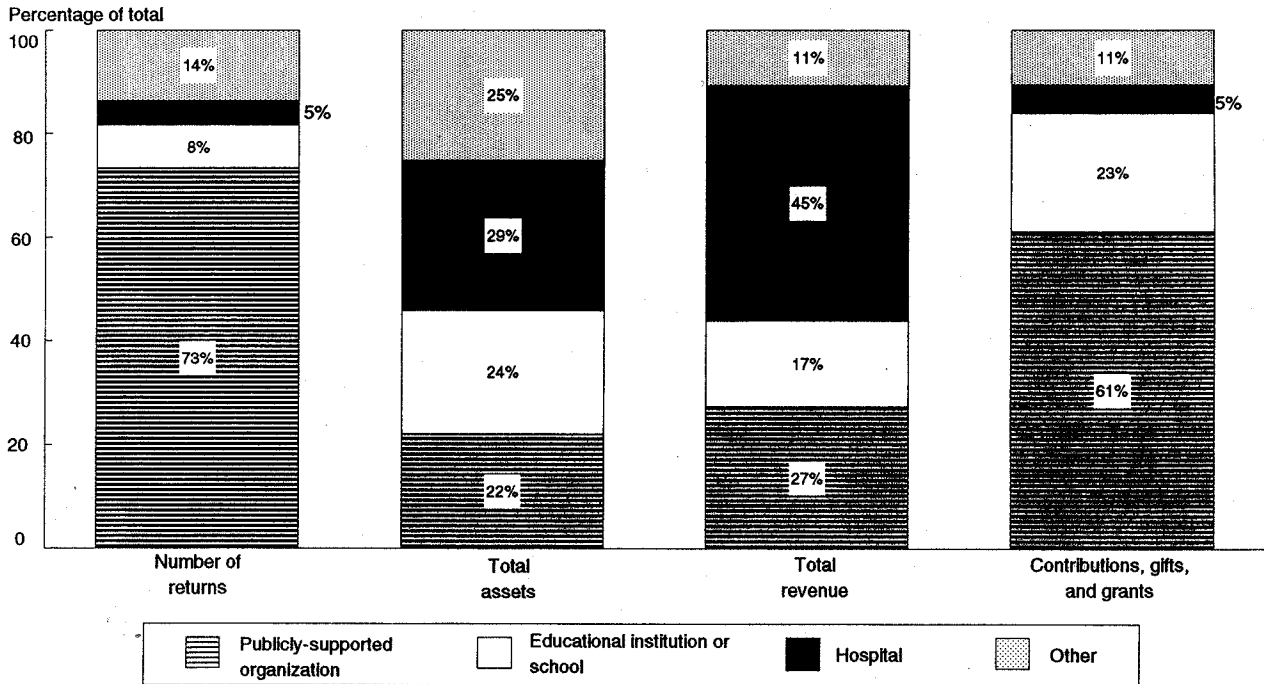
<sup>1</sup> Churches and other religious-affiliated organizations are not required to file a Form 990 or Form 990EZ. Most of the organizations in this category either filed voluntarily or misreported their type of organization. The estimate is, therefore, not inclusive of the majority of religious organizations.

NOTES: Nonprofit charitable organizations exclude private foundations and most religious-affiliated organizations (see footnote 1). Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1989

**Figure E**

**Selected Financial Data, by Selected Type of Nonprofit Charitable Organization, Reporting Year 1989**



NOTE: Nonprofit charitable organizations exclude private foundations and most religious organizations.

**Figure F**

**Contributions Received, by Selected Type of Nonprofit Charitable Organization, Reporting Year 1989**

[Money amounts are in millions of dollars]

Type of organization	Contributions, gifts, and grants	
	Amount	Percent
<b>Total</b> .....	<b>76,973</b>	<b>100.0</b>
Educational institution or school.....	17,929	23.3
Hospital.....	4,069	5.3
Publicly-supported organization.....	47,338	61.5
Other.....	7,637	9.9

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding.

American Heart Association; organizations engaged in educational or sports activities for youth; performing arts societies (such as ballet companies, symphony orchestras); nursing homes or homes for the aged that provide

health care or domiciliary services to residents in the facilities; membership organizations that produce magazines and other educational material for their members; organizations that provide various forms of counseling; and other organizations providing a direct service to the general public. While program service revenue accounted for 60 percent of the revenue of educational institutions, it was less than one-half of the total revenue of publicly-supported organizations. Instead, these organizations received nearly two-thirds of their 1989 total through contributions, gifts, and grants.

A fourth type of nonprofit charitable organization, one that supports other charitable organizations, reported \$142.8 billion in assets and \$32.5 billion in revenue. When this type of organization is combined with the three mentioned above, the results represented 97 percent of both total assets and total revenue of all nonprofit charitable organizations for 1989. The other types of organizations, as shown in Figure D, represented the remaining 3 percent [5].

# Charities and Other Tax-Exempt Organizations, 1989

## Financial Characteristics of Nonprofit Charitable Organizations Filing Form 990

There were 114,724 organizations that filed the long Form 990 for 1989 (Table 1). While those with assets of \$50 million or more represented fewer than 2 percent of the number of these returns, they accounted for 70 percent of the assets of nonprofit charitable organizations and 61 percent of the revenue. Organizations with assets of \$1 million or more accounted for one-quarter of the number of returns, and they reported 97 percent of the assets and 90 percent of revenue. Figures G and H show revenue and asset data for the ten largest 501(c)(3) organizations.

**Figure G**

### Top Ten Nonprofit Charitable Organizations Ranked by Total Revenue, Reporting Year 1989

[Money amounts are in millions of dollars]

Name	Total revenue
1. Teachers Insurance and Annuity Association of America.....	9,435
2. College Retirement Equities Fund.....	6,670
3. Kaiser Foundation Health Plan.....	5,346
4. Kaiser Foundation Hospitals.....	2,885
5. New York City Health and Hospitals Corporation.....	2,782
6. American National Red Cross.....	1,464
7. Harvard College.....	1,311
8. Sisters of Mercy Health Corporation.....	1,293
9. University of Pennsylvania.....	1,290
10. California Institute of Technology.....	1,274

NOTE: Nonprofit charitable organizations exclude private foundations and most religious organizations.

### Assets and Liabilities

As reported on the Form 990, assets of nonprofit charitable organizations totaled \$654.6 billion for 1989. The

**Figure H**

### Top Ten Nonprofit Charitable Organizations Ranked by Total Assets, Reporting Year 1989

[Money amounts are in millions of dollars]

Name	Total assets
1. Teachers Insurance and Annuity Association of America.....	44,374
2. College Retirement Equities Fund.....	37,864
3. Harvard College.....	6,853
4. Howard Hughes Medical Institute.....	6,512
5. Common Fund for Nonprofit Organizations.....	6,204
6. Stanford University.....	4,316
7. Yale University.....	4,285
8. Kaiser Foundation Hospitals.....	3,312
9. Princeton University.....	3,112
10. Shriners' Hospitals for Crippled Children.....	2,923

NOTE: Nonprofit charitable organizations exclude private foundations and most religious organizations.

major components of assets included investments in securities, \$203.2 billion; and land, buildings, and equipment, \$199.0 billion, representing 31 percent and 30 percent, respectively, of total assets. Investments in securities registered a gain of 16 percent for 1989. Liabilities were \$293.7 for 1989, with mortgages and other notes payable accounting for 41 percent.

While investments in securities was the largest asset holding for all organizations filing Form 990, representing nearly one-third of the total, the types of asset holdings varied by the size of nonprofit charitable organization. For the smaller organizations, with assets of less than \$500,000, cash and savings was the largest single component, accounting for 42 percent of their total assets. In



# Charities and Other Tax-Exempt Organizations, 1989

contrast, for the organizations with assets of between \$1 million and \$10 million, land, buildings, and equipment was the largest asset type, 38 percent of the total. For the larger organizations, those with assets of \$10 million or more, investments in securities represented the largest single type of holding, accounting for one-third of the assets of these organizations.

## Revenue and Expenses

Program service revenue, which is generated through programs operated by nonprofit charitable organizations in support of their tax-exempt purposes, provided the largest source of revenue for these organizations. Program service revenue for 1989 was \$271.9 billion, or 68 percent of total revenue. Some examples of program service revenue include tuition and fees at educational institutions, hospital patient care charges (including Medicare and Medicaid payments), admission fees collected by museums or community performing arts groups, YMCA/YWCA activity fees, and payments received for insurance and retirement coverage by selected pension and annuity funds. Program service revenue accounted for three-quarters of the total revenue reported by organizations with asset holdings of \$10 million or more, while for organizations with asset holdings of between \$1 million and \$10 million, it was one-half of total revenue.

Nonprofit charitable organizations reported \$76.5 billion in contributions, gifts, and grants, representing 19 percent of the total revenue for long form filers (Figure I).

The total was comprised of \$35.8 billion received in direct public support, \$33.7 billion from Government grants, and \$7.0 billion from indirect public support. This last category includes revenue received through solicitation campaigns conducted by federated fundraising agencies. Contributions, gifts, and grants as a percentage of total revenue varied depending on the size of the organization. Organizations with assets of \$10 million or more depended on this source for just 13 percent of their total revenue. In contrast, organizations with assets of less than \$1 million depended on contributions, gifts, and grants for 52 percent of their total revenue.

Nonprofit charitable organizations report their detailed expenses on Form 990 by "functional categories" (salaries and wages, pension plan contributions and other employee benefits, legal fees, supplies, and the like) which are then combined into broad categories on Form 990: program services, management and general, and fundraising (Table 2). Total expenses reported were \$370.7 billion for 1989. For all organizations, those expenses relating to specific program services accounted for 85 percent of the total, with salaries and wages the largest single component. Management and general expenses, which supported the overall organization rather than specific programs, amounted to \$50.0 billion. Fundraising expenses and payments to affiliates together comprised only 1 percent of total expenses. (Payments to affiliates are payments to organizations closely related to the reporting organizations, such as support and dues payments by local chapters to State and national agencies.)

**Figure I**

## Contributions Received by Nonprofit Charitable Organizations Filing Form 990, by Asset Size, Reporting Year 1989

[Money amounts are in millions of dollars]

Asset size	Total contributions, gifts, and grants		Contributions received through direct support		Contributions received through indirect support		Contributions received through Government grants	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>76,510</b>	<b>100.0</b>	<b>35,828</b>	<b>100.0</b>	<b>7,009</b>	<b>100.0</b>	<b>33,681</b>	<b>100.0</b>
Under \$500,000 <sup>12</sup> .....	10,434	13.6	4,140	11.6	864	12.3	5,430	16.1
\$500,000 under \$1,000,000.....	4,849	6.3	2,590	7.2	440	6.3	1,819	5.4
\$1,000,000 under \$10,000,000.....	19,732	25.8	8,399	23.4	1,767	25.2	9,566	28.4
\$10,000,000 under \$50,000,000.....	13,054	17.1	7,816	21.8	1,821	26.0	3,418	10.1
\$50,000,000 or more.....	28,440	37.2	12,882	36.0	2,117	30.2	13,449	40.0

<sup>1</sup>Includes returns with zero assets or assets not reported.

<sup>2</sup>Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1989

## Financial Characteristics of Nonprofit Charitable Organizations Filing Form 990EZ

In 1989, Form 990EZ was introduced for tax-exempt organizations with gross receipts of less than \$100,000 and assets of less than \$250,000 for the year [6]. (Table 5 presents detailed data on Form 990EZ filers.) There were 18,433 Form 990EZ returns filed by nonprofit charitable organizations (Figure J). They accounted for 14 percent of the total number of returns filed by nonprofit charitable organizations that were exempt under Code section 501(c)(3). Most of the Form 990EZ filers, 86 percent, were organizations with assets of less than \$100,000; the remainder had assets of \$100,000 to \$250,000.

Organizations filing Form 990EZ reported total revenue of \$926 million, one-half of which was derived from contributions, gifts, and grants. Program service revenue amounted to \$232 million, one-quarter of the total. Expenses were \$829 million. Of the asset total of \$794 million, nearly two-thirds was in cash, savings, and investments. Total revenue and assets reported on Form 990EZ represented only 0.2 percent and 0.1 percent, respectively, of the totals for all nonprofit charitable organizations exempt under Code section 501(c)(3). Three-quarters of Form 990EZ filers were publicly-supported organizations.

## Organizations Exempt under Sections 501(c)(4) through (9)

The statistics presented in this section are based on the 96,438 Forms 990 and 990EZ filed by organizations tax-exempt under Internal Revenue Code sections 501(c)(4) through (9). Figure K provides general descriptions of the organizations included under these sections. Unlike the nonprofit charitable organizations tax-exempt under Code section 501(c)(3), most of these organizations are not eligible for tax-deductible contributions. Financial data for organizations covered by these six Code sections are presented in Tables 3, 4, and 5. Figure L compares selected data for 1988 with 1989. Most organizations exempt under these sections reported modest increases for most items for 1989, although some showed more significant changes. Business leagues, chambers of commerce, and real estate boards, all exempt under section 501(c)(6), for example, reported a 23.4 percent increase in the total liabilities recorded on their balance sheets.

For 1989, business leagues, chambers of commerce, and real estate boards filed the largest number of returns (21,545) of organizations exempt under sections 501(c)(4) through (9). Civic leagues and social welfare organizations (section 501(c)(4)), and labor, agricultural, and horticultural organizations (section 501(c)(5)) were close behind (Figure L). The number of returns filed by

**Figure J**

### Selected Balance Sheet and Income Statement Items for Nonprofit Charitable Organizations Filing Form 990EZ, Reporting Year 1989

[Money amounts are in thousands of dollars]

Item	Total	Size of total assets	
		Under \$100,000 <sup>1</sup>	\$100,000 under \$250,000
	(1)	(2)	(3)
Number of returns.....	18,433	15,901	2,532
Total assets.....	793,740	416,601	377,139
Cash, savings, and investments.....	501,502	296,365	205,138
Land and buildings (net).....	198,728	68,656	130,072
Total liabilities.....	94,017	59,635	34,381
Total fund balance/net worth.....	699,770	357,006	342,765
Total revenue.....	926,388	774,062	152,326
Contributions, gifts, and grants.....	463,432	383,676	79,756
Program service revenue.....	232,364	208,657	23,707
Dues and assessments.....	83,557	74,489	9,068
Other.....	65,440	54,259	11,181
Total expenses.....	829,206	722,217	106,989

<sup>1</sup>Includes returns with zero assets or assets not reported.

NOTE: Nonprofit charitable organizations do not include private foundations and most religious organizations. Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1989

**Figure K**

## Selected Types of Tax-Exempt Organizations, by Internal Revenue Code Section

Internal Revenue Code section	Description of organization	Type of activities	Examples of organizations tax-exempt under Code section
	(1)	(2)	(3)
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare, charitable, educational and recreational activities	Lions Clubs, Rotary Clubs, national rural electric cooperatives, and volunteer fire departments
501(c)(5)	Labor, agricultural, and horticultural organizations	Educational or instructive, the purpose being to improve conditions of work, and to improve products and efficiency	Major League Baseball Players Association, International Ladies Garment Workers Union, and United Auto Workers
501(c)(6)	Business leagues, chambers of commerce, and real estate boards	Improvement of business conditions of one or more lines of business	National Football League, Academy of Motion Picture Arts and Sciences, and American Bar Association
501(c)(7)	Social and recreational clubs	Pleasure, recreational, and social activities	New York City Yacht Club, Metropolitan Club, and sorority and fraternity chapters
501(c)(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident or other benefits to members	Independent Order of Odd Fellows, B'nai B'rith, Loyal Order of Moose, and Polish Union of America
501(c)(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered under section 501(c)(10))	Provides for payment of life, sickness, accident or other benefits to members	IBM Medical and Dental Plan Trust, U.S. Steel and Carnegie Pension Plan, and National Education Association Members Insurance Trust

**Figure L**

## Selected Balance Sheet and Income Statement Items of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Years 1988 and 1989

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns		Total assets		Total liabilities		Total revenue		Total expenses	
	1988	1989	1988	1989	1988	1989	1988	1989	1988	1989
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
501(c)(4).....	19,279	21,223	27,434	33,029	18,696	24,235	16,134	16,546	14,984	15,756
501(c)(5).....	20,697	20,659	12,390	13,243	1,887	2,189	11,015	12,024	10,297	11,649
501(c)(6).....	19,875	21,545	15,177	17,270	8,207	10,129	14,247	15,921	13,320	15,962
501(c)(7).....	14,488	14,877	7,834	8,621	2,426	2,717	5,268	5,634	5,027	5,384
501(c)(8).....	8,129	8,543	24,588	25,162	19,699	20,109	6,396	6,310	6,174	5,935
501(c)(9).....	8,889	9,591	28,254	29,378	10,195	10,428	40,399	45,304	40,585	44,274

NOTE: Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1989

organizations exempt under sections 501(c)(4) and 501(c)(6) increased by 10.1 and 8.4 percent, respectively, from 1988, while organizations exempt under section 501(c)(5) showed a slight decrease (0.2 percent).

With the exception of voluntary employees' beneficiary associations (section 501(c)(9)), more than 80 percent of the returns filed under each Code section represented organizations with assets of less than \$500,000, while less than 0.5 percent represented organizations with assets of \$50 million or more (Figure M). Thus, in comparison to nonprofit charitable organizations, organizations filing under these six sections tended to be smaller (two-thirds of the total returns filed by nonprofit charitable organizations reported assets less than \$500,000). Voluntary employees' beneficiary associations reporting asset holdings of less than \$500,000 represented just over 60 percent of all returns filed by these organizations. Those with assets of \$10 million or more filed over 5 percent of the returns under section 501(c)(9), a greater proportion than the number filed under any of the other five Code sections.

## Revenue and Expenses

In terms of revenue, voluntary employees' beneficiary associations (section 501(c)(9)) reported considerably more revenue for 1989 than that reported by any of those filing under the other five Code sections (Figure N). The

\$45.3 billion reported by these associations represented a 12.1 percent increase from 1988 and was nearly triple the next highest amount for the six Code sections. Most of the revenue (over 82 percent) for these organizations was in the form of program service revenue, which in this case took the form of payments for health and welfare benefits coverage. Voluntary employees' beneficiary associations also reported by far the highest level of expenses, \$44.3 billion (of which over 84 percent was for health and welfare benefits paid to their members).

Civic leagues and social welfare organizations (section 501(c)(4)), which ranked second in terms of total revenue with \$16.5 billion, also received the majority (\$10.8 billion) of their revenue from program services, as did fraternal beneficiary associations (section 501(c)(8)), though on a much smaller scale (\$5.0 billion out of the \$6.3 billion). For 1989, this latter group reported decreases in total revenue and total assets of 1.3 percent and 3.9 percent, respectively.

Membership dues and assessments were the principal source of revenue for three types of organizations: labor, agricultural, and horticultural organizations (section 501(c)(5)--\$7.6 billion); business leagues, chambers of commerce, and real estate boards (section 501(c)(6)--\$6.8 billion); and social and recreational clubs (section 501(c)(7)--\$3.2 billion). For each of these categories, total expenses grew at a rate higher than that for total

**Figure M**

## Returns Filed by Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1989

Asset size	Organizations tax-exempt under Internal Revenue Code section--					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns						
<b>Total</b> .....	<b>21,223</b>	<b>20,659</b>	<b>21,545</b>	<b>14,877</b>	<b>8,543</b>	<b>9,591</b>
Under \$100,000 <sup>1</sup> .....	12,838	11,525	12,172	7,902	2,820	3,416
\$100,000 under \$500,000.....	5,148	6,356	5,954	3,965	4,109	2,388
\$500,000 under \$1,000,000.....	1,250	1,343	1,562	1,043	1,009	1,034
\$1,000,000 under \$10,000,000.....	1,697	1,291	1,657	1,896	516	2,236
\$10,000,000 under \$50,000,000.....	216	113	168	71	53	434
\$50,000,000 or more.....	75	31	32	--	35	82
Percent						
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1</sup> .....	60.5	55.8	56.5	53.1	33.0	35.6
\$100,000 under \$500,000.....	24.3	30.8	27.6	26.7	48.1	24.9
\$500,000 under \$1,000,000.....	5.9	6.5	7.2	7.0	11.8	10.8
\$1,000,000 under \$10,000,000.....	8.0	6.2	7.7	12.7	6.0	23.3
\$10,000,000 under \$50,000,000.....	1.0	0.5	0.8	0.5	0.6	4.5
\$50,000,000 or more.....	0.4	0.2	0.1	--	0.4	0.9

<sup>1</sup> Includes returns with zero assets or assets not reported.

NOTE: Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1989

**Figure N**

## Components of Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1989

[Money amounts are in millions of dollars]

Internal Revenue Code section	Total revenue	Sources of revenue				
		Contributions, gifts, and grants	Program service revenue	Dues and assessments	Income from investments <sup>1</sup>	Other
	(1)	(2)	(3)	(4)	(5)	(6)
501(c)(4).....	16,546	1,506	10,808	1,920	1,429	884
501(c)(5).....	12,024	317	2,469	7,564	784	890
501(c)(6).....	15,921	963	6,507	6,776	893	783
501(c)(7).....	5,634	36	996	3,222	171	1,209
501(c)(8).....	6,310	84	4,996	455	311	464
501(c)(9).....	45,304	2,543	37,411	2,308	1,841	1,201

<sup>1</sup>Includes: "Income from savings and temporary cash investments," "Dividends and interest from securities," and "Gross rents" from the Form 990; "Investment income" from the Form 990EZ. NOTE: Detail may not add to totals because of rounding.

revenue, from 1988 to 1989. Organizations exempt under Code section 501(c)(6), for example, reported a 19.8 percent increase in total expenses to \$16.0 billion for 1989, slightly more than the \$15.9 billion generated from an 11.7 percent increase in total revenue. Revenue of organizations with assets of less than \$500,000 under each of these Code sections accounted for greater percentages of total revenue than the revenue of nonprofit charitable organizations (section 501(c)(3)) of a similar size. These percentages ranged from 10.5 percent for civic leagues and social welfare organizations (section 501(c)(4)) to 24.9 percent for labor, agricultural, and horticultural organizations (section 501(c)(5)) (Figure O). Fraternal beneficiary associations (section 501(c)(8)) were the only organizations covered under these code sections for which organizations with assets \$50 million or more predominated in terms of total revenue (75.4 percent).

### Assets and Liabilities

Figure P shows that for 1989 civic leagues and social welfare organizations (section 501(c)(4)) reported the largest asset holdings, \$33.0 billion; those with assets of \$10 million or more accounted for 78.4 percent of the total assets reported by these organizations. Voluntary employees' beneficiary associations (section 501(c)(9)) and fraternal beneficiary associations (section 501(c)(8)) ranked second and third with \$29.4 billion and \$25.2 billion in assets, respectively. (Organizations with assets of \$10 million or more accounted for 87.7 percent of the total assets held by fraternal beneficiary associations; 70.2 percent, for those held by voluntary employees' beneficiary associations.) While most types of organizations exempt under these six Code sections reported

modest increases in total assets (6.9 percent), business leagues, chambers of commerce and real estate boards (section 501(c)(6)), and social and recreational clubs (section 501(c)(7)) showed more significant increases of 13.8 percent and 10.0 percent, respectively.

The types of assets held by the various organizations varied considerably by Code section (Figure Q). (Detailed data on the components of assets are limited to those organizations that filed the longer Form 990; as mentioned earlier, only condensed balance sheets were filed for the smaller-size organizations that filed the shorter Form 990EZ.) Investments in securities was the largest single component of assets reported by labor, agricultural, and horticultural organizations (section 501(c)(5)); fraternal beneficiary associations (section 501(c)(8)); and voluntary employees' beneficiary associations (section 501(c)(9)). On the other hand, most of the assets for social and recreational clubs (section 501(c)(7)) were in the form of land, buildings, and equipment, while only 2 percent were in securities.

Shown in Figure R are the net worth/fund balance totals for organizations under the six Code sections. This account varied as a percentage of total assets depending on the type of organization, and ranged from 20.1 percent for fraternal beneficiary associations (section 501(c)(8)) to 83.5 percent for labor, agricultural, and horticultural organizations (section 501(c)(5)).

### Sections 501(c)(4)-(9) Organizations Filing Form 990EZ

As mentioned above, the Form 990EZ was introduced in 1989 for organizations exempt under Internal Revenue Code section 501(c) with annual gross receipts of less

# Charities and Other Tax-Exempt Organizations, 1989

**Figure O**

## Total Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1989

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section--					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>16,546</b>	<b>12,024</b>	<b>15,921</b>	<b>5,634</b>	<b>6,310</b>	<b>45,304</b>
Under \$100,000 <sup>1</sup> .....	896	990	1,098	594	221	3,600
\$100,000 under \$500,000.....	839	2,004	2,043	644	550	2,752
\$500,000 under \$1,000,000.....	524	1,065	1,344	509	274	1,795
\$1,000,000 under \$10,000,000.....	2,835	3,119	4,539	3,498	320	13,194
\$10,000,000 under \$50,000,000.....	4,848	1,687	3,048	391	191	11,172
\$50,000,000 or more.....	6,604	3,160	3,850	-	4,756	12,792
	Percent					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1</sup> .....	5.4	8.2	6.9	10.5	3.5	7.9
\$100,000 under \$500,000.....	5.1	16.7	12.8	11.4	8.7	6.1
\$500,000 under \$1,000,000.....	3.2	8.9	8.4	9.0	4.3	4.0
\$1,000,000 under \$10,000,000.....	17.1	25.9	28.5	62.1	5.1	29.1
\$10,000,000 under \$50,000,000.....	29.3	14.0	19.1	6.9	3.0	24.7
\$50,000,000 or more.....	39.9	26.3	24.2	-	75.4	28.2

<sup>1</sup> Includes returns with zero assets or assets not reported.

NOTE: Detail may not add to totals because of rounding.

**Figure P**

## Total Assets of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1989

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section--					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>33,029</b>	<b>13,243</b>	<b>17,270</b>	<b>8,621</b>	<b>25,162</b>	<b>29,378</b>
Under \$100,000 <sup>1</sup> .....	395	459	469	253	126	96
\$100,000 under \$500,000.....	1,267	1,381	1,381	1,035	1,035	577
\$500,000 under \$1,000,000.....	881	954	1,104	750	713	751
\$1,000,000 under \$10,000,000.....	4,593	3,153	4,451	5,518	1,212	7,328
\$10,000,000 under \$50,000,000.....	4,850	2,310	3,238	1,064	1,037	8,713
\$50,000,000 or more.....	21,045	4,986	6,627	-	21,038	11,912
	Percent					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1</sup> .....	1.2	3.5	2.7	2.9	0.5	0.3
\$100,000 under \$500,000.....	3.8	10.4	8.0	12.0	4.1	2.0
\$500,000 under \$1,000,000.....	2.7	7.2	6.4	8.7	2.8	2.6
\$1,000,000 under \$10,000,000.....	13.9	23.8	25.8	64.0	4.8	24.9
\$10,000,000 under \$50,000,000.....	14.7	17.4	18.7	12.3	4.1	29.7
\$50,000,000 or more.....	63.7	37.7	38.4	-	83.6	40.5

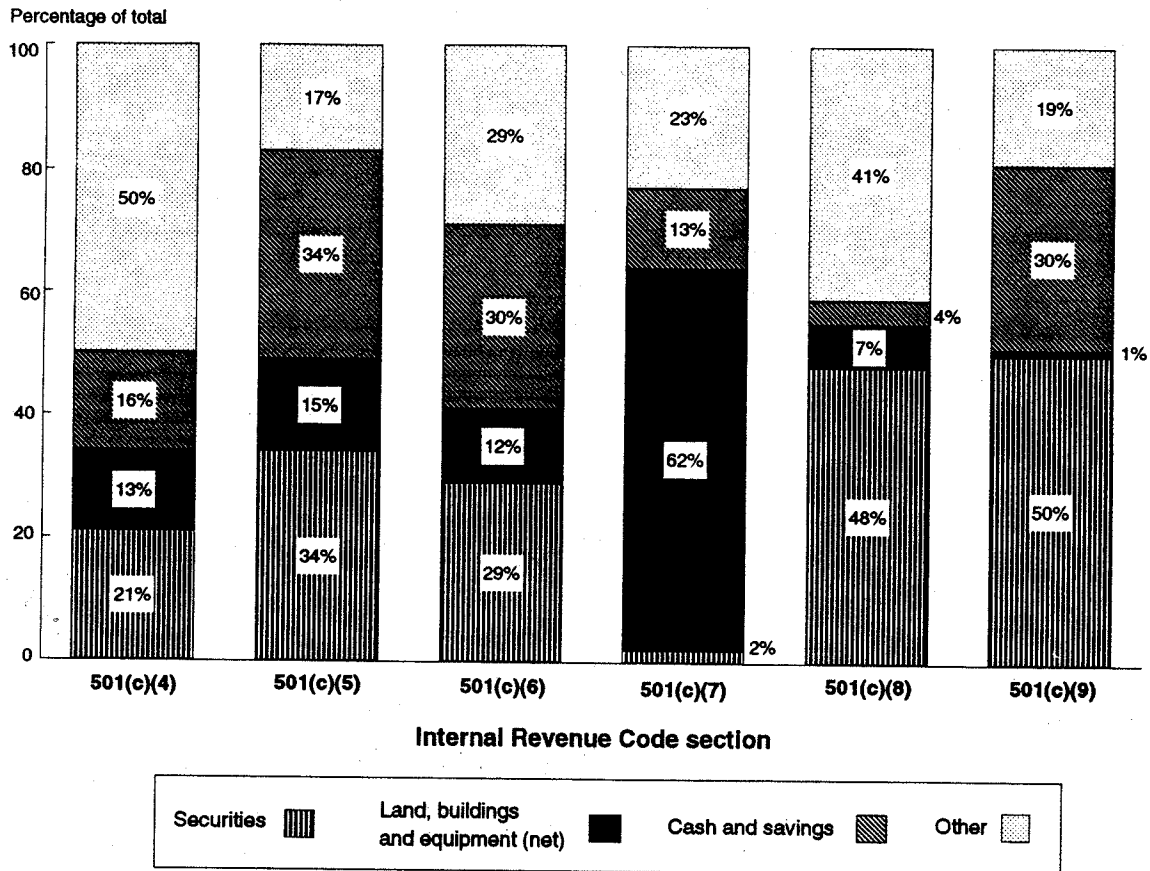
<sup>1</sup> Includes returns with zero assets or assets not reported.

NOTE: Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1989

**Figure Q**

**Components of Total Assets, by Selected Internal Revenue Code Section, Reporting Year 1989**



**Figure R**

**Selected Balance Sheet Data for Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1989**

[Money amounts are in millions of dollars]

Internal Revenue Code section	Total assets	Net worth/fund balance	Percentage of assets
	(1)	(2)	(3)
501(c)(4).....	33,029	8,794	26.6
501(c)(5).....	13,243	11,054	83.5
501(c)(6).....	17,270	7,142	41.4
501(c)(7).....	8,621	5,903	68.5
501(c)(8).....	25,162	5,053	20.1
501(c)(9).....	29,378	18,950	64.5

than \$100,000 and assets under \$250,000. Use of the new form varied significantly among the types of organizations. There were 17,652 Forms 990EZ filed for 1989 by organizations tax-exempt under sections 501(c)(4)-(9). Figure S shows that 5,049 Forms 990EZ were filed by civic leagues and social welfare organizations (section 501(c)(4)), representing 23.8 percent of their total returns. On the other hand, voluntary employees' beneficiary associations (section 501(c)(9)) filed only 481 Forms 990EZ, 5.0 percent of the total. Cash, savings, and investments was the principal asset account reported by the Form 990EZ filers, except for social and recreational clubs (section 501(c)(7)) which reported 57.9 percent of their assets in the form of land and buildings. Fraternal

Figure S

**Types of Returns Filed by Organizations  
Tax-Exempt Under Selected Internal Revenue  
Code Sections, Reporting Year 1989**

Internal Revenue Code section	Number of returns		Forms 990EZ as a percentage of total
	Total	Form 990EZ	
	(1)	(2)	(3)
501(c)(4).....	21,223	5,049	23.8
501(c)(5).....	20,659	4,776	23.1
501(c)(6).....	21,545	3,643	16.9
501(c)(7).....	14,877	2,379	16.0
501(c)(8).....	8,543	1,324	15.5
501(c)(9).....	9,591	481	5.0

beneficiary organizations (section 501(c)(8)) and voluntary employees' beneficiary organizations (section 501(c)(9)) filing Form 990EZ reported program service revenue as the primary source of income. Organizations tax-exempt under the other four Code sections that filed the shorter form ranked membership dues and assessments as the top source of revenue. (Table 5 presents detailed data on Form 990EZ filers.)

### Summary

For 1989, nonprofit charitable organizations tax-exempt under section 501(c)(3) continued to report increased growth. Revenue increased to \$398.6 billion, up from \$354.6 billion for 1988, a gain of 12 percent; assets were \$655.4 billion, up from \$583.6 billion for 1988, also an increase of 12 percent. Hospitals as a group led all other types of organizations in both revenues and assets. The number of returns filed by nonprofit charitable organizations was 133,157, which included both the longer Form 990 (114,724) and the shorter Form 990EZ (18,433). This latter form was introduced for 1989 for organizations with gross receipts of less than \$100,000 and assets of less than \$250,000.

Program service revenue, the fees received for the programs conducted in support of the purposes for which the tax exemptions under section 501(c)(3) were granted, was \$272.1 billion, or two-thirds of the revenue for 1989. Contributions increased to \$77.0 billion from \$69.1 billion. This source of revenue accounted for more than one-half of the revenue for organizations with asset holdings of less than \$1 million, but for a much smaller share for larger organizations. Expenses continued to rise, to \$371.5 billion, of which 85 percent was in support of the organizations' program services.

Organizations exempt under Internal Revenue Code sections 501(c)(4) through (9) are diverse in both their function and financial characteristics. Three types of organizations exempt under these sections, business leagues, chambers of commerce, and real estate boards (section 501(c)(6)); civic leagues and social welfare organizations (section 501(c)(4)); and labor, agricultural, and horticultural organizations (section 501(c)(5)), each filed over 20,000 Forms 990 and 990EZ. In terms of total assets, civic leagues and social welfare organizations (section 501(c)(4)) reported the most, followed by voluntary employees' beneficiary associations (section 501(c)(9)) and fraternal beneficiary associations (section 501(c)(8)). For each of the six Code sections, smaller organizations (assets less than \$500,000) accounted for a greater share of total assets than similar sized nonprofit charitable organizations exempt under section 501(c)(3).

Civic leagues and social welfare organizations (section 501(c)(4)); fraternal beneficiary associations (section 501(c)(8)); and voluntary employees' beneficiary associations (section 501(c)(9)) reported program service revenue as their primary source of revenue. Labor, agricultural, and horticultural organizations (section 501(c)(5)); business leagues, chambers of commerce and real estate boards (section 501(c)(6)); and social and recreational clubs (section 501(c)(7)), on the other hand, each reported membership dues and assessments as their principal source of revenue.

### Data Sources and Limitations

The statistics in this article are based on a sample of the 1989 Form 990, *Return of Organization Exempt from Income Tax*, and Form 990EZ, the short form. Organizations used the 1989 Form 990 when their accounting periods ended during the time period, December 31, 1989, through November 30, 1990. The sample did not include private foundations, which were required to file on a separate return form. The sample included only those returns with receipts of more than \$25,000, the filing threshold. The sample design was split into two parts: the first included returns of organizations exempt under section 501(c)(3), and the second part included organizations exempt under sections 501(c)(4) through (9). Returns of organizations exempt under other sections were not included in the study.

Each part of the sample was classified into sample strata based on size of total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 11,401 returns was selected from a



## Charities and Other Tax-Exempt Organizations, 1989

population of 135,472. All returns with assets of \$10 million or more were included. Lower sampling rates were used in the smaller asset classes. For organizations filing under sections 501(c)(4) through (9), a sample of 10,800 returns was selected from a population of 97,301. Sampling rates ranged from 2.35 percent to 100 percent.

The data presented were obtained from returns as originally filed. In most cases, changes made to the original return as a result of either administrative processing or a taxpayer amendment were not incorporated into the data base. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix in this issue.

### Notes and References

- [1] Data presented in this article are from 1989 Forms 990 and 990EZ. Organizations used the 1989 Form 990 when their accounting periods ended during the time period, of December 31, 1989, through November 30, 1990. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File, as reported in *Monthly Exempt Organizations Statistical Summary*, and does not include private foundations filing Form 990-PF.
- [2] Data for previous years were published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*. See also Hilgert, Cecelia and Arnsberger, Paul, "Charities and Other Tax-Exempt Organizations, 1988," *Statistics of Income Bulletin*, Summer 1992, Volume 12, Number 1, pp. 60-78; Hilgert, Cecelia and Mahler, Susan J., "Nonprofit Charitable Organizations, 1986 and 1987," *Statistics of Income Bulletin*, Fall 1991, Volume 11, Number 2, pp. 63-76; Hilgert, Cecelia and Mahler, Susan J. "Nonprofit Charitable Organizations," *Statistics of Income Bulletin*, Fall 1989, Volume 9, Number 2, pp. 53-65; Hilgert, Cecelia, "Nonprofit Charitable Organizations, 1983," *Statistics of Income Bulletin*, Spring 1987, Volume 6, Number 4, pp. 31-42; and Heuchan, Laura, "Nonprofit Charitable Organizations, 1982," *Statistics of Income Bulletin*, Winter 1985-86, Volume 5, Number 3, pp. 21-40.
- [3] Unless otherwise indicated, dollar amounts and percentages were not adjusted for inflation. Inflation-adjusted real values cited in this article (such as "constant dollars") were calculated using the implicit price deflator for the gross domestic product contained in the Council of Economic Advisors, *Economic Report of the President, 1993*, Table B-3.
- [4] For information on private foundations which file Form 990-PF, *Return of Private Foundation*, see Meckstroth, Alicia, "Private Foundations and Charitable Trusts, 1990," in this issue of the *Statistics of Income Bulletin*.
- [5] Some data in this section are from previously unpublished Statistics of Income tabulations.
- [6] The organization's gross receipts are the total amount it received from all sources during its annual accounting period, without subtracting any costs or expenses.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Size of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of total assets					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>114,724</b>	<b>37,932</b>	<b>34,237</b>	<b>12,549</b>	<b>23,118</b>	<b>4,756</b>	<b>2,133</b>
<b>Total assets.....</b>	<b>654,632,251</b>	<b>1,364,423</b>	<b>8,537,689</b>	<b>8,955,274</b>	<b>71,243,487</b>	<b>105,912,022</b>	<b>458,619,355</b>
<b>Cash:</b>							
Number of returns.....	91,486	30,081	27,980	9,926	18,278	3,679	1,543
Amount.....	10,892,852	322,278	781,055	493,672	2,199,338	2,180,705	4,915,803
<b>Savings and temporary cash investments:</b>							
Number of returns.....	81,026	22,687	25,460	9,563	18,095	3,611	1,610
Amount.....	51,988,985	512,642	2,538,837	1,959,984	10,314,109	9,964,583	26,698,830
<b>Accounts receivable (net):</b>							
Number of returns.....	52,030	9,167	14,565	7,091	15,301	3,954	1,952
Amount.....	47,744,685	75,370	675,017	630,428	4,298,689	8,660,962	33,404,219
<b>Pledges receivable (net):</b>							
Number of returns.....	7,402	658	1,324	1,124	3,085	864	347
Amount.....	5,884,109	6,170	99,695	137,377	1,548,127	2,125,289	1,967,452
<b>Grants receivable:</b>							
Number of returns.....	12,027	2,329	4,109	1,658	2,994	540	396
Amount.....	3,452,787	44,994	207,095	161,086	1,019,312	582,598	1,437,702
<b>Receivables due from officers, directors, trustees, and key employees:</b>							
Number of returns.....	2,745	861	568	375	589	199	154
Amount.....	278,750	2,623	4,582	12,183	19,665	64,280	175,417
<b>Other notes and loans receivable:</b>							
Number of returns.....	12,977	962	2,478	1,632	4,779	1,957	1,169
Amount.....	17,852,017	7,098	152,224	180,281	1,686,677	2,685,350	13,140,388
<b>Inventories for sale or use:</b>							
Number of returns.....	24,021	3,596	6,311	2,783	6,916	2,790	1,624
Amount.....	4,628,426	32,649	146,704	76,330	734,205	1,016,217	2,622,321
<b>Prepaid expenses and deferred charges:</b>							
Number of returns.....	47,503	7,445	13,295	6,379	14,783	3,759	1,842
Amount.....	5,525,451	18,339	104,907	102,478	676,628	1,100,430	3,522,670
<b>Investments in securities:</b>							
Number of returns.....	23,406	1,215	4,773	3,426	9,472	3,021	1,499
Amount.....	203,163,956	23,882	572,306	1,008,273	12,411,046	23,783,706	165,364,743
<b>Investments in land, buildings and equipment minus accumulated depreciation:</b>							
Number of returns.....	17,699	5,470	4,949	2,007	3,795	973	504
Amount.....	17,338,135	71,733	550,692	583,326	4,072,268	3,008,103	9,052,013
<b>Other investments:</b>							
Number of returns.....	8,803	305	1,481	1,070	3,445	1,506	996
Amount.....	49,029,476	10,321	170,845	185,306	2,080,279	4,578,894	42,003,832
<b>Land, buildings, and equipment minus accumulated depreciation:</b>							
Number of returns.....	67,982	14,483	21,241	8,760	17,470	4,066	1,963
Amount.....	199,014,984	200,522	2,334,577	3,143,194	27,185,309	40,253,452	125,897,930
<b>Other assets:</b>							
Number of returns.....	39,656	6,280	10,750	4,993	12,390	3,454	1,790
Amount.....	37,837,634	35,811	199,152	281,354	2,997,834	5,907,450	28,416,034
<b>Total liabilities.....</b>	<b>293,725,281</b>	<b>576,973</b>	<b>2,553,895</b>	<b>3,059,590</b>	<b>28,917,503</b>	<b>41,654,642</b>	<b>216,962,679</b>
<b>Accounts payable:</b>							
Number of returns.....	74,915	16,966	22,624	9,365	19,488	4,397	2,075
Amount.....	46,193,766	208,723	763,816	735,965	4,948,672	8,517,210	31,019,379
<b>Grants payable:</b>							
Number of returns.....	4,790	810	1,453	829	1,217	334	146
Amount.....	3,685,295	35,118	89,413	79,972	518,438	977,015	1,985,337
<b>Support and revenue designated for future periods:</b>							
Number of returns.....	17,463	2,532	4,592	3,077	5,659	1,169	434
Amount.....	9,717,013	51,247	202,056	343,093	2,605,319	3,038,955	3,476,343
<b>Loans from officers, directors, trustees, and key employees:</b>							
Number of returns.....	4,463	2,634	1,088	214	455	56	16
Amount.....	320,931	52,499	31,056	4,974	106,449	56,647	69,307
<b>Mortgages and other notes payable:</b>							
Number of returns.....	38,905	4,861	11,285	5,780	12,209	3,095	1,674
Amount.....	119,251,898	130,369	1,080,295	1,500,178	17,184,313	21,426,375	77,930,368
<b>Other liabilities:</b>							
Number of returns.....	35,838	6,127	9,142	4,657	11,195	3,083	1,634
Amount.....	114,556,362	99,008	387,254	395,407	3,554,310	7,638,439	102,481,944

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Size of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of total assets					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total fund balance/net worth:</b>							
Number of returns.....	113,687	37,272	33,933	12,549	23,056	4,745	2,131
Amount.....	360,907,021	787,483	5,983,805	5,895,681	42,325,995	64,257,381	241,656,675
<b>Total revenue:</b>							
Number of returns.....	114,724	37,932	34,237	12,549	23,118	4,756	2,133
Amount.....	397,702,022	5,500,375	13,991,411	9,936,416	54,030,867	70,461,149	243,781,805
<b>Total contributions received:</b>							
Number of returns.....	95,663	31,549	29,290	10,515	18,531	3,930	1,847
Amount.....	76,509,728	2,838,809	7,594,760	4,849,345	19,732,156	13,054,328	28,440,330
<b>Contributions received from direct public support:</b>							
Number of returns.....	87,007	28,765	26,547	9,542	16,817	3,678	1,659
Amount.....	35,828,100	1,389,493	2,750,530	2,590,381	8,399,210	7,816,086	12,882,400
<b>Contributions received from indirect public support:</b>							
Number of returns.....	23,900	7,090	7,778	2,703	4,934	861	540
Amount.....	7,008,648	282,415	581,230	440,425	1,766,596	1,820,600	2,117,382
<b>Government grants:</b>							
Number of returns.....	35,597	11,192	11,100	3,987	6,919	1,460	939
Amount.....	33,680,984	1,166,905	4,263,000	1,818,539	9,566,350	3,417,642	13,448,547
<b>Program service revenue:</b>							
Number of returns.....	66,986	18,992	18,238	8,135	15,881	3,852	1,887
Amount.....	271,902,487	1,957,420	4,900,625	3,978,799	28,189,385	50,022,358	182,853,901
<b>Membership dues and assessments:</b>							
Number of returns.....	27,008	11,647	7,605	3,193	3,903	492	167
Amount.....	4,625,743	232,788	446,118	220,604	1,130,676	975,300	1,620,257
<b>Interest on savings and temporary cash investments:</b>							
Number of returns.....	92,586	28,005	28,627	10,917	19,540	3,790	1,707
Amount.....	6,477,724	47,123	209,397	170,536	1,132,622	1,252,369	3,665,678
<b>Dividends and interest from securities:</b>							
Number of returns.....	22,166	2,026	5,612	3,212	7,529	2,505	1,284
Amount.....	12,577,298	3,710	64,157	88,054	837,219	1,630,721	9,953,436
<b>Net rental income (loss):</b>							
Number of returns.....	17,506	1,975	4,486	2,472	5,867	1,671	1,036
Amount.....	905,355	11,989	48,621	68,600	234,524	160,063	381,557
<b>Gross rents:</b>							
Number of returns.....	17,604	2,025	4,486	2,499	5,887	1,666	1,040
Amount.....	2,152,808	22,758	87,577	94,882	643,236	346,233	958,123
<b>Rental expenses:</b>							
Number of returns.....	7,217	658	1,657	749	2,804	786	562
Amount.....	1,247,453	10,767	38,956	26,282	408,711	186,170	576,565
<b>Other investment income:</b>							
Number of returns.....	4,487	405	999	588	1,453	600	441
Amount.....	2,865,143	872	9,096	6,229	85,839	186,604	2,576,504
<b>Total gain (loss) from sales of assets:</b>							
Number of returns.....	21,338	1,671	4,546	2,835	8,016	2,749	1,521
Amount.....	7,278,896	18,604	18,478	59,330	470,364	780,284	5,931,836
<b>Gain (loss), sales of securities:</b>							
Number of returns.....	12,296	659	2,082	1,739	5,084	1,829	903
Amount.....	6,183,548	-1,529	23,206	22,858	327,802	637,726	5,173,485
<b>Gross amount from sales:</b>							
Number of returns.....	12,055	659	2,086	1,685	4,976	1,779	870
Amount.....	143,277,849	44,374	133,277	211,320	3,465,481	8,562,216	130,861,180
<b>Cost or other basis and sales expense:</b>							
Number of returns.....	11,052	659	1,927	1,632	4,568	1,531	736
Amount.....	137,094,302	45,903	110,071	188,464	3,137,678	7,924,490	125,687,695
<b>Gain (loss), sales of other assets:</b>							
Number of returns.....	11,043	1,012	2,569	1,257	3,784	1,446	974
Amount.....	1,095,347	20,133	-4,728	36,472	142,561	142,558	758,350
<b>Gross amount from sales:</b>							
Number of returns.....	9,705	911	2,359	1,097	3,215	1,240	882
Amount.....	3,436,496	28,750	66,169	73,267	418,075	765,714	2,084,522
<b>Cost or other basis and sales expense:</b>							
Number of returns.....	7,931	658	1,828	802	2,789	1,078	775
Amount.....	2,341,143	8,617	70,892	36,792	275,515	623,155	1,326,171

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Size of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of total assets					
		Under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
Net income (loss), fundraising:							
Number of returns.....	26,845	11,750	8,251	2,488	3,702	482	173
Amount.....	1,373,120	205,777	328,353	134,726	461,835	160,299	82,131
Gross revenue:							
Number of returns.....	27,075	11,850	8,197	2,515	3,806	515	191
Amount.....	2,615,476	565,799	587,866	259,764	778,522	279,569	143,955
Direct expenses:							
Number of returns.....	22,507	9,977	6,477	2,193	3,235	454	171
Amount.....	1,242,358	360,022	259,515	125,039	316,687	119,270	61,824
Gross profit (loss), sales of inventory:							
Number of returns.....	15,783	4,761	4,656	2,024	3,342	655	346
Amount.....	3,651,744	106,337	138,811	80,179	729,724	685,030	1,911,663
Gross sales minus returns and allowances:							
Number of returns.....	15,788	4,710	4,757	1,998	3,320	657	347
Amount.....	7,393,975	241,655	364,209	177,899	1,744,285	1,555,058	3,310,870
Cost of goods sold:							
Number of returns.....	13,788	4,051	4,041	1,837	2,927	602	329
Amount.....	3,742,232	135,317	225,398	97,721	1,014,562	870,028	1,399,206
Other revenue:							
Number of returns.....	39,509	8,763	10,274	5,111	10,760	3,020	1,582
Amount.....	9,534,765	76,940	232,987	280,011	1,026,519	1,553,792	6,364,515
Excess revenue over expenses, or deficit:							
Number of returns.....	113,776	37,526	33,926	12,469	22,992	4,738	2,125
Amount.....	27,022,953	25,630	549,631	471,339	3,667,527	4,731,025	17,577,801
<b>Total expenses:</b>							
Number of returns.....	113,783	37,678	33,917	12,496	22,819	4,743	2,130
Amount.....	370,697,071	5,474,747	13,441,780	9,465,077	50,363,340	65,730,124	226,222,003
Program services:							
Number of returns.....	107,709	35,197	32,096	12,067	21,669	4,589	2,091
Amount.....	315,930,561	4,290,763	10,889,576	7,659,968	41,629,245	53,948,639	197,512,369
Management and general:							
Number of returns.....	93,851	29,171	28,014	10,739	19,787	4,233	1,908
Amount.....	50,000,019	981,260	2,293,735	1,574,823	7,733,933	10,503,079	26,913,189
Fundraising:							
Number of returns.....	32,765	9,722	8,948	4,148	7,303	1,802	841
Amount.....	3,505,846	173,740	213,343	180,759	821,305	832,855	1,283,844
Payments to affiliates:							
Number of returns.....	5,230	1,419	1,591	615	1,288	199	118
Amount.....	1,242,493	28,994	45,121	49,527	178,697	445,554	494,600

<sup>1</sup>Includes returns with zero assets or assets not reported. Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

<sup>2</sup>Includes organizations with end-of-year total assets less than \$250,000 and gross receipts less than \$100,000 not filing a Form 990EZ.

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 2.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Total Functional Expenditures, by Size of Contributions Received**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of contributions received						
		No contributions received	\$1 under \$25,000	\$25,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number of returns.....	114,724	19,061	22,357	24,977	29,371	8,009	10,057	891
<b>Total functional expenditures:</b>								
Number of returns.....	113,781	18,535	22,145	24,849	29,329	7,996	10,036	891
Amount.....	369,436,571	53,509,562	30,589,310	25,439,061	56,716,491	28,914,569	94,320,766	79,946,812
<b>Grants and allocations:</b>								
Number of returns.....	28,226	4,255	5,503	5,654	6,936	2,007	3,359	510
Amount.....	18,295,362	1,011,584	325,316	304,097	989,284	754,557	5,164,585	9,745,937
<b>Specific assistance to individuals:</b>								
Number of returns.....	10,197	712	1,495	1,823	3,447	1,107	1,489	125
Amount.....	18,490,455	6,849,887	9,115,419	88,464	183,282	176,898	975,854	1,100,651
<b>Benefits paid to or for members:</b>								
Number of returns.....	2,968	506	538	819	651	164	275	14
Amount.....	1,537,265	887,681	442,238	8,215	66,294	7,461	60,825	64,551
<b>Compensation of officers or directors:</b>								
Number of returns.....	34,770	5,406	5,073	7,338	9,788	2,614	4,052	498
Amount.....	3,418,711	614,435	237,289	386,012	653,405	283,952	846,136	397,482
<b>Other salaries and wages:</b>								
Number of returns.....	81,188	10,459	13,112	16,707	23,610	7,184	9,300	816
Amount.....	130,054,443	12,084,944	7,874,157	9,890,303	22,450,357	11,344,365	36,914,145	29,496,173
<b>Pension plan contributions:</b>								
Number of returns.....	19,771	2,413	1,841	2,633	5,803	2,455	4,084	541
Amount.....	3,664,547	388,809	123,409	174,907	462,939	203,038	1,007,330	1,304,114
<b>Other employee benefits:</b>								
Number of returns.....	53,667	6,707	6,869	10,137	15,512	6,005	7,713	724
Amount.....	13,808,068	1,404,334	769,942	1,028,059	2,383,690	1,197,179	3,714,528	3,310,336
<b>Payroll taxes:</b>								
Number of returns.....	70,481	8,981	11,551	14,864	21,076	5,789	7,561	660
Amount.....	8,630,249	753,887	563,605	698,301	1,565,605	806,919	2,393,619	1,848,313
<b>Accounting fees:</b>								
Number of returns.....	69,515	11,655	12,091	13,975	19,120	5,158	6,830	686
Amount.....	826,829	99,742	63,704	79,671	155,020	73,252	248,764	106,675
<b>Legal fees:</b>								
Number of returns.....	30,061	6,216	4,268	4,830	7,417	2,317	4,392	622
Amount.....	910,698	179,831	54,759	70,958	147,964	69,905	231,182	156,100
<b>Supplies:</b>								
Number of returns.....	90,813	12,121	17,180	19,859	24,800	7,220	8,857	777
Amount.....	29,208,152	3,096,726	1,806,157	2,596,583	5,819,080	2,631,284	7,676,507	5,581,815
<b>Telephone:</b>								
Number of returns.....	80,378	10,211	13,573	17,404	23,682	6,620	8,172	716
Amount.....	1,990,334	190,033	120,702	138,747	290,454	147,710	578,118	524,571
<b>Postage and shipping:</b>								
Number of returns.....	70,683	7,569	13,156	16,426	19,944	6,017	6,901	670
Amount.....	1,563,781	145,825	62,169	81,396	244,770	106,077	446,842	476,702
<b>Occupancy:</b>								
Number of returns.....	81,314	10,956	14,441	16,619	23,140	6,636	8,773	749
Amount.....	10,527,978	1,173,415	762,951	761,201	1,668,878	847,842	3,010,986	2,302,705
<b>Equipment rental and maintenance:</b>								
Number of returns.....	59,680	6,799	9,905	12,397	16,896	5,869	7,140	674
Amount.....	4,681,820	528,024	265,078	376,190	819,390	399,774	1,304,321	989,044
<b>Printing and publications:</b>								
Number of returns.....	70,870	7,684	13,332	15,498	20,428	5,895	7,317	715
Amount.....	3,054,184	252,336	100,036	181,951	613,847	228,237	846,841	830,935
<b>Travel:</b>								
Number of returns.....	64,330	6,455	8,886	14,102	19,839	6,209	8,111	729
Amount.....	2,752,529	236,564	103,913	159,653	322,101	181,399	841,152	907,746
<b>Conferences, conventions, and meetings:</b>								
Number of returns.....	49,619	5,495	8,883	10,919	14,121	4,462	5,217	522
Amount.....	1,089,428	126,475	81,621	90,701	193,061	91,263	279,171	227,136
<b>Interest:</b>								
Number of returns.....	39,692	6,517	6,070	7,554	11,263	3,055	4,810	424
Amount.....	8,504,754	2,199,771	618,424	709,057	1,434,669	687,724	1,681,931	1,173,178
<b>Depreciation and depletion:</b>								
Number of returns.....	65,945	9,658	10,423	12,531	19,904	5,623	7,278	528
Amount.....	12,301,193	1,672,881	922,025	1,200,925	2,581,289	1,175,312	3,184,148	1,564,613
<b>Other expenses:</b>								
Number of returns.....	110,705	17,335	21,907	23,972	28,767	7,848	9,990	887
Amount.....	83,893,478	18,607,978	6,174,909	6,395,726	13,636,251	7,452,582	22,821,496	17,804,534

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>114,724</b>	<b>16,174</b>	<b>15,883</b>	<b>17,902</b>	<b>12,498</b>	<b>7,219</b>	<b>9,110</b>
<b>Total assets.....</b>	<b>654,632,251</b>	<b>32,792,055</b>	<b>13,026,283</b>	<b>17,147,617</b>	<b>8,466,600</b>	<b>25,052,687</b>	<b>29,361,580</b>
<b>Cash:</b>							
Number of returns.....	91,486	12,901	13,310	14,647	10,598	6,459	4,797
Amount.....	10,892,852	601,629	1,169,991	691,637	291,730	223,477	797,299
<b>Savings and temporary cash investments:</b>							
Number of returns.....	81,026	11,913	10,187	15,191	9,016	5,162	6,662
Amount.....	51,988,985	4,671,388	3,304,739	4,500,461	797,623	792,759	8,027,097
<b>Accounts receivable (net):</b>							
Number of returns.....	52,030	3,322	3,512	6,764	5,766	1,182	4,248
Amount.....	47,744,685	2,315,837	512,098	2,308,523	612,124	37,895	2,854,357
<b>Pledges receivable (net):</b>							
Number of returns.....	7,402	82	106	178	108	29	107
Amount.....	5,884,109	36,813	23,866	61,986	5,838	1,875	34,806
<b>Grants receivable:</b>							
Number of returns.....	12,027	238	43	229	7	21	42
Amount.....	3,452,787	117,269	7,328	24,827	151	1,460	20,177
<b>Receivables due from officers, directors, trustees, and key employees:</b>							
Number of returns.....	2,745	115	227	252	138	22	48
Amount.....	278,750	22,592	29,834	7,666	1,588	40,032	1,454
<b>Other notes and loans receivable:</b>							
Number of returns.....	12,977	857	935	1,363	738	311	332
Amount.....	17,852,017	7,055,059	276,450	357,435	87,406	281,347	124,312
<b>Inventories for sale or use:</b>							
Number of returns.....	24,021	2,369	565	1,936	5,397	4,386	78
Amount.....	4,628,426	94,884	15,355	124,719	110,790	32,984	4,221
<b>Prepaid expenses and deferred charges:</b>							
Number of returns.....	47,503	2,838	2,466	6,372	4,429	1,248	2,234
Amount.....	5,525,451	150,007	95,214	238,136	96,514	15,271	75,788
<b>Investments in securities:</b>							
Number of returns.....	23,406	1,490	2,175	2,404	731	1,549	2,462
Amount.....	203,163,956	6,928,368	4,381,843	4,859,616	188,373	12,109,098	14,707,655
<b>Investments in land, buildings and equipment minus accumulated depreciation:</b>							
Number of returns.....	17,699	2,196	2,094	2,507	1,808	937	277
Amount.....	17,338,135	1,413,095	250,530	350,616	744,516	450,882	68,888
<b>Other investments:</b>							
Number of returns.....	8,803	531	1,226	1,136	467	356	549
Amount.....	49,029,476	2,219,291	720,505	631,223	54,833	2,956,162	1,441,290
<b>Land, buildings and equipment minus accumulated depreciation:</b>							
Number of returns.....	67,982	6,736	8,271	8,084	7,416	4,811	1,259
Amount.....	199,014,984	4,338,992	1,902,175	2,112,118	5,243,801	1,733,144	291,090
<b>Other assets:</b>							
Number of returns.....	39,656	3,511	4,131	5,140	3,013	2,400	2,334
Amount.....	37,837,634	2,826,829	336,350	878,655	231,305	6,376,298	913,146
<b>Total liabilities.....</b>	<b>293,725,281</b>	<b>24,213,829</b>	<b>2,165,613</b>	<b>10,121,949</b>	<b>2,695,296</b>	<b>20,099,902</b>	<b>10,427,039</b>
<b>Accounts payable:</b>							
Number of returns.....	74,915	6,092	6,797	10,131	6,706	4,176	4,801
Amount.....	46,193,766	3,524,387	867,256	1,440,728	541,206	376,342	4,643,790
<b>Grants payable:</b>							
Number of returns.....	4,790	391	39	151	30	146	19
Amount.....	3,685,295	147,396	11,511	28,459	3,052	98,381	26,553
<b>Support and revenue designated for future periods:</b>							
Number of returns.....	17,463	516	236	2,299	905	680	262
Amount.....	9,717,013	414,151	70,029	665,474	104,629	31,449	231,883
<b>Loans from officers, directors, trustees, and key employees:</b>							
Number of returns.....	4,463	74	15	97	66	46	11
Amount.....	320,931	6,126	528	9,122	7,183	120	1,317
<b>Mortgages and other notes payable:</b>							
Number of returns.....	38,905	3,568	2,077	3,139	4,757	2,499	87
Amount.....	119,251,898	10,901,905	531,111	1,436,398	1,521,480	290,332	75,893
<b>Other liabilities:</b>							
Number of returns.....	35,838	2,937	3,611	5,656	4,043	2,416	2,802
Amount.....	114,556,362	9,219,863	685,177	6,541,769	517,745	19,303,279	5,447,603

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total fund balance/net worth:</b>							
Number of returns.....	113,687	15,988	15,793	17,760	12,427	7,204	8,252
Amount.....	360,907,021	8,578,225	10,860,668	7,025,667	5,771,304	4,952,777	18,934,542
<b>Total revenue:</b>							
Number of returns.....	114,724	16,170	15,883	17,902	12,498	7,219	9,110
Amount.....	397,702,022	16,349,325	11,766,198	15,733,194	5,530,596	6,255,369	45,277,550
<b>Total contributions received:</b>							
Number of returns.....	95,663	7,651	1,670	4,230	1,895	3,716	523
Amount.....	76,509,728	1,477,291	314,305	946,937	33,268	78,518	2,539,600
<b>Contributions received from direct public support:</b>							
Number of returns.....	87,007	6,496	1,260	2,896	1,561	3,503	429
Amount.....	35,828,100	740,971	77,481	284,364	21,335	60,388	2,398,991
<b>Contributions received from indirect public support:</b>							
Number of returns.....	23,900	1,204	202	787	462	467	111
Amount.....	7,008,648	71,946	133,499	56,931	10,346	17,441	117,326
<b>Government grants:</b>							
Number of returns.....	35,597	2,243	502	1,172	25	22	84
Amount.....	33,680,984	664,374	103,325	605,643	1,587	690	23,283
<b>Program service revenue:</b>							
Number of returns.....	66,986	5,988	3,914	11,782	6,504	3,126	7,134
Amount.....	271,902,487	10,776,107	2,453,806	6,459,124	975,381	4,978,117	37,396,907
<b>Membership dues and assessments:</b>							
Number of returns.....	27,008	10,362	14,699	16,584	11,450	6,646	1,310
Amount.....	4,625,743	1,851,128	7,363,506	6,677,584	3,165,111	441,484	2,301,786
<b>Interest on savings and temporary cash investments:</b>							
Number of returns.....	92,586	13,551	13,704	16,270	10,875	6,162	7,400
Amount.....	6,477,724	833,795	439,847	531,135	80,126	75,313	905,749
<b>Dividends and interest from securities:</b>							
Number of returns.....	22,166	1,376	2,036	1,829	1,046	1,044	2,132
Amount.....	12,577,298	254,712	230,067	249,815	14,889	175,101	924,487
<b>Net rental income (loss):</b>							
Number of returns.....	17,506	2,964	3,127	2,219	2,606	2,207	140
Amount.....	905,355	190,479	31,631	20,502	37,481	23,533	1,213
<b>Gross rents:</b>							
Number of returns.....	17,604	2,991	3,150	2,266	2,628	2,223	141
Amount.....	2,152,808	329,134	103,921	104,368	72,437	55,369	10,138
<b>Rental expenses:</b>							
Number of returns.....	7,217	1,283	1,225	989	1,241	681	85
Amount.....	1,247,453	138,655	72,290	83,866	34,954	31,837	8,925
<b>Other investment income:</b>							
Number of returns.....	4,487	218	388	269	222	150	308
Amount.....	2,865,143	55,681	27,774	14,911	3,918	15,832	55,927
<b>Total gain (loss) from sales of assets:</b>							
Number of returns.....	21,338	1,065	1,317	1,274	939	731	1,442
Amount.....	7,278,896	132,791	108,361	70,566	24,108	97,188	182,209
<b>Gain (loss), sales of securities:</b>							
Number of returns.....	12,296	464	531	421	181	356	1,459
Amount.....	6,183,548	1,673,117	3,902,425	2,139,614	32,718	605,963	37,544,885
<b>Gross amount from sales:</b>							
Number of returns.....	12,055	435	526	363	170	330	1,448
Amount.....	143,277,849	1,590,301	3,827,082	2,116,447	29,344	538,970	37,369,670
<b>Cost or other basis and sales expense:</b>							
Number of returns.....	11,052	458	475	441	182	346	1,344
Amount.....	137,094,302	82,817	75,344	23,167	3,374	66,993	175,216
<b>Gain (loss), sales of other assets:</b>							
Number of returns.....	11,043	649	1,011	852	683	403	193
Amount.....	1,095,347	214,805	61,263	111,788	72,832	56,056	1,482,151
<b>Gross amount from sales:</b>							
Number of returns.....	9,705	348	580	687	529	259	184
Amount.....	3,436,496	164,831	28,246	64,389	52,098	25,861	1,475,158
<b>Cost or other basis and sales expense:</b>							
Number of returns.....	7,931	656	1,002	898	788	404	142
Amount.....	2,341,143	49,974	33,017	47,399	20,734	30,195	6,994

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
<b>Net income (loss), fundraising:</b>							
Number of returns.....	26,845	6,397	935	3,107	1,691	2,612	90
Amount.....	1,373,120	175,499	18,629	72,214	20,415	93,910	2,616
<b>Gross revenue:</b>							
Number of returns.....	27,075	6,400	935	3,105	1,698	2,615	90
Amount.....	2,615,476	747,447	51,278	238,387	63,708	294,605	5,331
<b>Direct expenses:</b>							
Number of returns.....	22,507	5,667	753	2,899	1,488	2,215	89
Amount.....	1,242,358	571,947	32,649	166,173	43,293	200,694	2,715
<b>Gross profit (loss), sales of inventory:</b>							
Number of returns.....	15,783	3,040	975	1,596	5,705	3,169	29
Amount.....	3,651,744	142,056	14,040	101,496	1,010,076	193,743	1,536
<b>Gross sales minus returns and allowances:</b>							
Number of returns.....	15,788	3,040	1,055	1,580	5,701	3,163	30
Amount.....	7,393,975	478,803	35,043	293,729	2,128,748	476,840	58,998
<b>Cost of goods sold:</b>							
Number of returns.....	13,788	2,866	934	1,229	5,556	3,084	28
Amount.....	3,742,232	336,746	21,003	192,231	1,118,670	283,096	57,462
<b>Other revenue:</b>							
Number of returns.....	39,509	5,323	7,949	7,695	4,042	2,236	1,911
Amount.....	9,534,765	459,784	764,233	588,908	165,821	82,624	965,519
<b>Excess of revenue over expenses, or deficit:</b>							
Number of returns.....	113,776	16,068	15,837	17,888	12,461	7,219	8,695
Amount.....	27,022,953	777,039	363,064	-52,143	245,829	366,851	1,028,372
<b>Total expenses:</b>							
Number of returns.....	113,783	15,844	15,857	17,902	12,392	7,162	9,102
Amount.....	370,697,071	15,572,285	11,403,133	15,785,336	5,284,766	5,888,517	44,249,177
<b>Program services:</b>							
Number of returns.....	107,709	14,337	--	--	--	--	--
Amount.....	315,930,561	13,006,480	--	--	--	--	--
<b>Management and general:</b>							
Number of returns.....	93,851	11,945	--	--	--	--	--
Amount.....	50,000,019	2,327,300	--	--	--	--	--
<b>Fundraising:</b>							
Number of returns.....	32,765	2,382	--	--	--	--	--
Amount.....	3,505,846	180,755	--	--	--	--	--
<b>Payments to affiliates:</b>							
Number of returns.....	5,230	1,821	9,570	1,087	590	2,573	73
Amount.....	1,242,493	57,749	1,545,103	81,173	6,688	22,874	975

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.



# Charities and Other Tax-Exempt Organizations, 1989

**Table 4.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup> (1)	501(c)(4) (2)	501(c)(5) (3)	501(c)(6) (4)	501(c)(7) (5)	501(c)(8) (6)	501(c)(9) (7)
Number of returns.....	114,724	16,174	15,883	17,902	12,498	7,219	9,110
<b>Total functional expenditures:</b>							
Number of returns.....	113,781	15,844	15,857	17,902	12,392	7,162	9,102
Amount.....	369,436,571	15,514,535	9,858,028	15,704,163	5,279,435	5,865,644	44,248,202
<b>Grants and allocations:</b>							
Number of returns.....	28,226	4,597	3,895	4,023	800	3,459	272
Amount.....	18,295,362	260,164	86,750	315,100	5,050	139,966	506,689
<b>Specific assistance to individuals:</b>							
Number of returns.....	10,197	1,366	374	601	149	858	256
Amount.....	18,490,455	134,819	6,056	29,824	530	12,672	255,231
<b>Benefits paid to or for members:</b>							
Number of returns.....	2,968	1,792	5,077	926	694	1,702	7,542
Amount.....	1,537,265	5,444,829	1,027,163	506,258	18,698	3,590,487	37,539,751
<b>Compensation of officers or directors:</b>							
Number of returns.....	34,770	3,268	11,888	6,660	1,490	4,760	1,491
Amount.....	3,418,711	128,381	905,251	557,964	35,863	53,113	151,162
<b>Other salaries and wages:</b>							
Number of returns.....	81,188	5,966	11,200	10,942	7,815	5,024	1,548
Amount.....	130,054,443	1,584,546	1,883,151	2,634,092	1,699,567	459,720	326,354
<b>Pension plan contributions:</b>							
Number of returns.....	19,771	770	4,795	3,771	645	246	719
Amount.....	3,664,547	46,767	228,158	136,432	15,793	28,216	77,480
<b>Other employee benefits:</b>							
Number of returns.....	53,667	2,084	5,359	6,604	3,020	674	1,302
Amount.....	13,808,068	196,873	278,438	372,239	120,896	169,132	510,794
<b>Payroll taxes:</b>							
Number of returns.....	70,481	5,617	11,547	10,121	7,264	5,059	1,831
Amount.....	8,630,249	110,624	264,022	230,662	223,009	67,609	44,715
<b>Accounting fees:</b>							
Number of returns.....	69,515	8,251	9,369	12,974	6,920	4,125	4,465
Amount.....	828,829	33,742	51,723	64,458	35,031	14,053	64,083
<b>Legal fees:</b>							
Number of returns.....	30,061	3,144	6,482	7,107	1,869	1,176	3,580
Amount.....	910,698	66,544	208,006	271,425	11,878	7,748	66,727
<b>Supplies:</b>							
Number of returns.....	90,813	11,483	10,271	13,479	9,417	6,067	2,197
Amount.....	29,208,152	210,060	164,533	178,608	210,808	48,536	34,974
<b>Telephone:</b>							
Number of returns.....	80,378	7,808	9,636	13,449	8,870	4,712	1,708
Amount.....	1,990,334	70,639	95,073	132,424	45,269	21,938	12,516
<b>Postage and shipping:</b>							
Number of returns.....	70,683	7,592	7,776	13,965	6,240	4,836	2,160
Amount.....	1,563,781	164,325	67,274	227,711	25,250	21,123	26,542
<b>Occupancy:</b>							
Number of returns.....	81,314	8,739	11,509	12,065	10,455	6,087	2,381
Amount.....	10,527,978	369,443	348,155	521,762	602,662	153,453	214,698
<b>Equipment rental and maintenance:</b>							
Number of returns.....	59,680	6,272	5,067	8,409	6,279	3,263	796
Amount.....	4,681,820	97,297	64,299	151,797	157,682	25,178	16,146
<b>Printing and publications:</b>							
Number of returns.....	70,870	7,104	6,361	14,337	6,067	4,645	2,133
Amount.....	3,054,184	256,990	158,900	645,140	56,028	39,534	25,135
<b>Travel:</b>							
Number of returns.....	64,330	4,218	6,669	11,258	2,044	1,398	710
Amount.....	2,752,529	83,862	250,611	392,236	17,161	20,775	6,923
<b>Conferences, conventions, and meetings:</b>							
Number of returns.....	49,619	7,077	9,341	14,376	2,845	4,808	2,132
Amount.....	1,089,428	88,453	169,441	852,247	22,337	38,299	14,805
<b>Interest:</b>							
Number of returns.....	39,692	3,987	2,512	4,027	4,866	2,590	333
Amount.....	8,504,754	1,061,378	42,485	71,762	124,568	22,109	11,164
<b>Depreciation and depletion:</b>							
Number of returns.....	65,945	5,876	6,612	9,240	6,849	2,814	1,419
Amount.....	12,301,193	236,788	129,334	250,458	368,673	57,996	30,992
<b>Other expenses:</b>							
Number of returns.....	110,705	15,145	15,568	17,518	12,224	6,981	7,595
Amount.....	93,893,478	4,852,428	3,431,195	7,161,534	1,482,673	873,974	4,311,320

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 5.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	18,433	5,049	4,776	3,643	2,379	1,324	481
<b>Total assets</b> .....	793,740	237,228	216,722	122,451	154,130	109,535	16,034
<b>Cash, savings and investments:</b>							
Number of returns.....	17,927	4,923	4,691	3,559	2,337	1,251	354
Amount.....	501,502	162,998	158,474	110,883	54,492	53,193	12,503
<b>Land and buildings (net):</b>							
Number of returns.....	4,152	864	1,175	337	1,226	587	57
Amount.....	198,728	56,273	37,360	4,588	89,245	48,110	1,284
<b>Other assets:</b>							
Number of returns.....	7,090	1,622	2,073	1,168	1,048	602	129
Amount.....	93,512	17,958	20,889	6,981	10,392	8,236	2,247
<b>Total liabilities:</b>							
Number of returns.....	6,533	1,120	1,594	1,069	998	614	99
Amount.....	94,017	21,481	23,080	6,619	22,066	9,557	853
<b>Total revenue:</b>							
Number of returns.....	18,433	5,049	4,776	3,643	2,379	1,323	481
Amount.....	926,388	196,596	258,049	188,113	103,458	55,051	26,608
<b>Contributions, gifts and grants:</b>							
Number of returns.....	15,800	2,691	550	1,364	536	654	72
Amount.....	463,432	28,383	3,120	15,740	3,224	5,568	2,858
<b>Program service revenue:</b>							
Number of returns.....	8,659	1,400	1,141	2,039	850	582	283
Amount.....	232,364	31,958	15,239	47,643	20,599	18,048	14,460
<b>Dues and assessments:</b>							
Number of returns.....	7,647	3,821	4,605	3,390	2,194	1,239	211
Amount.....	83,557	68,809	200,237	98,262	56,595	13,436	6,397
<b>Investment income:</b>							
Number of returns.....	13,723	4,328	3,888	3,137	1,842	1,137	397
Amount.....	31,966	11,416	9,725	7,663	3,707	5,234	892
<b>Gain (loss) from sales of assets:</b>							
Number of returns.....	1,013	72	84	57	156	--	15
Amount.....	3,395	462	5	102	654	--	84
<b>Gross amount from sales of assets:</b>							
Number of returns.....	1,165	129	84	--	156	--	15
Amount.....	9,016	942	5	--	903	--	105
<b>Cost or other basis and sales expense:</b>							
Number of returns.....	810	129	--	57	42	--	15
Amount.....	5,623	481	--	102	249	--	189
<b>Net income (loss), fundraising:</b>							
Number of returns.....	6,938	2,844	367	1,307	917	565	--
Amount.....	65,440	27,854	2,977	10,007	6,899	7,125	--
<b>Gross fundraising revenue:</b>							
Number of returns.....	6,938	2,886	409	1,307	917	565	--
Amount.....	125,995	68,134	5,930	29,121	21,454	20,283	--
<b>Direct expenses:</b>							
Number of returns.....	5,621	2,547	283	1,138	719	550	--
Amount.....	60,554	40,280	2,952	19,114	14,555	13,157	--
<b>Gross profit (loss), sales of inventories:</b>							
Number of returns.....	3,494	890	367	253	721	230	--
Amount.....	21,897	10,536	3,162	924	7,101	3,013	--
<b>Gross sales minus returns and allowances:</b>							
Number of returns.....	3,494	890	367	253	721	230	--
Amount.....	48,171	23,882	6,139	2,330	19,229	6,213	--
<b>Cost of goods sold:</b>							
Number of returns.....	3,140	833	367	169	721	230	--
Amount.....	26,274	13,346	2,977	1,405	12,127	3,201	--
<b>Other revenue:</b>							
Number of returns.....	5,874	2,122	2,789	1,153	810	300	183
Amount.....	24,329	17,177	23,583	7,975	4,678	2,626	2,086
<b>Excess of revenue over expenses, or deficit:</b>							
Number of returns.....	18,332	5,049	4,776	3,643	2,379	1,323	481
Amount.....	97,180	12,924	12,214	11,041	4,243	8,199	2,007

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1989

**Table 5.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total expenses:</b>							
Number of returns.....	18,382	4,985	4,776	3,643	2,379	1,323	481
Amount.....	829,206	183,671	245,836	177,071	99,220	46,851	24,601
<b>Grants paid:</b>							
Number of returns.....	5,672	2,745	1,999	1,069	536	1,165	--
Amount.....	105,769	31,195	40,285	6,523	2,844	11,428	--
<b>Benefits paid to or for members:</b>							
Number of returns.....	1,114	820	1,522	436	253	369	409
Amount.....	8,333	13,711	22,975	6,897	6,129	1,828	16,974
<b>Salaries and compensation:</b>							
Number of returns.....	8,963	1,264	3,633	1,590	966	728	198
Amount.....	235,003	15,564	60,190	32,663	11,992	3,988	1,589
<b>Professional fees:</b>							
Number of returns.....	10,229	1,400	2,398	2,673	1,021	456	198
Amount.....	70,291	5,786	6,171	25,333	2,866	641	1,324
<b>Occupancy, rent and utilities:</b>							
Number of returns.....	12,255	2,278	3,199	2,264	1,844	1,068	57
Amount.....	87,522	17,119	15,983	10,043	30,171	7,746	428
<b>Printing, publications and postage:</b>							
Number of returns.....	14,382	3,838	3,521	3,348	1,559	1,080	183
Amount.....	59,861	7,078	9,426	20,454	3,791	2,243	171
<b>Other expenses:</b>							
Number of returns.....	17,066	4,675	4,480	3,516	2,139	1,209	354
Amount.....	262,419	93,217	90,804	75,159	41,426	18,977	4,116

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1990

Data Release

The Internal Revenue Code classifies tax-exempt, nonprofit organizations into 31 groups, some of which are eligible to receive tax-deductible donations under Code section 170 [1]. One of these groups, organizations that are exempt under section 501(c)(3), receives the largest part of tax-deductible donations. This data release discusses them and also the organizations that are exempt under sections 501(c)(4) through (9).

## Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

Organizations that are exempt under section 501(c)(3) are those whose purposes are religious, charitable, scientific, or are for the purpose of testing for public safety. Their activities are restricted in that they must further one or more of these exempt purposes. Examples of these "charitable" organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, and environmental preservation groups. Each must serve the public good (as opposed to private interests) to qualify for tax-exempt status. Under the Code, exempt organizations may not distribute net earnings to a private shareholder or individual. In addition, they are restricted in activities that can influence legislation, and cannot participate in any political campaign on behalf of, or in opposition to, any candidate for political office.

The revenue and assets of organizations exempt under Internal Revenue Code section 501(c)(3), excluding private foundations and religious organizations, continued to increase for 1990 [2]. Total revenue rose by 9 percent to \$435.6 billion, and total assets grew to \$697.3 billion, an increase of 6 percent (Figure A). These statistics are based on data from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990EZ, the short form [3].

Of the 416,209 nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 141,757 returns filed for 1990 [4]. (Those not required to file included religious organizations and organizations with annual gross receipts of less than \$25,000.) The number of returns filed showed a 6-percent increase from 1989. This substantial increase was due mainly to the larger number filed by smaller organizations, those with assets of less than \$1 million. These organizations represented more than three-quarters

*This data release was written by Cecelia Hilgert, an economist with the Foreign Special Projects Section, under the direction of Michael Alexander, Chief.*

Figure A

## Selected Items for Nonprofit Charitable Organizations, Reporting Years 1988-1990

(Money amounts are in billions of dollars)

Item	1988	1989	1990
	(1)	(2)	(3)
Number of returns.....	124,232	133,157	141,757
Total assets.....	583.6	655.4	697.3
Total liabilities.....	257.6	293.8	322.0
Total fund balance or net worth.....	325.9	361.6	375.3
Total revenue.....	354.6	398.6	435.6
Program service revenue.....	239.3	272.1	306.9
Contributions, gifts, and grants...	69.1	77.0	85.3
Membership dues and assessments.....	4.0	4.7	5.0
Other.....	42.3	44.8	38.3
Total expenses.....	330.8	371.5	409.4

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

of the returns filed for 1990. The number of Form 990EZ returns increased to about 20 percent of total returns filed, up from about 10 percent in 1989, the year for which the short form was introduced for organizations with gross receipts of less than \$100,000 and assets of less than \$250,000. (Tables 1 and 2).

## Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4) Through (9)

Unlike the nonprofit charitable organizations that are tax-exempt under section 501(c)(3), most of the organizations exempt under section 501(c)(4) through (9) are not eligible for tax-deductible contributions. They are quite diverse in their program activities, as well as in their organizational structures.

Three types of organizations exempt under these sections--civic leagues and social welfare organizations, section 501(c)(4); labor, agricultural, and horticultural organizations, section 501(c)(5); and business leagues, chambers of commerce, and real estate boards, section 501(c)(6)--each filed over 21,000 Forms 990 and 990EZ for 1990 (Figure B). Together, these three categories represented two-thirds of the returns filed by all organizations included in these six Code sections. Civic leagues and social welfare organizations showed the largest increase, with a 6-percent gain in the total number of returns filed. The short forms (990EZ) represented one-third of the returns filed by all organizations under this Code section.

Civic leagues and social welfare organizations, and voluntary beneficiary associations, section 501(c)(9), reported the most assets for 1990, about \$35.1 billion and \$33.0 billion, respectively. The largest of these organiza-

# Charities and Other Tax-Exempt Organizations, 1990

**Figure B**

**Selected Items for Tax-Exempt Organizations, by Selected Internal Revenue Code Section, Reporting Year 1990**

[Money amounts are in billions of dollars]

Internal Revenue Code section	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Total expenses
	(1)	(2)	(3)	(4)	(5)	(6)
501(c)(4).....	22,496	35.1	25.2	9.9	18.0	17.2
501(c)(5).....	21,353	13.7	2.3	11.4	12.4	12.0
501(c)(6).....	21,875	19.3	11.5	7.8	18.0	17.7
501(c)(7).....	15,615	9.3	3.0	6.4	6.1	5.9
501(c)(8).....	8,791	30.0	24.4	5.6	7.2	6.9
501(c)(9).....	9,534	33.0	11.7	21.3	55.2	54.0

NOTE: Detail may not add to totals because of rounding and processing tolerances.

tions--those with assets of \$10,000,000 or more--represented more than 70 percent of the total assets of the organizations exempt under these two sections. Fraternal beneficiary associations, section 501(c)(8), showed the largest rise in assets, 19 percent, from \$25.1 billion for 1989 to nearly \$30.0 billion for 1990, due primarily to increases in holdings of securities. For each of the six Code sections for which statistics are shown, organizations with assets of less than \$1,000,000 accounted for a greater percentage of total assets than similarly-sized nonprofit charitable organizations exempt under section 501(c)(3).

All organizations exempt under these six Code sections registered increases in revenue for 1990. Program service revenue was the primary type of revenue under four of the Code sections: civic leagues and social welfare organizations; business leagues, chambers of commerce, and real estate boards; fraternal beneficiary associations; and voluntary beneficiary associations. For business leagues, chambers of commerce, and real estate boards, 1990 was the first year for which program service revenue exceeded membership dues and assessments as a source of revenue. While program service revenue is generally composed of fees for services on which the tax exemption is based, including hospital and tuition charges in the case of charitable organizations, for fraternal beneficiary associations and voluntary beneficiary associations, the program

service revenue was, instead, payments for health and welfare benefits coverage. Organizations under the other two sections--labor, agricultural and horticultural organizations, and social and recreational clubs, section 501(c)(7)--reported membership dues and assessments as their leading source of revenue.

Tables 1 and 2 present selected income statement and balance sheet items for Form 990 and Form 990EZ filers, respectively, under Code sections 501(c)(3) through (9). Because less information is required of smaller organizations filing Form 990EZ, the items shown in Tables 1 and 2 do not always match.

**Notes and References**

- [1] These groups are defined further in the following Internal Revenue Code sections: 401(a), 408(e), 501(c)(2)-(25), 501(d)-(f), and 521(a).
- [2] For information on private foundations see Meckstroth, Alicia, "Private Foundations and Charitable Trusts, 1990," *Statistics of Income Bulletin*, Winter 1993-1994, Volume 13, Number 3, pp. 32-79.
- [3] Data for previous years were published in *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*. See also Hilgert, Cecelia, and Arnsberger, Paul, "Charities and Other Tax-Exempt Organizations, 1989," *Statistics of Income Bulletin*, Winter 1993-1994, Volume 13, Number 3, pp. 80-93.
- [4] Data presented in this article are from 1990 Forms 990 and 990EZ. Organizations used the 1990 forms when their accounting periods ended during the time period, December 31, 1990, through November 30, 1991. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990EZ, was obtained from Internal Revenue Service, Employee Plans and Exempt Organizations, Office of Systems Development and Administration, as reported in *Monthly Exempt Organizations Statistical Summary*, and does not include private foundations filing Form 990-PF, *Return of Private Foundation*.

# Charities and Other Tax-Exempt Organizations, 1990

**Table 1.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>114,537</b>	<b>15,057</b>	<b>14,916</b>	<b>17,460</b>	<b>11,868</b>	<b>6,871</b>	<b>9,161</b>
<b>Total assets.....</b>	<b>696,083,046</b>	<b>34,797,579</b>	<b>13,409,066</b>	<b>19,158,644</b>	<b>9,120,955</b>	<b>29,853,486</b>	<b>33,000,455</b>
Cash, except savings and temporary cash investments:							
Number of returns.....	91,001	11,823	11,979	14,208	10,023	6,127	4,663
Amount.....	12,103,284	765,161	979,792	730,244	333,353	239,358	737,881
Savings and temporary cash investments:							
Number of returns.....	80,110	11,333	10,019	14,594	8,576	4,673	6,584
Amount.....	55,347,213	5,114,546	3,466,544	4,681,532	842,995	796,019	9,368,047
Accounts receivable (net):							
Number of returns.....	53,639	3,255	3,753	7,148	5,673	1,217	4,233
Amount.....	52,869,868	2,152,603	527,616	2,376,380	648,919	48,532	3,220,419
Pledges receivable (net):							
Number of returns.....	7,584	147	23	131	99	35	108
Amount.....	6,223,460	37,969	15,033	65,398	3,093	2,313	57,893
Grants receivable:							
Number of returns.....	12,747	326	39	206	4	15	69
Amount.....	4,119,289	96,984	5,720	42,205	240	1,381	18,449
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	2,727	106	167	301	112	32	88
Amount.....	276,604	10,147	14,860	6,212	790	40,000	4,052
Other notes and loans receivable:							
Number of returns.....	13,713	814	917	1,378	579	391	301
Amount.....	19,246,257	6,833,675	241,248	366,323	85,060	807,778	233,793
Inventories for sale or use:							
Number of returns.....	23,335	2,577	753	1,754	5,476	4,162	34
Amount.....	5,037,168	106,654	17,129	125,901	115,254	34,816	6,130
Prepaid expenses and deferred charges:							
Number of returns.....	48,728	3,083	2,383	6,393	4,604	1,214	2,336
Amount.....	6,227,773	317,894	92,283	264,682	103,072	11,120	111,067
Investments in securities:							
Number of returns.....	23,559	1,378	2,165	2,366	696	1,833	2,462
Amount.....	222,243,149	7,387,111	4,627,549	6,209,312	188,265	14,990,367	16,016,782
Investments in land, buildings and equipment minus accumulated depreciation:							
Number of returns.....	18,505	2,348	2,156	2,736	1,829	978	229
Amount.....	16,103,873	1,618,815	280,102	350,575	813,938	527,293	172,914
Other investments:							
Number of returns.....	9,224	591	1,221	1,264	392	320	658
Amount.....	53,338,427	2,223,445	784,617	782,956	56,706	3,608,460	1,517,067
Land, buildings and equipment minus accumulated depreciation:							
Number of returns.....	68,951	6,700	8,397	8,395	7,128	4,505	1,291
Amount.....	201,602,054	4,467,175	2,020,945	2,349,379	5,729,854	1,781,401	286,499
Other assets:							
Number of returns.....	41,624	3,408	3,951	4,580	3,056	2,318	2,358
Amount.....	41,344,624	3,665,400	335,626	807,545	199,408	6,964,648	1,249,462
<b>Total liabilities.....</b>	<b>321,790,058</b>	<b>25,161,950</b>	<b>2,240,531</b>	<b>11,499,104</b>	<b>2,929,983</b>	<b>24,355,697</b>	<b>11,689,927</b>
Accounts payable:							
Number of returns.....	77,663	6,310	6,835	10,392	7,112	4,073	4,863
Amount.....	56,300,843	4,230,369	878,523	1,587,329	568,740	231,704	5,123,073
Grants payable:							
Number of returns.....	4,723	262	37	107	60	144	46
Amount.....	3,384,354	118,416	11,787	40,608	14,486	26,312	54,616
Support and revenue designated for future periods:							
Number of returns.....	20,081	640	321	2,556	888	593	342
Amount.....	10,733,504	493,827	76,988	813,142	113,255	38,035	349,155
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	4,384	98	50	98	137	15	5
Amount.....	481,196	13,620	611	6,274	5,911	1,640	39

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1990

**Table 1.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total liabilities (continued)</b>							
Mortgages and other notes payable:							
Number of returns.....	39,817	3,597	2,467	3,019	4,658	2,544	65
Amount.....	132,804,221	10,920,820	638,436	1,448,343	1,711,252	299,255	67,609
Other liabilities:							
Number of returns.....	34,313	3,046	3,155	5,427	3,803	2,181	2,912
Amount.....	118,085,938	9,384,897	634,186	7,603,410	516,338	23,758,747	6,095,435
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>113,534</b>	<b>14,936</b>	<b>14,670</b>	<b>17,326</b>	<b>11,836</b>	<b>6,841</b>	<b>8,360</b>
<b>Amount.....</b>	<b>374,292,965</b>	<b>9,635,639</b>	<b>11,168,551</b>	<b>7,659,540</b>	<b>6,190,967</b>	<b>5,497,789</b>	<b>21,310,528</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>114,532</b>	<b>15,052</b>	<b>14,916</b>	<b>17,460</b>	<b>11,868</b>	<b>6,871</b>	<b>9,161</b>
<b>Amount.....</b>	<b>434,253,459</b>	<b>17,667,411</b>	<b>12,005,030</b>	<b>17,817,928</b>	<b>5,929,893</b>	<b>7,159,991</b>	<b>55,165,697</b>
Contributions, gifts, and grants:							
Number of returns.....	96,126	6,908	1,682	4,255	1,976	3,643	385
Amount.....	84,687,527	1,778,941	255,938	980,235	36,140	91,043	3,374,444
Contributions received from direct public support:							
Number of returns.....	87,131	5,976	1,310	2,989	1,711	3,436	338
Amount.....	39,395,074	932,690	66,429	306,503	26,110	76,037	3,067,959
Contributions received from indirect public support:							
Number of returns.....	23,771	983	228	703	402	490	50
Amount.....	8,055,551	154,260	96,595	85,267	9,294	14,112	230,585
Government grants:							
Number of returns.....	36,320	2,254	425	1,373	18	23	90
Amount.....	37,236,904	691,992	92,915	588,465	736	894	75,900
Program service revenue:							
Number of returns.....	68,526	5,688	4,097	11,636	6,313	2,962	7,466
Amount.....	306,573,648	11,531,128	2,650,656	7,570,392	1,061,909	5,858,421	43,611,858
Membership dues and assessments:							
Number of returns.....	25,381	9,118	13,486	15,840	10,718	6,410	1,091
Amount.....	4,901,887	2,007,854	7,329,865	7,259,739	3,426,733	469,342	2,406,846
Interest on savings and temporary cash investments:							
Number of returns.....	93,040	13,019	13,001	16,129	10,321	5,960	7,520
Amount.....	6,556,484	854,529	476,758	513,217	83,411	71,171	1,035,121
Dividends and interest from securities:							
Number of returns.....	21,554	1,354	1,882	1,866	783	869	2,184
Amount.....	13,193,691	256,803	222,423	333,888	13,838	188,573	3,387,322
Net rental income (loss):							
Number of returns.....	17,990	3,169	3,026	2,145	2,645	1,963	106
Net income (less loss).....	1,019,009	191,219	35,132	21,525	42,887	23,026	763
Gross rents:							
Number of returns.....	18,232	3,221	3,060	2,171	2,642	1,979	108
Amount.....	2,338,773	340,678	120,767	105,110	72,231	56,177	10,358
Rental expenses:							
Number of returns.....	7,394	1,404	1,230	1,008	1,164	711	50
Amount.....	1,319,763	149,459	85,635	83,585	29,344	33,151	9,595
Other investment income:							
Number of returns.....	4,244	281	359	384	230	162	510
Amount.....	2,894,799	63,583	32,073	19,236	5,438	13,788	88,829
Total net gain (loss) from sales of assets:							
Number of returns.....	21,059	1,069	1,329	1,367	997	679	1,435
Net gain (less loss).....	4,279,676	43,585	204,433	95,911	16,270	52,594	225,988
Gain (loss), sales of securities:							
Number of returns.....	11,835	359	455	447	242	344	1,354
Net gain (less loss).....	3,789,677	13,794	8,028	39,331	2,308	13,332	228,696
Gross amount from sales:							
Number of returns.....	11,486	384	503	429	239	350	1,477
Amount.....	156,043,998	2,744,041	3,220,514	3,099,338	38,985	926,874	38,696,568
Cost or other basis and sales expense:							
Number of returns.....	10,628	362	500	446	235	305	1,469
Amount.....	152,254,321	2,730,248	3,212,486	3,060,007	36,677	913,542	38,467,872

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1990

**Table 1.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total net gain (loss) from sales of assets: (continued)							
Gain (loss), sales of other assets:							
Number of returns.....	11,494	792	957	1,012	792	380	130
Net gain (less loss).....	489,999	29,791	196,406	56,580	13,962	39,262	-2,707
Gross amount from sales:							
Number of returns.....	10,236	774	924	924	709	374	138
Amount.....	3,834,553	600,913	253,684	105,800	44,149	77,128	990,134
Cost or other basis and sales expense:							
Number of returns.....	8,006	440	678	700	489	200	97
Amount.....	3,344,554	571,122	57,279	49,221	30,187	37,866	992,842
Net income (loss), fundraising:							
Number of returns.....	26,204	5,688	1,105	2,802	1,457	2,443	82
Net income (less loss).....	1,525,316	188,422	20,121	68,902	21,445	101,666	3,114
Gross revenue:							
Number of returns.....	26,678	5,702	1,148	2,801	1,462	2,455	82
Amount.....	2,951,314	886,426	77,728	239,957	63,702	287,051	5,603
Direct expenses:							
Number of returns.....	22,606	5,020	869	2,611	1,222	2,128	77
Amount.....	1,425,997	698,003	57,607	171,054	42,257	185,385	2,488
Gross profit (loss), sales of inventory:							
Number of returns.....	15,977	2,874	1,194	1,629	5,363	2,910	39
Gross profit (less loss).....	3,379,967	227,305	18,861	105,202	1,052,471	196,959	-110
Gross sales minus returns and allowances:							
Number of returns.....	16,077	2,878	1,248	1,624	5,343	2,904	40
Amount.....	7,271,016	690,808	41,824	310,111	2,228,368	468,906	43,740
Cost of goods sold:							
Number of returns.....	14,082	2,724	1,110	1,263	5,183	2,835	40
Amount.....	3,891,049	463,502	22,963	204,909	1,175,897	271,946	43,849
Other revenue:							
Number of returns.....	42,230	5,289	7,685	7,540	3,903	2,054	1,961
Amount.....	5,241,448	524,039	758,768	849,678	169,347	93,405	1,031,520
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>113,646</b>	<b>14,614</b>	<b>14,884</b>	<b>17,444</b>	<b>11,835</b>	<b>6,852</b>	<b>9,148</b>
<b>Amount.....</b>	<b>408,238,598</b>	<b>16,873,669</b>	<b>11,633,140</b>	<b>17,461,265</b>	<b>5,731,876</b>	<b>6,873,952</b>	<b>53,975,971</b>
Program services:							
Number of returns.....	108,660	13,077	--	--	--	--	--
Amount.....	348,782,065	14,198,268	--	--	--	--	--
Management and general:							
Number of returns.....	95,160	11,213	--	--	--	--	--
Amount.....	54,528,091	2,416,292	--	--	--	--	--
Fundraising:							
Number of returns.....	32,683	2,226	--	--	--	--	--
Amount.....	3,829,702	213,158	--	--	--	--	--
Payments to affiliates:							
Number of returns.....	5,023	1,768	8,027	804	641	2,450	37
Amount.....	1,098,089	45,950	1,315,014	249,477	8,629	25,000	12,766
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>113,701</b>	<b>14,907</b>	<b>14,870</b>	<b>17,409</b>	<b>11,824</b>	<b>6,871</b>	<b>8,547</b>
<b>Amount.....</b>	<b>26,014,857</b>	<b>793,742</b>	<b>371,889</b>	<b>356,663</b>	<b>198,015</b>	<b>286,039</b>	<b>1,189,726</b>

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.



# Charities and Other Tax-Exempt Organizations, 1990

**Table 2.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>27,220</b>	<b>7,439</b>	<b>6,437</b>	<b>4,415</b>	<b>3,747</b>	<b>1,900</b>	<b>373</b>
<b>Total assets.....</b>	<b>1,232,343</b>	<b>334,072</b>	<b>309,595</b>	<b>161,378</b>	<b>222,588</b>	<b>140,077</b>	<b>10,803</b>
Cash, savings and investments:							
Number of returns.....	26,703	7,353	6,309	4,415	3,747	1,900	357
Amount.....	794,426	215,331	235,788	149,168	79,750	75,324	7,475
Land and buildings:							
Number of returns.....	5,785	1,419	1,581	300	1,763	882	43
Amount.....	287,174	86,185	56,612	4,020	119,700	64,079	4
Other assets:							
Number of returns.....	11,105	2,311	2,577	1,130	1,481	910	102
Amount.....	150,737	32,556	17,194	8,190	23,137	675	3,324
<b>Total liabilities:</b>							
<b>Number of returns.....</b>	<b>9,813</b>	<b>1,697</b>	<b>2,206</b>	<b>1,072</b>	<b>1,558</b>	<b>822</b>	<b>59</b>
<b>Amount.....</b>	<b>194,235</b>	<b>38,545</b>	<b>28,986</b>	<b>9,102</b>	<b>26,474</b>	<b>9,416</b>	<b>971</b>
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>27,013</b>	<b>7,439</b>	<b>6,437</b>	<b>4,415</b>	<b>3,747</b>	<b>1,900</b>	<b>373</b>
<b>Amount.....</b>	<b>1,038,109</b>	<b>295,527</b>	<b>280,608</b>	<b>152,276</b>	<b>196,114</b>	<b>130,661</b>	<b>9,832</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>27,220</b>	<b>7,439</b>	<b>6,437</b>	<b>4,415</b>	<b>3,747</b>	<b>1,900</b>	<b>373</b>
<b>Amount.....</b>	<b>1,313,495</b>	<b>294,210</b>	<b>346,870</b>	<b>220,578</b>	<b>159,953</b>	<b>70,399</b>	<b>24,141</b>
Contributions, gifts, and grants:							
Number of returns.....	23,139	4,124	629	1,400	862	1,038	15
Amount.....	644,613	57,309	9,376	16,185	10,492	3,352	1,199
Program service revenue:							
Number of returns.....	12,912	1,795	1,218	2,485	1,153	663	272
Amount.....	325,290	42,354	18,169	63,071	37,213	21,556	14,494
Dues and assessments:							
Number of returns.....	10,330	5,626	6,150	4,100	3,415	1,815	172
Amount.....	114,142	97,067	271,969	112,340	76,689	19,990	7,335
Investment income:							
Number of returns.....	20,970	6,095	5,337	3,816	2,887	1,526	372
Amount.....	50,396	13,686	17,199	9,492	7,569	5,326	653
Gain (loss) from sales of assets:							
Number of returns.....	1,240	229	131	43	73	45	--
Net gain (less loss).....	2,145	409	30	9	265	233	--
Gross amount from sales of assets:							
Number of returns.....	1,343	272	131	43	116	88	--
Amount.....	11,236	2,319	927	9	272	1,605	--
Cost or other basis and sales expense:							
Number of returns.....	826	186	15	--	58	73	--
Amount.....	9,090	1,910	897	--	7	1,373	--
Net income (loss), fundraising:							
Number of returns.....	10,278	4,304	443	1,641	1,344	873	--
Net income (less loss).....	90,429	45,060	2,484	10,614	3,178	8,779	--
Gross fundraising revenue:							
Number of returns.....	10,278	4,346	486	1,641	1,344	873	--
Amount.....	212,764	105,266	7,171	31,885	29,115	26,718	--
Direct expenses:							
Number of returns.....	8,884	3,946	357	1,556	1,186	830	--
Amount.....	122,339	60,206	4,688	21,270	25,937	17,939	--
Gross profit (loss), sales of inventory:							
Number of returns.....	5,578	1,346	387	471	1,408	389	--
Gross profit (less loss).....	55,840	27,009	5,604	4,157	35,558	11,991	--
Gross sales minus returns and allowances..:							
Number of returns.....	5,733	1,389	387	471	1,408	389	--
Amount.....	107,098	61,616	11,272	8,939	80,456	26,697	--
Cost of goods sold:							
Number of returns.....	4,958	1,331	345	342	1,378	389	--
Amount.....	51,254	34,607	5,668	4,782	44,897	14,706	--
Other revenue:							
Number of returns.....	8,161	2,726	3,377	1,684	1,237	518	59
Amount.....	30,620	24,819	24,838	6,787	6,766	5,169	459

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1990

**Table 2.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>27,065</b>	<b>7,338</b>	<b>6,437</b>	<b>4,415</b>	<b>3,704</b>	<b>1,900</b>	<b>373</b>
<b>Amount.....</b>	<b>1,208,284</b>	<b>832,185</b>	<b>1,018,445</b>	<b>699,320</b>	<b>446,694</b>	<b>197,208</b>	<b>68,689</b>
Grants paid:							
Number of returns.....	9,039	3,891	2,345	1,385	803	1,310	--
Amount.....	155,799	49,315	39,321	6,889	4,512	8,740	--
Benefits paid to or for members:							
Number of returns.....	1,808	1,104	2,645	672	473	603	330
Amount.....	14,377	22,316	29,429	10,888	7,589	6,335	15,181
Salaries and compensation:							
Number of returns.....	12,396	1,840	5,320	1,729	1,299	1,083	171
Amount.....	303,305	24,450	91,318	32,522	19,040	6,061	2,090
Professional fees:							
Number of returns.....	14,669	3,039	3,807	3,174	1,986	721	158
Amount.....	100,770	18,591	10,457	24,867	6,769	601	1,061
Occupancy, rent, and utilities:							
Number of returns.....	16,476	2,992	4,109	2,172	2,876	1,470	43
Amount.....	139,657	25,707	22,211	10,477	41,705	12,304	157
Printing, publications, and postage:							
Number of returns.....	21,693	5,684	4,308	3,672	2,544	1,513	229
Amount.....	81,715	38,800	34,791	81,251	19,771	10,283	1,172
Other expenses:							
Number of returns.....	25,567	6,566	6,150	4,158	3,317	1,614	159
Amount.....	412,644	372,228	405,440	361,135	188,077	84,800	12,046
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>27,013</b>	<b>7,439</b>	<b>6,437</b>	<b>4,415</b>	<b>3,747</b>	<b>1,900</b>	<b>373</b>
<b>Amount.....</b>	<b>105,205</b>	<b>16,819</b>	<b>7,390</b>	<b>-12,529</b>	<b>11,054</b>	<b>4,663</b>	<b>1,244</b>

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1991

by Cecelia Hilgert

The total revenue of charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3), excluding private foundations and most religious organizations, increased by 13 percent over the previous year to \$491.1 billion for 1991. Program service activities provided 70 percent of total revenue (\$344.4 billion), while contributions, gifts, and grants provided less than one-fifth of the total (\$87.5 billion). Total expenses rose by 12 percent to \$458.7 billion for 1991 (Figure A).

In addition, statistics are presented in this article for organizations that are tax-exempt under Code sections 501(c)(4) through (9). They are diverse in both their function and financial characteristics. Civic leagues and social welfare organizations, section 501(c)(4), and voluntary employee benefit associations, section 501(c)(9), reported assets greater than \$37 billion for 1991. This latter group reported the greatest amount of revenue among organizations categorized by these six Code sections for 1991, \$56.2 billion. The statistics for charities and other tax-exempt organizations shown in this article are based on data from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990EZ, *Short Form Return of Organization Exempt from Income Tax*[1].

## Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

While the Internal Revenue Code classifies tax-exempt nonprofit organizations into 31 groups, some of which are eligible to receive tax-deductible donations under Code section 170, those organizations that are exempt under section 501(c)(3) receive the largest part of the tax-deductible donations. These organizations have purposes that are religious, charitable, scientific, literary, or educational, or they foster national or international amateur sports competition, or they prevent cruelty to children or animals, or they test for public safety. Their activities are restricted in that they must further one or more of these exempt purposes.

Examples of these "charitable" organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, and environmental preservation groups. Each must serve the public good (as opposed to private interests) to qualify for tax-exempt status. Under the Code, these organizations may not distribute net earnings to any

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Figure A

### Selected Items for Nonprofit Charitable Organizations, Reporting Years 1989-1991

[Money amounts are in billions of dollars]

Item	1989	1990	1991
	(1)	(2)	(3)
Number of returns.....	133,157	141,757	149,544
Total assets.....	655.4	697.3	777.5
Total liabilities.....	293.8	322.0	365.6
Total fund balance or net worth.....	361.6	375.3	411.9
Total revenue.....	398.6	435.6	491.1
Program service revenue.....	272.1	306.9	344.4
Contributions, gifts, and grants.....	77.0	85.3	87.5
Membership dues and assessments.....	4.7	5.0	5.2
Other.....	44.8	38.3	54.0
Total expenses.....	371.5	409.4	458.7
Excess of revenue over expenses....	27.1	26.1	32.4

NOTES: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

private shareholder or individual. In addition, they are restricted in activities that can influence legislation, and cannot participate in any political campaign on behalf of, or in opposition to, any candidate for political office.

Of the 439,974 nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 149,544 returns filed for 1991 [2]. Those not required to file included religious organizations and organizations with annual gross receipts of less than \$25,000. The number of returns filed showed a 5-percent increase from 1990. The Form 990EZ return represented 21 percent of the total number of returns filed; it was used by organizations with gross receipts of less than \$100,000 and assets of less than \$250,000. (Where possible, Form 990 data and Form 990EZ data are combined in this article.)

## Financial Characteristics of Nonprofit Charitable Organizations

Assets of nonprofit charitable organizations registered a 12-percent increase from 1990, rising to \$777.5 billion for 1991. Organizations with assets of \$50 million or more accounted for less than 2 percent of the section 501(c)(3) returns filed, but they represented over 70 percent of the total asset holdings (Figure B). Investments in securities continued to be the major asset holding, with a total of \$252.9 billion, up from \$222.2 billion. This asset category represented one-third of the total. Land, buildings, and equipment totaled \$216.6 billion, accounting for 28 percent of total assets. (Detailed financial data are provided in Table 1 for the nonprofit charitable organizations that filed

# Charities and Other Tax-Exempt Organizations, 1991

Figure B

## Selected Items for Nonprofit Charitable Organizations, by Asset Size, Reporting Year 1991

[Money amounts are in millions of dollars]

Asset size	Returns		Total assets		Total revenue	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>149,544</b>	<b>100.0</b>	<b>777,471</b>	<b>100.0</b>	<b>491,106</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	61,644	41.2	1,939	0.2	7,733	1.6
\$100,000 under \$500,000.....	39,424	26.4	9,512	1.2	13,335	2.7
\$500,000 under \$1,000,000.....	14,401	9.6	10,169	1.3	11,022	2.2
\$1,000,000 under \$10,000,000.....	26,420	17.7	80,927	10.4	65,119	13.3
\$10,000,000 under \$50,000,000.....	5,258	3.5	115,370	14.8	79,336	16.2
\$50,000,000 or more.....	2,397	1.6	559,554	72.0	314,561	64.1

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

Form 990 and in Table 4 for Form 990EZ filers.)

The type of asset holdings varied among the asset-size classes of the organizations. For small organizations -- those with assets of less than \$500,000 -- total assets rose by 16 percent. Cash and savings (short-term account balances) represented nearly one-half of their total assets (\$5.5 billion). For the organizations with assets of between \$500,000 and \$1 million, land, buildings, and equipment were the largest single asset type, 35 percent of the total, with cash and savings (short-term account balances) representing an additional 21 percent. Land, buildings, and equipment accounted for the largest type of holding for organizations with assets of between \$1 million and \$50 million. In contrast, investments in securities were the largest asset holding for organizations with assets of \$50 million or more, representing 37 percent (\$207.7 billion) of their total assets; this type of asset rose by 26 percent for this size-class for 1991.

Total liabilities of all nonprofit charitable organizations also increased, by 14 percent for 1991, to \$365.6 billion. The balance sheet of a tax-exempt organization does not have an owner's equity section; instead, unexpended earnings accrue to a "net worth or fund balance" account. The total fund balance for nonprofit charitable organizations was \$411.9 billion, up from \$375.3 billion for 1990 (10 percent).

In terms of revenue, program service revenue -- the fees collected by organizations for the programs operated in support of their tax-exempt purposes -- was the major source. Overall, it continued to account for 70 percent of total revenue for 1991. Some examples of program service revenue include tuition and fees at educational institutions, hospital patient care charges (including Medicare and Medicaid payments), admission fees collected by

museums or community performing arts groups, YMCA/YWCA activity fees, and payments received for insurance and retirement coverage by selected pension and annuity funds. For 1991, program service revenue totaled \$344.4 billion. As the size of organizations increased, program service revenue as a percentage of total revenue also increased (Figure C). The largest asset-size organizations, those with assets of \$50 million or more, relied on program service revenue for 76 percent of their total.

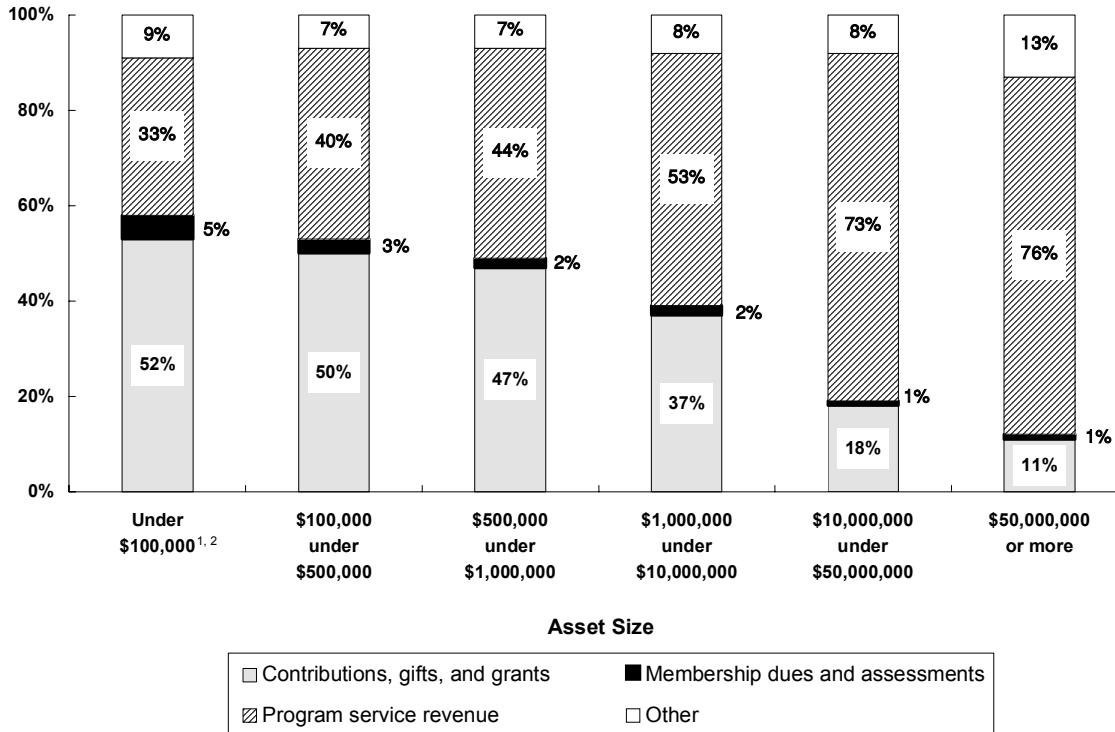
Contributions, gifts, and grants received were \$87.5 billion, or 18 percent of the total received. Figure D presents information on contributions received by nonprofit charitable organizations that filed the long Form 990. Total contributions to these organizations increased by just 3 percent to \$86.8 billion. The total was comprised of \$40.3 billion received in direct public support, \$38.8 billion from Government grants, and \$7.7 billion from indirect public support. This last category includes revenue received from solicitation campaigns conducted by federated fundraising agencies; it showed a 4-percent decline from 1990. Contributions, gifts, and grants as a percentage of total revenue varied depending on the size of the organization. Organizations with assets of \$10 million or more relied on this source for just 12 percent of their total revenue, while small organizations with assets of less than \$1 million depended on contributions, gifts, and grants for one-half of their revenue. Figures E and F show revenue and asset data for the ten largest section 501(c)(3) organizations [3].

Nonprofit charitable organizations reported their detailed expenses on Form 990 by "functional categories" (salaries and wages, pension plan contributions and other employee benefits, legal fees, supplies, and the like), which were then combined into broad categories on Form 990:

# Charities and Other Tax-Exempt Organizations, 1991

Figure C

Components of Nonprofit Organization Revenue, by Asset Size, Reporting Year 1991



<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

Figure D

Contributions Received by Nonprofit Charitable Organizations Filing Form 990, by Asset Size, Reporting Year 1991

[Money amounts are in millions of dollars]

Asset size	Total contributions, gifts, and grants		Contributions received through direct support		Contributions received through indirect support		Contributions received through Government grants	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>86,776</b>	<b>100.0</b>	<b>40,283</b>	<b>100.0</b>	<b>7,718</b>	<b>100.0</b>	<b>38,775</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	3,483	4.0	1,523	3.8	482	6.2	1,479	3.8
\$100,000 under \$500,000.....	6,598	7.6	2,681	6.7	736	9.5	3,181	8.2
\$500,000 under \$1,000,000.....	5,214	6.0	2,563	6.4	402	5.2	2,248	5.8
\$1,000,000 under \$10,000,000.....	23,964	27.6	9,645	23.9	1,751	22.7	12,568	32.4
\$10,000,000 under \$50,000,000.....	14,304	16.5	8,655	21.5	1,656	21.5	3,993	10.3
\$50,000,000 or more.....	33,214	38.3	15,216	37.8	2,691	34.9	15,306	39.5

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1991

Figure E

## Top Ten Nonprofit Charitable Organizations Ranked by Total Revenue, Reporting Year 1991

[Money amounts are in millions of dollars]

Name	Total revenue
1. College Retirement Equities Fund.....	12,599
2. Teachers Insurance and Annuity Association of America.....	11,057
3. Kaiser Foundation Health Plan.....	7,699
4. Kaiser Foundation Hospitals.....	3,843
5. New York City Health and Hospitals Corporation.....	3,404
6. Harvard College.....	1,601
7. University of Pennsylvania.....	1,576
8. American National Red Cross.....	1,566
9. Common Fund for Nonprofit Organizations.....	1,453
10. Stanford University.....	1,408

NOTE: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations.

program services, management and general, and fundraising (Table 3). Total expenses reported for 1991 were \$457.4 billion. For all organizations, those expenses relating to specific program services accounted for 86 percent of the total (\$394.8 billion), with salaries and wages the largest single component. Management and general expenses, which supported the overall organization rather than specific programs, amounted to \$57.5 billion. Fundraising activities were \$4.0 billion, and payments to affiliates accounted for an additional \$1.1 billion. (These are payments to organizations closely related to the reporting organizations, such as support and dues payments by local chapters to State and national agencies.)

## Types of Nonprofit Charitable Organizations

Figure F

## Top Ten Nonprofit Charitable Organizations Ranked by Total Assets, Reporting Year 1991

[Money amounts are in millions of dollars]

Name	Total assets
1. Teachers Insurance and Annuity Association of America.....	55,576
2. College Retirement Equities Fund.....	47,518
3. Common Fund for Nonprofit Organizations.....	9,523
4. Harvard College.....	7,597
5. Howard Hughes Medical Institute.....	7,369
6. Kaiser Foundation Hospitals.....	4,650
7. Yale University.....	4,443
8. Stanford University.....	4,308
9. Shriners Hospitals for Crippled Children.....	3,327
10. Princeton University.....	3,270

NOTE: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations.

Figure G presents information on the types of nonprofit charitable organizations exempt under section 501(c)(3) that filed Form 990 or Form 990EZ (short form) for 1991 [4]. The information was based on responses to a question on the return forms identifying the reason why the organization was not classified as a private foundation. In contrast to a nonprofit charitable organization, a private foundation is narrowly supported and controlled, usually by an individual, family, or corporation, as opposed to an organization receiving broad support from a large number of sources within the general public [5].

Hospitals were the leading category of nonprofit charitable organizations in terms of assets and revenue. Their assets totaled \$232.0 billion and their revenue, \$224.9 billion, which represented increases of 11 percent for both from 1990. Hospitals accounted for 46 percent of total revenue and 30 percent of total assets of all 501(c)(3) organizations filing returns.

Publicly-supported organizations were the second leading category in terms of revenue, with \$131.5 billion nearly one-half of which was derived from their program service activities. The assets of these organizations were \$174.7 billion. These are organizations which normally receive a substantial part of support from a Governmental unit or from the general public in the form of contributions or revenue from their exempt function services and products (program service revenue). This type of organization includes the American Red Cross or United Way and their affiliated agencies, voluntary health agencies, community foundations, cultural organizations, and a wide variety of community-service organizations. These organizations received more than three-fifths of all contributions, gifts, and grants received by 501(c)(3) organizations filing returns.

Educational institutions were third in terms of revenue (\$79.4 billion), and fourth in terms of total assets (\$162.7 billion). They received over one-fifth of the total of these contributions, gifts, and grants, second only to the amounts received by publicly-supported organizations.

Organizations of a fourth type -- those that support other charitable organizations -- had \$179.6 billion in assets and \$42.9 billion in revenue for 1991. Examples of this type of organization include the College Retirement Equities Fund, Teachers Insurance and Annuity Association of America, and Common Fund for Nonprofit Organizations.

## Nonprofit Charitable Organizations Filing Form 990EZ

A total of 30,739 Form 990EZ returns were filed for 1991 by nonprofit charitable organizations that had assets of less than \$250,000 and gross receipts of less than \$100,000 (Figure H). Most of these filers (86 percent) reported

# Charities and Other Tax-Exempt Organizations, 1991

Figure G

## Selected Items, by Type of Nonprofit Charitable Organization, Reporting Year 1991

[Money amounts are in millions of dollars]

Type of organization	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Contributions, gifts, and grants	Program service revenue	Total expenses	Excess of revenue over expenses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>777,472</b>	<b>365,606</b>	<b>411,866</b>	<b>491,106</b>	<b>87,462</b>	<b>344,446</b>	<b>458,739</b>	<b>32,366</b>
Educational institution or school.....	162,692	38,202	124,490	79,374	18,107	50,193	71,412	7,962
Governmental unit.....	3,430	2,602	828	2,184	946	804	2,036	148
Hospital.....	231,994	121,114	110,880	224,905	4,976	211,107	215,044	9,861
Hospital research organization.....	9,553	1,118	8,435	1,795	608	431	1,424	371
Organization supporting a public college.....	10,275	1,603	8,671	5,041	2,458	1,633	4,152	889
Organization supporting other charitable organizations.....	179,563	121,993	57,570	42,850	4,671	16,628	37,900	4,951
Organization testing for public safety.....	298	37	261	249	( <sup>2</sup> )	238	222	27
Publicly-supported organization.....	174,707	76,492	98,215	131,453	54,511	61,636	123,472	7,981
Religious-affiliated organization <sup>1</sup> .....	4,879	2,390	2,489	2,895	1,180	1,449	2,725	170
Type not reported.....	80	54	26	359	5	327	352	7

<sup>1</sup> Churches and other religious-affiliated organizations are not required to file a Form 990 or Form 990EZ. Most of the organizations filed voluntarily or misreported their type of organization. The estimate is, therefore, not inclusive of the majority of religious organizations.

<sup>2</sup> Less than \$500,000.

NOTES: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations (see footnote 1). Detail may not add to totals because of rounding and processing tolerances.

assets of less than \$100,000.

Organizations filing Form 990EZ reported total revenue of \$1.4 billion, nearly one-half of which was derived from contributions, gifts, and grants. Program service revenue totaled \$0.4 billion, one-quarter of the total revenue re-

ported by these filers. Of the asset total of \$1.4 billion, two-thirds was in cash, savings, and investments. Publicly-supported organizations comprised 80 percent of Form 990EZ filers. (Table 4 presents detailed data on Form 990EZ filers.)

Figure H

## Selected Items for Nonprofit Charitable Organizations Filing Form 990EZ, by Asset Size, Reporting Year 1991

[Money amounts are in millions of dollars]

Item	Total	Asset size	
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$250,000
	(1)	(2)	(3)
Number of returns.....	30,739	26,282	4,457
Total assets.....	1,352	641	711
Cash, savings, and investments.....	899	497	401
Total liabilities.....	227	114	113
Total fund balance or net worth.....	1,125	527	598
Total revenue.....	1,411	1,179	232
Contributions, gifts, and grants.....	686	574	112
Program service revenue.....	366	318	48
Membership dues and assessments.....	137	115	22
Other.....	223	171	52
Total expenses.....	1,335	1,136	199
Excess of revenue over expenses.....	76	42	34

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

## Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4) through (9)

The statistics presented in this section are based on the Forms 990 and 990EZ filed by organizations tax-exempt under Internal Revenue Code sections 501(c)(4) through (9). Figure I provides general descriptions of the organizations included under these sections. Unlike the nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3), most of these organizations are not eligible for tax-deductible contributions. Financial data for organizations covered by these six Code sections are presented in Tables 2, 3, and 4.

Selected data for these organizations are compared for 1991 with 1990 in Figure J. Four of the six Code sections showed increases in the number of returns filed for 1991, while labor, agricultural, and horticultural organizations, section 501(c)(5), and fraternal beneficiary societies and associations, section 501(c)(8), had decreases. Each of the six Code section categories showed increases in the level of assets and liabilities between the two years, with voluntary employees' benefit associations, section 501(c)(9), registering the largest increases of 13 percent and 14

# Charities and Other Tax-Exempt Organizations, 1991

Figure I

## Selected Types of Tax-Exempt Organizations, by Internal Revenue Code Section

Internal Revenue Code section	Description of organization	Type of activities	Examples of organizations tax-exempt under Code section
	(1)	(2)	(3)
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare, charitable, educational, and recreational activities	Lions Clubs, Rotary Clubs, National Rural Electric Cooperatives, and volunteer fire departments
501(c)(5)	Labor, agricultural, and horticultural organizations	Educational or instructive, the purpose being to improve conditions of work, or to improve products and efficiency	Major League Baseball Players Association, International Ladies Garment Workers Union, and United Auto Workers
501(c)(6)	Business leagues, chambers of commerce, and real estate boards	Improvement of business conditions of one or more lines of business	National Football League, Academy of Motion Picture Arts and Sciences, and American Bar Association
501(c)(7)	Social and recreational clubs	Pleasure, recreational, and social activities	New York City Yacht Club, Metropolitan Club, and sorority and fraternity chapters
501(c)(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident, or other benefits to members	Independent Order of Odd Fellows, B'nai B'rith, Loyal Order of Moose, and Polish Union of America
501(c)(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered under 501(c)(10))	Provides for payment of life, sickness, accident, or other benefits to members	IBM Medical and Dental Plan Trust, U.S. Steel and Carnegie Pension Plan, and National Education Association Members Insurance Trust

Figure J

## Selected Items for Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Years 1990 and 1991

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns		Total assets		Total liabilities		Total revenue		Total expenses		Excess of revenue over expenses	
	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
501(c)(4).....	22,496	22,813	35,132	37,461	25,200	26,382	17,962	21,353	17,151	20,029	811	1,323
501(c)(5).....	21,353	20,304	13,719	15,224	2,270	2,593	12,352	12,631	11,973	12,376	380	256
501(c)(6).....	21,875	22,883	19,320	21,208	11,508	12,534	18,039	19,664	17,694	18,681	344	983
501(c)(7).....	15,615	16,112	9,344	10,107	2,956	3,129	6,090	6,401	5,881	6,163	209	238
501(c)(8).....	8,771	8,112	29,994	32,975	24,365	27,580	7,230	8,080	6,940	7,926	291	154
501(c)(9).....	9,534	9,865	33,011	37,374	11,691	13,272	55,190	56,191	53,999	54,855	1,191	1,336

NOTE: Detail may not add to totals because of rounding and processing tolerances.



# Charities and Other Tax-Exempt Organizations, 1991

percent in assets and liabilities, respectively. In each Code section, with the exception of voluntary employees' beneficiary associations, about 80 percent of the returns filed represented organizations with assets of less than \$500,000, which was a greater proportion of returns than the corresponding 68-percent of the nonprofit charitable organizations under section 501(c)(3) (Figure K).

In terms of revenue, voluntary employees' beneficiary

associations reported considerably more revenue for 1991 than that reported by any of those filing under the other five Code sections (Figure L). The \$56.2 billion reported was an increase of 2 percent from 1990. Most of the revenue (85 percent) was in the form of program service revenue, which represented payments for health and welfare benefits coverage.

Civic leagues and social welfare organizations, section

Figure K

## Returns Filed by Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1991

Asset size	Organizations tax-exempt under Internal Revenue Code section --					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns						
<b>Total</b> .....	<b>22,813</b>	<b>20,304</b>	<b>22,883</b>	<b>16,112</b>	<b>8,112</b>	<b>9,865</b>
Under \$100,000 <sup>1,2</sup> .....	13,295	10,637	12,508	7,886	2,675	3,798
\$100,000 under \$500,000.....	5,855	6,683	6,722	4,832	4,002	2,031
\$500,000 under \$1,000,000.....	1,543	1,397	1,593	1,185	853	1,043
\$1,000,000 under \$10,000,000.....	1,788	1,423	1,830	2,109	491	2,395
\$10,000,000 under \$50,000,000.....	249	130	187	99	55	494
\$50,000,000 or more.....	82	34	42	—	36	104
Percent of total						
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000.....	58.3	52.4	54.7	48.9	33.0	38.5
\$100,000 under \$500,000.....	25.7	32.9	29.4	30.0	49.3	20.6
\$500,000 under \$1,000,000.....	6.8	6.9	7.0	7.4	10.5	10.6
\$1,000,000 under \$10,000,000.....	7.8	7.0	8.0	13.1	6.1	24.3
\$10,000,000 under \$50,000,000.....	1.1	0.6	0.8	0.6	0.7	5.0
\$50,000,000 or more.....	0.4	0.2	0.2	—	0.4	1.1

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

Figure L

## Components of Total Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1991

[Money amounts are in millions of dollars]

Internal Revenue Code section	Total revenue	Sources of revenue				
		Contributions, gifts, and grants	Program service revenue	Membership dues and assessments	Income from investments <sup>1</sup>	Other
	(1)	(2)	(3)	(4)	(5)	(6)
501(c)(4).....	21,353	2,731	13,178	2,187	1,476	1,780
501(c)(5).....	12,631	355	2,955	7,773	816	733
501(c)(6).....	19,664	1,113	8,139	8,175	937	1,301
501(c)(7).....	6,401	47	1,162	3,730	174	1,288
501(c)(8).....	8,080	98	6,906	538	299	238
501(c)(9).....	56,191	2,540	47,753	2,502	1,912	1,483

<sup>1</sup> Includes: "Income from savings and temporary cash investments," "Dividends and interest from securities," and "Gross rents" from the Form 990;" Investment income" from the Form 990EZ.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1991

501(c)(4), ranked second in total revenue (\$21.4 billion), an increase of 19 percent from 1990. Three-fifths of this was derived from program service activities. Business leagues, chambers of commerce, and real estate boards, section 501(c)(6), were third in terms of total revenue, with membership dues and assessments (\$8.2 billion) and program service revenue (\$8.1 billion) as the principal components. Membership dues and assessments were the principal source of revenue also for labor, agricultural, and horticultural organizations, section 501(c)(5) -- \$7.8 billion; and social and recreational clubs, section 501(c)(7) -- \$3.7 billion. For these three types, the organizations with assets of less than \$10 million accounted for more than one-half of the total revenue (Figure M).

Civic leagues and social welfare organizations and voluntary employees' beneficiary associations both reported asset holdings greater than \$37 billion for 1991, representing increases of 7 percent and 13 percent, respectively, over their 1990 levels. For both of these types of organizations, the large organizations with assets of greater than \$10 million accounted for three-quarters of the total (Figure N). The other four Code sections also registered increases in asset totals.

The major assets held by the six types of organizations

are shown in Figure O. (Detailed data on the components of assets are limited to those organizations that filed the longer Form 990; the shorter Form 990EZ contains a condensed balance sheet without the detail.) Investments in securities were the largest single component of assets reported by labor, agricultural, and horticultural organizations; business leagues, chambers of commerce, and real estate boards; fraternal beneficiary associations; and voluntary employees' beneficiary associations. For social and recreational clubs, the largest component of assets was land, buildings, and equipment. For civic leagues and social welfare organizations, receivables (included in other assets in Figure O) represented the largest single component of assets.

## Sections 501(c)(4)-(9) Organizations Filing Form 990EZ

Form 990EZ may be filed by organizations that are exempt under Internal Revenue Code section 501(c) with annual gross receipts of less than \$100,000 and assets under \$250,000. The use of this short form by organizations in Code sections 501(c)(4) through (8) was higher than by the nonprofit charitable organizations under section 501(c)(3)

Figure M

### Total Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1991

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section --					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>21,353</b>	<b>12,631</b>	<b>19,664</b>	<b>6,401</b>	<b>8,080</b>	<b>56,191</b>
Under \$100,000 <sup>1,2</sup> .....	931	1,000	1,130	630	211	1,679
\$100,000 under \$500,000.....	953	2,068	2,288	786	577	3,966
\$500,000 under \$1,000,000.....	1,800	954	1,353	524	226	2,274
\$1,000,000 under \$10,000,000.....	2,714	3,236	5,535	3,929	344	16,769
\$10,000,000 under \$50,000,000.....	5,675	1,866	4,215	533	235	13,992
\$50,000,000 or more.....	9,280	3,507	5,143	--	6,488	17,511
	Percent of total					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	4.4	7.9	5.7	9.8	2.6	3.0
\$100,000 under \$500,000.....	4.5	16.4	11.6	12.3	7.1	7.1
\$500,000 under \$1,000,000.....	8.4	7.6	6.9	8.2	2.8	4.0
\$1,000,000 under \$10,000,000.....	12.7	25.6	28.1	61.4	4.3	29.8
\$10,000,000 under \$50,000,000.....	26.6	14.8	21.4	8.3	2.9	24.9
\$50,000,000 or more.....	43.5	27.8	26.2	--	80.3	31.2

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1991

Figure N

## Total Assets of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1991

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section --					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>37,461</b>	<b>15,224</b>	<b>21,208</b>	<b>10,107</b>	<b>32,975</b>	<b>37,374</b>
Under \$100,000 <sup>1,2</sup> .....	406	450	473	282	111	124
\$100,000 under \$500,000.....	1,326	1,458	1,539	1,128	967	525
\$500,000 under \$1,000,000.....	1,067	1,026	1,110	820	609	726
\$1,000,000 under \$10,000,000.....	4,931	3,448	4,939	6,337	1,182	8,151
\$10,000,000 under \$50,000,000.....	5,654	2,647	3,673	1,540	1,171	10,352
\$50,000,000 or more.....	24,077	6,196	9,473	--	28,936	17,497
	Percent of total					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	1.1	3.0	2.2	2.8	0.3	0.3
\$100,000 under \$500,000.....	3.5	9.6	7.3	11.2	2.9	1.4
\$500,000 under \$1,000,000.....	2.8	6.7	5.2	8.1	1.8	1.9
\$1,000,000 under \$10,000,000.....	13.2	22.6	23.3	62.7	3.6	21.8
\$10,000,000 under \$50,000,000.....	15.1	17.4	17.3	15.2	3.6	27.7
\$50,000,000 or more.....	64.3	40.7	44.7	--	87.8	46.8

<sup>1</sup> Includes returns with zero assets or assets not reported.

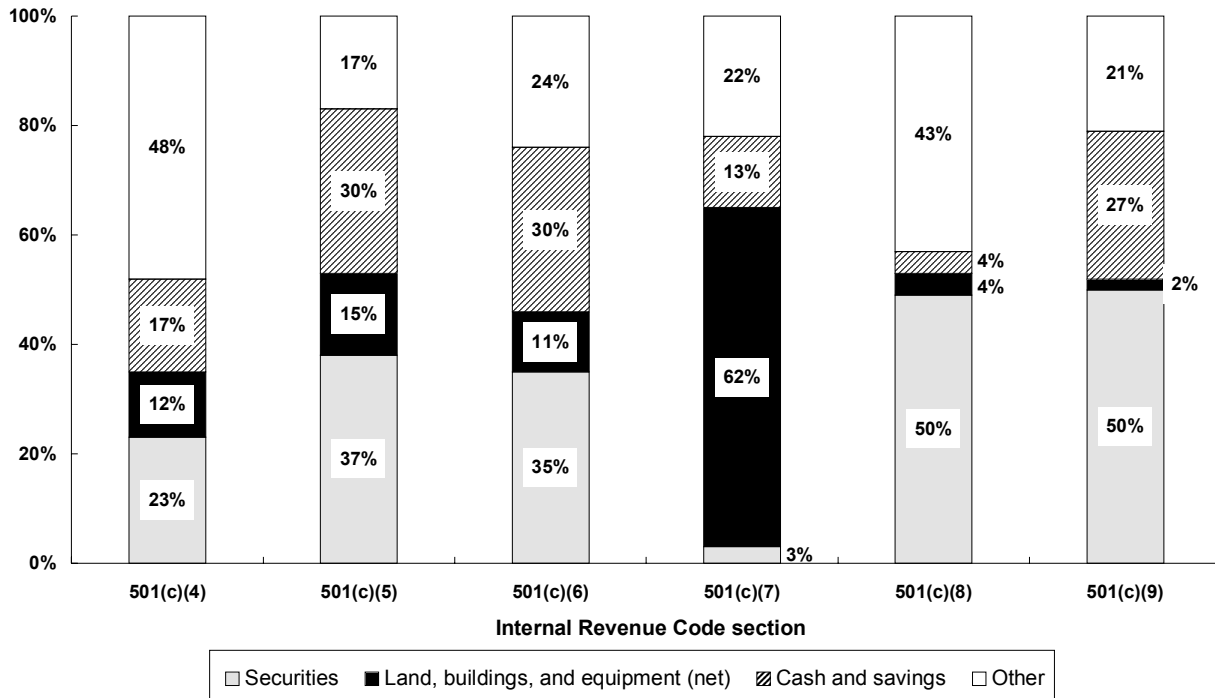
<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

Figure O

## Components of Total Assets of Organizations, by Selected Internal Revenue Code Section, Reporting Year 1991

Percentage of total



NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1991

(Figure P). The exception was the voluntary employees' beneficiary associations, in which there were fewer small organizations.

Table 4 presents detailed data on Form 990EZ filers, by

**Figure P**

**Types of Returns Filed by Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1991**

Internal Revenue Code section	Number of returns		Forms 990EZ as a percentage of total
	Total	Form 990EZ	
	(1)	(2)	(3)
501(c)(4).....	22,813	7,624	33.4
501(c)(5).....	20,304	6,362	31.3
501(c)(6).....	22,883	5,576	24.4
501(c)(7).....	16,112	3,891	24.1
501(c)(8).....	8,112	1,786	22.0
501(c)(9).....	9,865	786	8.0

Code section. For these filers, cash, savings, and investments were the largest component of assets reported by organizations reporting under five of the six Code sections. The exception was social and recreational clubs which reported land and buildings as the largest category of assets (50 percent). Membership dues and assessments were the principal source of revenue for five types of organizations, with that one source representing at least one-third of total revenue. The exception was the voluntary employees' beneficiary associations for which program service revenue was the primary source of revenue.

**Summary**

For 1991, nonprofit charitable organizations tax-exempt under section 501(c)(3) reported revenue and assets of \$491.1 billion and \$777.5 billion, respectively [6]. These totals represented increases of 13 percent over 1990. The number of returns filed by these organizations was 149,544, which included both the longer Form 990 and the shorter Form 990EZ. This latter form accounted for one-fifth of the total number of returns filed.

Program service revenue, the fees received for the programs conducted in support of the purposes for which the tax exemptions under section 501(c)(3) were granted, was \$344.4 billion. It represented 70 percent of total revenue. Contributions, gifts, and grants increased by 3 percent to \$87.5 billion. This source of revenue accounted for more than one-half of the revenue for organizations with asset holdings of less than \$1 million but for a much smaller share for larger organizations. Expenses rose by 12

percent to \$458.7 billion; of that amount, 86 percent was in support of the organizations' programs.

Organizations exempt under Internal Revenue Code sections 501(c)(4) through (9) are diverse in both their purposes and financial characteristics. Three types of organizations -- civic leagues and social welfare organizations, section 501(c)(4); labor, agricultural, and horticultural organizations, section 501(c)(5); and business leagues, chambers of commerce, and real estate boards, section 501(c)(6) -- each filed more than 20,000 Forms 990 and 990EZ. In terms of assets, civic leagues and social welfare organizations and voluntary employees' beneficiary associations (section 501(c)(9)) reported assets greater than \$37 billion for 1991. All six of these types of organizations reported increases in both asset and revenue totals. Membership dues and assessments were the principal source of revenue for organizations in five of the six organizational types; program service revenue was the principal source for voluntary employees' beneficiary associations in the form of payments for health and welfare benefits.

**Data Sources and Limitations**

The statistics in this article are based on a sample of the 1991 Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990EZ, *Short Form Return of Organization Exempt from Income Tax*. Organizations used the 1991 Form 990 when their accounting periods ended during the time period December 31, 1991, through November 30, 1992. These returns comprise the data for Reporting Year 1991 shown in this article. The sample did not include private foundations, which were required to file on a separate return form. Most churches and other religious organizations were also excluded from the sample because they were not required to file a Form 990 or a Form 990EZ. However, as shown in Figure G, some of these organizations filed returns voluntarily. The sample included only those returns with receipts of more than \$25,000, the filing threshold. The sample design was split into two parts: the first part included returns of organizations exempt under section 501(c)(3), and the second part included organizations exempt under sections 501(c)(4) through (9). Returns of organizations exempt under other sections were not included in the study. The data presented were obtained from returns as originally filed. In most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the data base.

Each part of the sample was classified into sample strata based on size of total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a

# Charities and Other Tax-Exempt Organizations, 1991

sample of 10,811 returns was selected from a population of 152,119. All returns with assets of \$10 million or more were included. Sampling rates ranged from 0.8 percent for small asset classes to 100 percent for organizations with assets of \$10 million or more. For organizations filing under sections 501(c)(4) through (9), a sample of 9,438 returns was selected from a population of 101,211. Sampling rates ranged from 1.5 percent for the small asset classes to 100 percent for organizations with assets of \$2,500,000 or more. The populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed prior to 1991. These returns were not included in the samples, nor in the estimated population counts.

Because the data are based on samples, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV) should be taken into account. Figure Q shows CV's for selected financial data. A discussion of the methods for evaluating the nonsampling error can be found in the general Appendix of this issue.

## Notes and References

[1] Data for previous years were published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*. See also "Charities and Other Tax-Exempt Organizations, 1990," *Statistics of Income Bulletin*, Fall 1994, Volume 14, Number 2; and Hilgert, Cecelia, and Arnsberger, Paul, "Charities and Other Tax-Exempt Organizations, 1989," *Statistics of Income Bulletin*, Winter 1993-1994, Volume 13, Number 3.

[2] Data presented in this article are from 1991 Forms 990

and 990EZ. Organizations used the 1991 Form 990 when their accounting periods ended during the time period of December 31, 1991, through November 30, 1992. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File, as reported in *Monthly Exempt Organizations Statistical Summary*, and does not include private foundations filing Form 990-PF, *Return of Private Foundation*.

[3] Public disclosure of exempt organization data is allowed under Internal Revenue Code section 6104(b).

[4] Some data in this section are from unpublished Statistics of Income tabulations.

[5] For information on private foundations, see "Private Foundations and Charitable Trusts, 1991," *Statistics of Income Bulletin*, Winter 1994-1995, Volume 14, Number 3; and Meckstroth, Alicia, "Private Foundations and Charitable Trusts, 1990," *Statistics of Income Bulletin*, Winter 1993-1994, Volume 13, Number 3.

[6] For information on the unrelated business income tax returns of tax-exempt organizations, see Riley, Margaret, "Unrelated Business Income Tax Returns, 1991," *Statistics of Income Bulletin*, Spring 1995, Volume 14, Number 4; and Harte, James M., and Hilgert, Cecelia H., "Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations," *Statistics of Income: Turning Administrative Systems Into Information Systems--1993*.

Figure Q

### Coefficients of Variation for Selected Items, by Selected Internal Revenue Code Section, Reporting Year 1991

Item	Internal Revenue Code section --						
	501(c)(3)	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Percentages						
Total revenue.....	0.64	1.63	2.48	1.98	2.87	4.30	3.77
Total expenses.....	0.68	1.68	3.05	2.07	2.86	4.26	3.85
Total assets.....	1.00	2.46	1.66	1.96	1.55	4.38	1.01
Total liabilities.....	1.99	3.25	3.62	3.92	2.35	4.88	1.29

# Charities and Other Tax-Exempt Organizations, 1991

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>118,805</b>	<b>35,362</b>	<b>34,967</b>	<b>14,401</b>	<b>26,420</b>	<b>5,258</b>	<b>2,397</b>
<b>Total assets.....</b>	<b>776,119,819</b>	<b>1,298,840</b>	<b>8,801,024</b>	<b>10,169,345</b>	<b>80,926,710</b>	<b>115,369,599</b>	<b>559,554,300</b>
Cash:							
Number of returns.....	92,383	27,219	27,831	11,067	20,555	3,977	1,734
Amount.....	14,114,448	341,604	1,209,265	724,758	3,027,049	2,752,312	6,059,460
Savings and temporary cash investments:							
Number of returns.....	82,233	19,432	26,573	10,530	19,938	3,936	1,823
Amount.....	60,969,958	442,817	2,616,215	2,128,769	10,902,741	10,179,697	34,699,719
Accounts receivable (net):							
Number of returns.....	56,816	10,634	13,744	8,246	17,671	4,330	2,191
Amount.....	57,050,453	93,332	545,537	658,848	5,385,763	9,129,100	41,237,874
Pledges receivable (net):							
Number of returns.....	7,744	800	1,281	789	3,557	970	348
Amount.....	6,548,252	10,048	94,549	104,263	1,791,976	2,297,797	2,249,620
Grants receivable:							
Number of returns.....	12,845	2,971	3,225	2,110	3,489	630	421
Amount.....	4,248,611	35,962	256,885	160,326	1,227,883	742,478	1,825,079
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	3,053	914	912	263	590	215	159
Amount.....	612,305	4,810	4,477	1,448	67,973	45,612	487,985
Other notes and loans receivable:							
Number of returns.....	14,814	1,028	3,134	2,235	5,104	2,073	1,240
Amount.....	20,070,675	5,165	203,246	303,421	1,800,434	3,069,875	14,688,534
Inventories for sale or use:							
Number of returns.....	24,211	3,200	6,173	2,827	7,302	2,913	1,798
Amount.....	5,309,472	36,684	209,972	70,095	691,917	1,082,688	3,218,116
Prepaid expenses and deferred charges:							
Number of returns.....	51,962	8,342	13,605	6,968	16,811	4,141	2,094
Amount.....	7,007,829	18,095	114,710	102,300	785,583	1,325,129	4,662,011
Investments in securities:							
Number of returns.....	25,580	1,028	5,674	2,958	10,964	3,285	1,670
Amount.....	252,923,503	16,656	617,432	821,305	14,759,215	29,025,279	207,683,616
Investments in land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	19,021	5,508	5,193	2,389	4,328	1,042	561
Amount.....	18,859,511	83,325	454,777	868,419	4,253,359	3,215,210	9,984,421
Other investments:							
Number of returns.....	10,148	571	1,327	1,052	4,263	1,739	1,195
Amount.....	66,396,023	2,267	113,368	210,355	2,540,924	5,414,781	58,114,328
Land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	71,802	13,193	21,792	10,136	20,052	4,442	2,187
Amount.....	216,324,719	185,781	2,090,160	3,560,721	30,435,314	40,813,566	139,239,176
Other assets:							
Number of returns.....	41,300	5,599	9,469	6,500	14,022	3,713	1,996
Amount.....	45,684,058	22,307	270,428	454,308	3,256,578	6,276,076	35,404,360
<b>Total liabilities.....</b>	<b>365,378,715</b>	<b>595,614</b>	<b>2,472,699</b>	<b>3,508,030</b>	<b>32,898,363</b>	<b>47,380,166</b>	<b>278,523,843</b>
Accounts payable:							
Number of returns.....	82,383	19,661	22,502	10,744	22,281	4,858	2,337
Amount.....	63,826,331	208,624	829,229	780,385	6,260,000	10,217,400	45,530,693
Grants payable:							
Number of returns.....	4,701	914	892	723	1,657	367	147
Amount.....	3,421,531	12,142	59,329	112,475	669,452	1,003,687	1,564,447
Support and revenue designated for future periods:							
Number of returns.....	21,282	3,771	5,100	2,695	7,696	1,489	530
Amount.....	11,920,773	63,686	294,352	193,955	3,445,500	3,967,059	3,956,221
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	4,656	2,857	869	329	525	59	18
Amount.....	520,877	91,616	37,347	9,370	68,387	78,269	235,889
Mortgages and other notes payable:							
Number of returns.....	42,702	6,063	10,797	6,663	13,895	3,377	1,908
Amount.....	148,947,271	149,529	973,527	1,970,755	18,727,178	24,575,036	102,551,246
Other liabilities:							
Number of returns.....	36,881	6,742	7,410	5,359	12,428	3,186	1,755
Amount.....	136,741,934	70,016	278,915	441,093	3,727,845	7,538,715	124,685,348

# Charities and Other Tax-Exempt Organizations, 1991

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total fund balance or net worth:</b>							
Number of returns.....	118,195	34,790	34,967	14,401	26,401	5,245	2,391
Amount.....	410,741,110	703,228	6,328,322	6,661,315	48,028,353	67,989,434	281,030,458
<b>Total revenue:</b>							
Number of returns.....	118,804	35,362	34,967	14,401	26,420	5,258	2,396
Amount.....	489,694,667	6,554,055	13,102,742	11,021,697	65,118,635	79,336,474	314,561,064
Total contributions received:							
Number of returns.....	99,860	29,648	30,095	12,363	21,377	4,318	2,058
Amount.....	86,776,075	3,483,284	6,597,661	5,213,584	23,964,188	14,303,588	33,213,770
Contributions received from direct public support:							
Number of returns.....	90,207	26,106	27,282	11,311	19,645	4,019	1,843
Amount.....	40,282,952	1,522,730	2,680,794	2,563,462	9,645,213	8,654,539	15,216,216
Contributions received from indirect public support:							
Number of returns.....	26,099	7,679	7,777	3,316	5,721	966	640
Amount.....	7,717,705	482,050	735,584	401,886	1,750,623	1,656,263	2,691,298
Government grants:							
Number of returns.....	39,424	12,005	11,687	4,696	8,434	1,611	990
Amount.....	38,775,424	1,478,511	3,181,282	2,248,235	12,568,353	3,992,787	15,306,256
Program service revenue:							
Number of returns.....	72,270	18,747	19,461	9,113	18,616	4,212	2,121
Amount.....	344,080,530	2,259,908	5,326,574	4,814,828	34,762,787	57,652,553	239,263,881
Membership dues and assessments:							
Number of returns.....	25,911	9,256	9,056	2,630	4,236	542	192
Amount.....	5,051,385	297,095	324,445	219,629	1,301,038	989,625	1,919,554
Interest on savings and temporary cash investments:							
Number of returns.....	94,771	24,369	29,273	12,449	22,615	4,143	1,922
Amount.....	6,162,497	37,306	177,469	158,152	980,306	1,071,902	3,737,362
Dividends and interest from securities:							
Number of returns.....	23,024	1,257	6,131	2,915	8,447	2,790	1,484
Amount.....	13,997,664	3,866	60,034	63,560	864,140	1,762,309	11,243,755
Net rental income (loss):							
Number of returns.....	17,757	1,600	4,254	2,630	6,256	1,839	1,178
Amount.....	1,061,884	13,927	42,745	57,158	247,633	182,232	518,190
Gross rents:							
Number of returns.....	17,877	1,600	4,392	2,652	6,217	1,840	1,176
Amount.....	2,522,776	24,952	99,096	83,741	645,616	401,975	1,267,396
Rental expenses:							
Number of returns.....	6,881	457	1,624	614	2,680	866	640
Amount.....	1,460,893	11,025	56,351	26,583	397,983	219,744	749,206
Other investment income:							
Number of returns.....	4,628	343	664	526	1,777	742	576
Amount.....	3,197,371	413	13,882	1,117	142,244	210,191	2,829,523
Total gain (loss) from sales of assets:							
Number of returns.....	22,153	1,600	4,072	2,761	8,904	3,045	1,771
Amount.....	10,597,235	7,609	12,484	111,069	449,209	956,197	9,060,667
Gain (loss), sales of securities:							
Number of returns.....	12,518	343	1,922	1,052	6,104	2,048	1,049
Amount.....	9,138,342	-70	9,734	6,250	369,322	859,035	7,894,070
Gross amount from sales:							
Number of returns.....	12,389	229	2,036	986	6,092	2,013	1,034
Amount.....	179,070,702	43,497	137,559	549,093	4,007,348	10,534,334	163,798,871
Cost or other basis and sales expense:							
Number of returns.....	10,900	343	1,624	986	5,432	1,700	815
Amount.....	169,932,361	43,567	127,825	542,845	3,638,026	9,675,298	155,904,801
Gain (loss), sales of other assets:							
Number of returns.....	11,897	1,371	2,150	1,841	3,771	1,592	1,172
Amount.....	1,458,892	7,679	2,751	104,819	79,886	97,161	1,166,597
Gross amount from sales:							
Number of returns.....	10,429	1,143	2,013	1,709	3,168	1,360	1,036
Amount.....	5,168,997	16,313	72,585	193,855	225,780	583,675	4,076,789
Cost or other basis and sales expense:							
Number of returns.....	8,349	1,028	1,395	1,118	2,666	1,196	946
Amount.....	3,710,105	8,634	69,834	89,036	145,894	486,513	2,910,193

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1991

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
<b>Net income (loss), fundraising:</b>							
Number of returns.....	28,148	10,764	9,056	3,059	4,429	606	234
Amount.....	1,442,424	278,708	236,413	153,586	519,231	153,247	101,239
<b>Gross revenue:</b>							
Number of returns.....	28,543	10,764	9,307	3,059	4,500	654	258
Amount.....	3,040,483	825,449	534,412	280,680	862,045	317,274	220,622
<b>Direct expenses:</b>							
Number of returns.....	24,191	9,370	7,455	2,731	3,813	582	241
Amount.....	1,598,061	546,741	298,002	127,094	342,814	164,027	119,383
<b>Gross profit (loss), sales of inventory:</b>							
Number of returns.....	15,840	3,657	5,352	1,906	3,892	659	374
Amount.....	2,884,751	102,820	136,669	140,737	602,412	548,005	1,354,108
<b>Gross sales minus returns and allowances:</b>							
Number of returns.....	15,894	3,657	5,466	1,841	3,898	657	375
Amount.....	6,538,512	197,414	411,664	333,105	1,528,257	1,361,377	2,706,694
<b>Cost of goods sold:</b>							
Number of returns.....	14,344	3,314	4,826	1,841	3,389	617	358
Amount.....	3,653,763	94,594	274,994	192,370	925,846	813,373	1,352,587
<b>Other revenue:</b>							
Number of returns.....	45,085	9,027	13,106	5,863	12,022	3,293	1,774
Amount.....	14,442,842	69,117	174,361	88,276	1,285,447	1,506,625	11,319,016
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>118,270</b>	<b>35,362</b>	<b>34,715</b>	<b>14,401</b>	<b>26,155</b>	<b>5,242</b>	<b>2,394</b>
<b>Amount.....</b>	<b>457,403,966</b>	<b>6,452,979</b>	<b>12,452,119</b>	<b>10,156,771</b>	<b>61,402,902</b>	<b>74,423,153</b>	<b>292,516,042</b>
<b>Program services:</b>							
Number of returns.....	114,134	33,990	33,686	13,678	25,341	5,097	2,342
Amount.....	394,805,045	5,276,157	10,320,466	8,464,034	51,425,917	61,978,381	257,340,090
<b>Management and general:</b>							
Number of returns.....	98,524	27,249	29,180	12,143	23,000	4,757	2,195
Amount.....	57,538,750	1,032,438	1,914,351	1,505,910	8,896,952	11,158,840	33,030,260
<b>Fundraising:</b>							
Number of returns.....	34,354	8,479	9,103	5,222	8,602	2,014	934
Amount.....	3,992,880	129,889	187,489	177,041	970,829	967,582	1,560,051
<b>Payments to affiliates:</b>							
Number of returns.....	4,475	686	1,692	526	1,258	202	111
Amount.....	1,067,280	14,488	29,810	9,785	109,204	318,351	585,641
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>118,116</b>	<b>35,019</b>	<b>34,853</b>	<b>14,335</b>	<b>26,290</b>	<b>5,232</b>	<b>2,387</b>
<b>Amount.....</b>	<b>32,290,708</b>	<b>101,070</b>	<b>650,636</b>	<b>864,926</b>	<b>3,715,733</b>	<b>4,913,320</b>	<b>22,045,022</b>

<sup>1</sup> Includes returns with zero assets or assets not reported. Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

<sup>2</sup> Includes organizations with end-of-year total assets less than \$250,000 and gross receipts less than \$100,000 not filing a Form 990EZ.

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.



# Charities and Other Tax-Exempt Organizations, 1991

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) *	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>118,805</b>	<b>15,189</b>	<b>13,952</b>	<b>17,307</b>	<b>12,221</b>	<b>6,326</b>	<b>9,079</b>
<b>Total assets.....</b>	<b>776,119,819</b>	<b>37,127,320</b>	<b>14,907,486</b>	<b>21,000,472</b>	<b>9,873,477</b>	<b>32,859,740</b>	<b>37,349,333</b>
Cash:							
Number of returns.....	92,383	11,855	11,481	13,640	10,289	5,485	4,880
Amount.....	14,114,448	1,193,144	889,676	859,523	373,670	223,235	912,331
Savings and temporary cash investments:							
Number of returns.....	82,233	10,903	10,165	14,268	8,772	4,183	6,450
Amount.....	60,969,958	5,032,139	3,643,860	5,522,247	870,791	775,579	9,124,449
Accounts receivable (net):							
Number of returns.....	56,816	3,399	4,002	6,873	5,431	1,190	4,433
Amount.....	57,050,453	2,153,679	508,569	1,917,208	655,942	53,515	3,412,519
Pledges receivable (net):							
Number of returns.....	7,744	69	66	152	122	73	44
Amount.....	6,548,252	85,434	13,858	128,587	4,701	2,680	14,472
Grants receivable:							
Number of returns.....	12,845	245	30	188	8	18	113
Amount.....	4,248,611	80,402	2,928	46,147	418	1,799	49,198
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	3,053	163	135	381	107	48	51
Amount.....	612,305	58,574	5,887	5,997	1,922	193	13,926
Other notes and loans receivable:							
Number of returns.....	14,814	638	956	1,350	491	352	232
Amount.....	20,070,675	7,103,327	300,473	375,481	96,673	808,174	83,958
Inventories for sale or use:							
Number of returns.....	24,211	2,561	888	1,922	5,679	3,704	54
Amount.....	5,309,472	112,604	17,246	130,232	120,074	33,272	10,801
Prepaid expenses and deferred charges:							
Number of returns.....	51,962	3,310	2,640	6,118	4,712	1,089	2,214
Amount.....	7,007,829	211,009	97,499	309,405	110,046	12,829	127,798
Investments in securities:							
Number of returns.....	25,580	1,449	2,131	2,414	837	1,765	2,415
Amount.....	252,923,503	8,463,010	5,551,460	7,258,636	262,550	16,528,888	18,796,994
Investments in land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	19,021	2,748	2,142	2,493	2,084	810	181
Amount.....	18,859,511	1,857,860	359,489	348,563	914,243	505,690	50,595
Other investments:							
Number of returns.....	10,148	578	1,073	1,431	295	340	538
Amount.....	66,396,023	2,672,536	852,886	813,603	69,857	4,410,910	2,181,184
Land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	71,802	6,210	8,187	8,264	7,235	4,158	1,303
Amount.....	216,324,719	4,443,284	2,289,929	2,371,783	6,169,551	1,337,268	727,732
Other assets:							
Number of returns.....	41,300	3,364	3,564	4,255	3,014	2,166	2,356
Amount.....	45,684,058	3,660,314	373,729	913,060	223,038	8,165,700	1,843,377
<b>Total liabilities.....</b>	<b>365,378,715</b>	<b>26,352,014</b>	<b>2,562,537</b>	<b>12,524,122</b>	<b>3,098,461</b>	<b>27,573,535</b>	<b>13,272,132</b>
Accounts payable:							
Number of returns.....	82,383	5,847	6,803	10,032	6,874	4,032	5,018
Amount.....	63,826,331	5,121,353	930,059	1,693,957	593,314	241,871	5,329,254
Grants payable:							
Number of returns.....	4,701	408	24	106	98	53	41
Amount.....	3,421,531	92,813	4,134	36,787	24,387	26,829	46,442
Support and revenue designated for future periods:							
Number of returns.....	21,282	822	455	2,810	956	624	292
Amount.....	11,920,773	495,393	106,327	917,389	111,703	39,309	229,801
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	4,656	101	29	124	81	--	--
Amount.....	520,877	13,162	3,965	2,147	18,862	--	--
Mortgages and other notes payable:							
Number of returns.....	42,702	3,801	2,115	2,801	4,648	2,207	162
Amount.....	148,947,271	10,992,585	747,470	1,356,539	1,812,642	210,382	204,773
Other liabilities:							
Number of returns.....	36,881	2,989	3,287	5,435	3,732	2,354	2,818
Amount.....	136,741,934	9,636,706	770,582	8,517,302	537,556	27,055,144	7,461,861

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1991

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>118,195</b>	<b>14,912</b>	<b>13,885</b>	<b>17,268</b>	<b>12,158</b>	<b>6,325</b>	<b>8,308</b>
<b>Amount.....</b>	<b>410,741,110</b>	<b>10,775,312</b>	<b>12,344,954</b>	<b>8,476,355</b>	<b>6,775,015</b>	<b>5,286,203</b>	<b>24,077,201</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>118,804</b>	<b>15,189</b>	<b>13,952</b>	<b>17,307</b>	<b>12,221</b>	<b>6,326</b>	<b>9,079</b>
<b>Amount.....</b>	<b>489,694,667</b>	<b>21,073,413</b>	<b>12,309,877</b>	<b>19,401,429</b>	<b>6,220,963</b>	<b>8,011,117</b>	<b>56,142,160</b>
Total contributions received:							
Number of returns.....	99,860	7,583	1,797	3,751	2,159	3,578	357
Amount.....	86,776,075	2,690,288	348,925	1,081,699	39,296	88,077	2,530,304
Contributions received from direct public support:							
Number of returns.....	90,207	6,621	1,478	2,622	1,952	3,414	257
Amount.....	40,282,952	1,872,865	132,610	423,085	25,429	58,614	2,301,264
Contributions received from indirect public support:							
Number of returns.....	26,099	1,246	161	646	418	305	15
Amount.....	7,717,705	169,737	66,343	97,370	13,160	28,598	112,647
Government grants:							
Number of returns.....	39,424	2,385	446	1,075	8	3	93
Amount.....	38,775,424	647,693	149,973	561,243	708	864	116,393
Program service revenue:							
Number of returns.....	72,270	6,079	3,977	11,181	7,111	2,835	7,647
Amount.....	344,080,530	13,129,189	2,931,723	8,059,653	1,127,379	6,893,759	47,726,945
Membership dues and assessments:							
Number of returns.....	25,911	8,831	12,624	15,819	10,713	5,959	1,000
Amount.....	5,051,385	2,088,500	7,517,393	8,052,943	3,628,559	513,677	2,492,664
Interest on savings and temporary cash investments:							
Number of returns.....	94,771	12,733	12,890	15,943	10,599	5,339	7,340
Amount.....	6,162,497	474,401	430,348	504,119	64,009	64,676	785,922
Dividends and interest from securities:							
Number of returns.....	23,024	1,529	1,610	1,869	723	982	2,059
Amount.....	13,997,664	648,039	255,933	329,067	15,952	175,161	1,106,852
Net rental income (loss):							
Number of returns.....	17,757	2,687	3,074	1,887	2,711	1,694	108
Amount.....	1,061,884	205,898	30,435	20,143	37,124	23,482	1,231
Gross rents:							
Number of returns.....	17,877	2,689	3,132	1,960	2,777	1,694	111
Amount.....	2,522,776	341,953	118,106	94,601	87,273	55,485	18,568
Rental expenses:							
Number of returns.....	6,881	1,302	1,291	978	1,434	670	66
Amount.....	1,460,893	136,055	87,671	74,458	50,149	32,002	17,337
Other investment income:							
Number of returns.....	4,628	405	423	507	264	93	699
Amount.....	3,197,371	183,974	25,791	26,583	5,334	5,304	118,985
Total gain (loss) from sales of assets:							
Number of returns.....	22,153	1,061	1,430	1,701	998	581	1,606
Amount.....	10,597,235	137,500	69,181	104,328	12,526	-93,891	408,836
Gain (loss), sales of securities:							
Number of returns.....	12,518	348	488	529	227	333	1,528
Amount.....	9,138,342	124,931	55,947	92,325	2,450	18,956	404,247
Gross amount from sales:							
Number of returns.....	12,389	351	570	529	228	331	1,695
Amount.....	179,070,702	11,810,829	3,785,250	3,884,188	51,420	347,040	41,771,722
Cost or other basis and sales expense:							
Number of returns.....	10,900	325	527	506	199	299	1,657
Amount.....	169,932,361	11,685,898	3,729,303	3,791,863	48,970	328,084	41,367,475
Gain (loss), sales of other assets:							
Number of returns.....	11,897	778	1,033	1,265	789	265	141
Amount.....	1,458,892	12,569	13,233	12,003	10,076	-112,847	4,589
Gross amount from sales:							
Number of returns.....	10,429	751	1,043	1,106	766	270	143
Amount.....	5,168,997	205,175	47,333	85,578	23,524	24,843	642,380
Cost or other basis and sales expense:							
Number of returns.....	8,349	415	657	957	463	149	103
Amount.....	3,710,105	192,606	34,098	73,575	13,448	137,690	637,791

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1991

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total Revenue (continued):</b>							
Net income (loss), fundraising:							
Number of returns.....	28,148	5,690	739	2,565	1,379	2,171	72
Amount.....	1,442,424	161,141	23,157	89,672	25,862	118,020	2,712
Gross revenue:							
Number of returns.....	28,543	5,695	805	2,569	1,380	2,171	72
Amount.....	3,040,483	800,377	95,529	262,666	76,021	311,263	7,056
Direct expenses:							
Number of returns.....	24,191	5,383	669	2,345	1,234	1,785	72
Amount.....	1,598,061	639,230	72,372	172,994	50,159	193,244	4,344
Gross profit (loss), sales of inventories:							
Number of returns.....	15,840	2,948	1,140	1,571	5,704	2,415	32
Amount.....	2,884,751	229,091	27,602	92,799	1,084,528	150,938	4,617
Gross sales minus returns and allowances:							
Number of returns.....	15,894	2,948	1,204	1,584	5,695	2,402	33
Amount.....	6,538,512	754,103	53,817	259,805	2,297,382	379,179	70,549
Cost of goods sold:							
Number of returns.....	14,344	2,745	1,021	1,304	5,574	2,349	32
Amount.....	3,653,763	525,013	26,216	167,006	1,212,853	228,241	65,932
Other revenue:							
Number of returns.....	45,085	5,086	6,893	8,155	4,416	2,072	1,686
Amount.....	14,442,842	1,125,383	649,384	1,040,423	180,392	71,909	963,092
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>118,270</b>	<b>14,717</b>	<b>13,869</b>	<b>17,294</b>	<b>12,170</b>	<b>6,298</b>	<b>9,045</b>
<b>Amount.....</b>	<b>457,403,966</b>	<b>19,772,362</b>	<b>12,068,121</b>	<b>18,429,089</b>	<b>5,990,537</b>	<b>7,856,961</b>	<b>54,811,142</b>
Program services:							
Number of returns.....	114,134	13,525	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	394,805,045	16,958,996	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Management and general:							
Number of returns.....	98,524	10,986	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	57,538,750	2,597,697	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Fundraising:							
Number of returns.....	34,354	1,989	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	3,992,880	167,627	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Payments to affiliates:							
Number of returns.....	4,475	1,896	7,776	1,138	540	2,124	58
Amount.....	1,067,280	48,042	1,317,610	287,873	12,577	31,722	4,847
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>118,116</b>	<b>14,959</b>	<b>13,885</b>	<b>17,296</b>	<b>12,147</b>	<b>6,326</b>	<b>8,304</b>
<b>Amount.....</b>	<b>32,290,708</b>	<b>1,301,051</b>	<b>241,756</b>	<b>972,337</b>	<b>230,425</b>	<b>154,155</b>	<b>1,331,018</b>

<sup>1</sup>Excludes private foundations and most religious organizations.

<sup>2</sup> Not required to be reported.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1991

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>118,805</b>	<b>15,189</b>	<b>13,952</b>	<b>17,307</b>	<b>12,221</b>	<b>6,326</b>	<b>9,079</b>
<b>Total functional expenditures:</b>							
<b>Number of returns.....</b>	<b>118,089</b>	<b>14,717</b>	<b>13,869</b>	<b>17,294</b>	<b>12,170</b>	<b>6,285</b>	<b>9,045</b>
<b>Amount.....</b>	<b>456,271,971</b>	<b>19,724,313</b>	<b>10,750,512</b>	<b>18,141,218</b>	<b>5,977,960</b>	<b>7,825,238</b>	<b>54,806,295</b>
Grants and allocations:							
Number of returns.....	31,109	4,224	3,495	3,947	1,054	3,063	268
Amount.....	21,935,961	1,519,011	109,398	447,653	6,556	128,423	812,038
Specific assistance to individuals:							
Number of returns.....	10,654	1,079	701	370	184	759	210
Amount.....	25,881,285	733,178	41,978	23,710	697	16,810	498,128
Benefits paid to or for members:							
Number of returns.....	3,741	1,343	4,901	696	777	967	7,640
Amount.....	2,368,086	6,322,444	1,755,777	819,832	28,174	5,236,709	45,936,117
Compensation of officers or directors:							
Number of returns.....	36,003	2,910	10,320	6,994	1,227	3,461	1,788
Amount.....	4,032,738	141,553	925,511	617,441	35,545	62,806	168,284
Other salaries and wages:							
Number of returns.....	85,894	6,140	10,703	10,966	7,505	4,028	1,401
Amount.....	157,114,683	1,926,382	2,357,664	3,034,038	1,930,154	513,883	570,704
Pension plan contributions:							
Number of returns.....	23,348	965	4,977	4,201	652	153	731
Amount.....	4,498,950	86,117	275,141	189,564	19,051	58,088	98,030
Other employee benefits:							
Number of returns.....	57,967	2,386	5,680	7,322	2,954	619	1,256
Amount.....	18,726,922	281,801	362,326	464,929	145,455	142,342	865,863
Payroll taxes:							
Number of returns.....	76,485	5,271	11,328	10,510	7,000	4,080	1,839
Amount.....	10,740,449	143,423	338,597	265,720	259,175	73,748	67,567
Accounting fees:							
Number of returns.....	78,021	8,224	9,011	13,482	7,156	3,311	4,627
Amount.....	967,535	41,168	63,381	70,116	34,784	17,708	68,711
Legal fees:							
Number of returns.....	33,393	3,016	6,184	7,582	1,944	928	3,266
Amount.....	1,119,438	64,538	240,517	339,274	13,783	13,506	74,903
Supplies:							
Number of returns.....	95,358	11,156	9,586	13,347	8,979	5,292	2,118
Amount.....	36,427,672	206,982	119,060	185,650	225,744	41,974	54,815
Telephone:							
Number of returns.....	85,122	8,160	9,255	13,950	8,538	3,921	1,573
Amount.....	2,182,843	74,354	97,078	150,084	49,603	26,606	16,488
Postage and shipping:							
Number of returns.....	72,730	7,728	6,927	13,849	6,353	3,887	2,057
Amount.....	1,982,540	205,352	87,519	278,397	30,605	20,866	38,499
Occupancy:							
Number of returns.....	83,778	8,956	9,327	11,456	9,410	4,791	1,470
Amount.....	11,865,763	406,326	291,801	562,749	639,855	152,160	64,627
Equipment rental and maintenance:							
Number of returns.....	63,952	6,173	5,030	7,940	6,380	2,603	780
Amount.....	5,866,504	124,518	66,966	166,611	196,070	34,880	23,643
Printing and publications:							
Number of returns.....	73,903	6,817	5,815	14,137	6,131	4,352	2,178
Amount.....	4,553,627	273,495	171,981	676,774	65,447	46,537	33,080
Travel:							
Number of returns.....	69,221	3,856	6,177	10,713	1,890	1,067	741
Amount.....	3,273,794	103,927	265,928	421,804	17,937	25,185	19,488
Conferences, conventions, and meetings:							
Number of returns.....	53,320	6,704	9,198	14,533	3,019	4,279	2,133
Amount.....	1,352,005	107,567	225,972	969,269	53,094	42,616	15,313
Interest:							
Number of returns.....	45,047	3,833	2,566	3,691	4,651	2,035	319
Amount.....	9,549,966	1,008,977	43,166	99,209	136,325	21,677	21,386
Depreciation and depletion:							
Number of returns.....	74,464	5,773	6,816	9,456	6,897	2,415	1,441
Amount.....	17,057,126	294,596	152,471	294,912	442,839	68,058	75,108
Other expenses:							
Number of returns.....	114,640	14,133	13,774	16,934	12,054	6,172	7,819
Amount.....	114,600,858	5,648,069	2,743,621	8,057,856	1,645,884	1,079,363	5,282,302

<sup>1</sup> Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1991

**Table 4.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9)  
Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	<b>30,739</b>	<b>7,624</b>	<b>6,352</b>	<b>5,576</b>	<b>3,891</b>	<b>1,786</b>	<b>786</b>
<b>Total assets</b> .....	<b>1,351,782</b>	<b>333,297</b>	<b>316,690</b>	<b>207,347</b>	<b>233,691</b>	<b>115,155</b>	<b>25,158</b>
Cash, savings, and investments:							
Number of returns.....	30,053	7,558	6,286	5,510	3,760	1,786	720
Amount.....	898,591	229,747	255,107	192,640	93,490	73,534	20,312
Land and buildings:							
Number of returns.....	5,485	1,459	1,524	290	1,767	561	--
Amount.....	286,927	79,591	48,759	8,682	117,641	43,306	--
Other assets:							
Number of returns.....	13,027	1,637	2,301	1,562	1,393	664	65
Amount.....	166,263	23,959	12,826	6,024	22,560	-1,685	4,846
<b>Total liabilities:</b>							
<b>Number of returns</b> .....	<b>11,427</b>	<b>1,571</b>	<b>1,730</b>	<b>973</b>	<b>1,431</b>	<b>496</b>	<b>65</b>
<b>Amount</b> .....	<b>226,905</b>	<b>29,996</b>	<b>30,129</b>	<b>10,002</b>	<b>30,833</b>	<b>5,978</b>	<b>86</b>
<b>Total fund balance or net worth:</b>							
Number of returns.....	30,739	7,624	6,352	5,576	3,891	1,786	786
Amount.....	1,124,875	303,301	286,562	197,346	202,855	109,177	25,072
<b>Total revenue:</b>							
<b>Number of returns</b> .....	<b>30,739</b>	<b>7,558</b>	<b>6,352</b>	<b>5,576</b>	<b>3,891</b>	<b>1,786</b>	<b>786</b>
<b>Amount</b> .....	<b>1,410,994</b>	<b>279,558</b>	<b>321,559</b>	<b>262,245</b>	<b>180,083</b>	<b>69,183</b>	<b>49,039</b>
Contributions, gifts, and grants:							
Number of returns.....	25,939	3,957	935	1,862	898	1,085	131
Amount.....	685,538	41,146	5,901	30,918	7,897	10,322	10,112
Program service revenue:							
Number of returns.....	14,512	1,936	1,319	3,293	1,234	355	458
Amount.....	365,648	48,379	23,000	78,974	34,243	12,384	26,298
Dues and assessments:							
Number of returns.....	11,541	5,894	5,978	5,117	3,638	1,562	262
Amount.....	137,110	98,867	255,409	121,560	101,603	24,653	9,629
Investment income:							
Number of returns.....	23,654	6,089	5,351	4,593	3,021	1,309	786
Amount.....	44,250	11,865	12,081	9,267	6,807	4,161	982
Gain (loss) from sales of assets:							
Number of returns.....	1,143	318	252	65	159	122	--
Amount.....	933	1,758	-90	51	1,328	767	--
Gross amount from sales of assets:							
Number of returns.....	1,257	290	187	65	159	122	--
Amount.....	5,376	2,614	1,309	51	3,278	1,482	--
Cost or other basis and sales expense:							
Number of returns.....	571	224	187	--	131	56	--
Amount.....	4,443	856	1,399	--	1,950	716	--
Net income (loss), fundraising:							
Number of returns.....	10,970	4,640	617	1,703	1,094	767	65
Amount.....	82,531	51,770	5,659	11,659	4,678	9,778	758
Gross revenue:							
Number of returns.....	11,084	4,771	617	1,703	1,094	767	65
Amount.....	197,882	132,240	14,049	33,099	25,054	26,594	2,386
Direct expenses:							
Number of returns.....	9,484	4,378	486	1,637	1,066	711	65
Amount.....	115,350	80,469	8,390	21,439	20,376	16,816	1,628
Gross profit (loss), sales of inventories:							
Number of returns.....	5,828	1,394	589	786	1,272	318	65
Amount.....	52,404	12,850	3,341	1,495	14,430	2,308	65
Gross sales minus returns and allowances:							
Number of returns.....	6,056	1,394	655	786	1,272	318	65
Amount.....	116,451	33,413	7,202	2,362	32,518	7,043	118
Cost of goods sold:							
Number of returns.....	5,485	1,366	589	524	1,206	318	65
Amount.....	64,046	20,562	3,861	867	18,088	4,735	53
Other revenue:							
Number of returns.....	8,113	2,797	3,237	2,320	1,515	374	262
Amount.....	42,574	12,920	16,257	8,320	9,100	4,811	1,195

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1991

**Table 4.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9)  
Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total expenses:</b>							
Number of returns.....	30,739	7,427	6,352	5,576	3,825	1,786	786
Amount.....	1,334,897	256,984	307,779	251,765	172,326	69,536	43,774
Grants paid:							
Number of returns.....	10,170	4,369	2,704	2,217	776	1,347	65
Amount.....	127,572	53,833	37,687	11,200	7,765	15,691	508
Benefits paid to or for members:							
Number of returns.....	1,828	1,141	2,180	552	963	776	589
Amount.....	8,803	18,906	24,743	12,249	8,239	13,132	30,622
Salaries and compensation:							
Number of returns.....	13,027	1,646	5,257	2,011	1,618	626	262
Amount.....	322,110	24,787	73,507	26,205	25,355	3,032	3,637
Professional fees:							
Number of returns.....	18,397	2,638	3,892	3,817	1,664	729	393
Amount.....	135,621	10,998	15,675	29,637	6,353	833	1,558
Occupancy, rent, and utilities:							
Number of returns.....	19,312	3,049	3,751	2,638	3,142	1,038	131
Amount.....	146,538	24,144	116,311	11,182	52,729	11,306	1,242
Printing, publications, and postage:							
Number of returns.....	25,596	5,790	4,874	4,500	2,693	1,403	327
Amount.....	105,771	10,867	15,610	32,648	5,820	3,111	704
Other expenses:							
Number of returns.....	29,025	6,941	5,893	5,314	3,376	1,627	589
Amount.....	488,480	113,442	24,245	128,635	66,066	22,430	5,503
Excess (deficit) of revenue over expenses:							
Number of returns.....	30,396	7,558	6,352	5,576	3,891	1,786	786
Amount.....	76,116	22,574	13,781	10,480	7,757	-352	5,264

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1992

## Data Release

The Internal Revenue Code classifies tax-exempt, nonprofit organizations into 31 groups, some of which are eligible to receive tax-deductible donations under Code section 170. Those organizations that are exempt under section 501(c)(3) receive the largest part of the tax-deductible donations. This data release discusses them and also the organizations that are exempt under sections 501(c)(4) through (9). The statistics are based on data from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990EZ, *Short Form Return of Organization Exempt from Income Tax* [1].

### Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

Organizations that are exempt under Code section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational, or they foster national or international amateur sports competition, or they prevent cruelty to children or animals, or they test for public safety. Their activities are restricted in that they must further one or more of these exempt purposes. Examples of these "charitable" organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing authorities, historical societies, and environmental preservation groups. Each must serve the public good (as opposed to private interests) to qualify for tax-exempt status. Under the Code, exempt organizations may not distribute net earnings to a private shareholder or individual. In addition, they are restricted in activities that can influence legislation, and cannot participate in any political campaign in behalf of, or in opposition to, any candidate for public office.

Of the 466,961 nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 157,941 returns filed for 1992 [2]. Those not required to file included religious organizations and organizations with annual gross receipts of less than \$25,000. The number of returns filed showed a 6-percent increase from 1991 (Figure A). The number of Form 990EZ returns increased to 22 percent of total returns filed. This shortened return form is for organizations with gross receipts of less than \$100,000 and assets of less than \$250,000. (Where possible, Form 990 data and Form 990EZ

*This data release was written by Cecelia Hilgert, an economist with the Special Studies Special Projects Section, under the direction of Michael Alexander, Chief.*

Figure A

### Selected Items for Nonprofit Charitable Organizations, Reporting Years 1991 and 1992

[Money amounts are in millions of dollars]

Item	1991	1992
	(1)	(2)
Number of returns.....	149,544	157,941
Forms 990.....	118,805	122,563
Forms 990EZ.....	30,739	35,378
Total assets.....	777,472	849,324
Total liabilities.....	365,605	398,177
Total fund balance or net worth.....	411,866	451,148
Total revenue.....	491,106	523,793
Program service revenue.....	344,446	374,804
Contributions, gifts, and grants.....	87,462	94,992
Membership dues and assessments.....	5,188	5,659
Other.....	54,009	48,337
Total expenses.....	458,739	490,245
Excess of revenue over expenses.....	32,367	33,548

NOTES: Data are from both Forms 990 and 990EZ for nonprofit charitable organizations that are tax-exempt under IRC section 501(c)(3) and exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

Total revenue of organizations exempt under Code section 501(c)(3), excluding private foundations, was \$523.8 billion for 1992, an increase of 7 percent from 1991. Program service revenue—the fees collected by organizations for the programs operated in support of their tax-exempt purposes—was the major source. It totaled \$374.8 billion for 1992, which represented 72 percent of total revenue. For 1992, revenues exceeded expenses by \$33.5 billion, an increase of 4 percent. Total assets grew to \$849.3 billion, an increase of 9 percent from 1991. Investments in securities were the major asset holding, \$285.0 billion, which accounted for one-third of the total. (See Table 1 for selected balance sheet and income statement items for Form 990 filers, including expense totals for three functions: program services, management and general, and fundraising. Table 2 provides detailed expenditures by object classification for Form 990 filers. Tables 3 and 4 show selected items for Form 990 and Form 990EZ filers, respectively.)

Figure B presents information on the types of nonprofit charitable organizations that filed Forms 990 or 990EZ for 1992. The information was based on responses to a question on the return forms identifying the reason why the organization was not classified as a private foundation. In contrast to a nonprofit charitable organization, a private foundation is narrowly supported and controlled, usually

# Charities and Other Tax-Exempt Organizations, 1992

Figure B

## Selected Items, by Type of Nonprofit Charitable Organization, Reporting Year 1992

[Money amounts are in millions of dollars]

Type of organization	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Program service revenue	Contributions, gifts, and grants	Total expenses	Excess of revenue over expenses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>849,324</b>	<b>398,177</b>	<b>451,148</b>	<b>523,793</b>	<b>374,804</b>	<b>94,992</b>	<b>490,245</b>	<b>33,548</b>
Educational institution or school.....	175,569	41,343	134,226	84,648	53,719	19,415	76,354	8,294
Governmental unit.....	3,023	2,351	672	1,760	650	937	1,773	-13
Hospital.....	250,739	130,785	119,954	242,819	228,048	5,559	232,723	10,096
Hospital research organization.....	11,263	1,396	9,867	3,090	1,445	760	2,519	570
Organization supporting a public college.....	11,794	1,804	9,990	5,348	1,670	2,629	4,316	1,032
Organization supporting other charitable organizations.....	198,776	133,442	65,335	36,765	17,038	4,968	32,073	4,692
Organization testing for public safety..	378	59	319	282	259	( <sup>2</sup> )	268	14
Publicly-supported organization.....	191,723	83,760	107,963	144,746	69,400	59,247	136,067	8,679
Religious-affiliated organization <sup>1</sup> .....	5,685	3,033	2,652	3,783	2,122	1,446	3,619	163
Type not reported.....	374	204	170	553	453	31	532	21

<sup>1</sup> Churches and other religious-affiliated organizations are not required to file a Form 990 or Form 990EZ. Most of the organizations filed voluntarily or misreported their type of organization. The estimate is, therefore, not inclusive of the majority of religious organizations.

<sup>2</sup> Less than \$500,000.

NOTES: Data are from both Forms 990 and 990EZ for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations (see footnote 1). Detail may not add to totals because of rounding and processing tolerances.

by an individual, family, or corporation, as compared to a nonprofit charitable organization which receives broad support from a large number of sources within the general public. It is this narrow base of support and control which differentiates a private foundation from a nonprofit charitable organization. Because of their centralized support and control, private foundations are more strictly regulated than the other section 501(c)(3) organizations. Their contributors are subject to limitations on individual income tax deductions, and nonoperating foundations have requirements on mandatory distributions and an excise tax on net investment income [3].

As shown in Figure B, hospitals were the leading category of nonprofit charitable organization in terms of assets and revenue, representing 30 percent of the total amount of assets and 46 percent of the revenue total. Publicly-supported organizations were the second leading category in terms of revenue with 28 percent of the total. Examples of publicly-supported organizations are the American Red Cross or United Way and their affiliated agencies, voluntary health agencies, community foundations, cultural organizations, and a wide variety of commu-

nity-service organizations. Program service revenue was the leading revenue source for both hospitals and publicly-supported organizations.

### Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4) Through (9)

Organizations that are tax-exempt under Code sections 501(c)(4) through (9) are quite diverse in their program activities, as well as in their organizational structures. Unlike the nonprofit charitable organizations that are tax-exempt under section 501(c)(3), most of them are not eligible to receive tax-deductible contributions.

Figure C presents selected data for these organizations for 1991 and 1992. Three types of organizations exempt under these Code sections—civic leagues and social welfare organizations, section 501(c)(4); labor, agricultural, and horticultural organizations, section 501(c)(5); and business leagues, chambers of commerce, and real estate boards, section 501(c)(6)—each filed over 21,000 Forms 990 and 990EZ for 1992. In general, the relative use of the



# Charities and Other Tax-Exempt Organizations, 1992

Figure C

## Selected Items for Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Years 1991 and 1992

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns		Total assets		Total liabilities		Total revenue		Total expenses		Excess of revenue over expenses	
	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991	1992
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
501(c)(4).....	22,813	22,802	37,461	38,683	26,382	27,412	21,353	21,498	20,029	20,595	1,323	903
501(c)(5).....	20,304	21,431	15,224	18,841	2,593	3,442	12,631	13,681	12,376	12,758	256	923
501(c)(6).....	22,883	24,443	21,208	21,464	12,534	11,179	19,664	18,504	18,681	17,344	983	1,160
501(c)(7).....	16,112	15,215	10,107	10,627	3,129	3,190	6,401	6,471	6,163	6,232	238	239
501(c)(8).....	8,112	7,719	32,975	36,890	27,580	31,501	8,080	9,067	7,926	8,802	154	265
501(c)(9).....	9,865	9,951	37,374	41,754	13,272	14,064	56,191	65,514	54,855	63,080	1,336	2,434

NOTES: Data are from both Forms 990 and 990EZ.

Form 990EZ was greater by organizations in these Code sections than that of the nonprofit charitable organizations exempt under Code section 501(c)(3). For example, the Form 990EZ represented 36 percent of the returns filed by civic leagues and social welfare organizations; 34 percent of the returns filed by labor, agricultural, and horticultural organizations; and 29 percent of the returns filed by business leagues, chambers of commerce, and real estate boards, as compared to 22 percent of the returns filed by the nonprofit organizations exempt under 501(c)(3). Tables 2 and 3 show data for Form 990 filers, while Table 4 presents information on Form 990EZ filers.

Voluntary employees' beneficiary associations, Code section 501(c)(9), led the other five types of organizations in terms of assets (\$41.8 billion). Civic leagues and social welfare organizations, Code section 501(c)(4), were second with \$38.7 billion, followed closely by fraternal beneficiary societies and associations, Code section 501(c)(8), with \$36.9 billion. The largest of these organizations—those with assets of \$10 million or more—represented more than three-quarters of the assets of the organizations exempt under these three Code sections [4].

In terms of revenue, voluntary employees' beneficiary associations, section 501(c)(9), reported the largest amount for 1992, \$65.5 billion. The composition of revenue varied considerably for the organizations in these six Code sections. Membership dues and assessments were the major source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5); business leagues, chambers of commerce, and real estate boards, section 501(c)(6); and social and recreation clubs, section 501(c)(7). Program service revenue was the major source of revenue for the organizations exempt under the other three Code sections. While program service revenue is

generally composed of fees for services on which the tax exemption is based, including hospital and tuition charges in the case of nonprofit charitable organizations (501(c)(3)), for fraternal beneficiary associations (501(c)(8)) and voluntary beneficiary associations (501(c)(9)), the program service revenue was, instead, composed of payments received for health and welfare benefits coverage.

### Data Sources and Limitations

The statistics in this data release are based on a sample of the 1992 Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990EZ, *Short Form Return of Organization Exempt from Income Tax*. Organizations used the 1992 forms when their accounting periods ended during the time period December 31, 1992, through November 30, 1993. These returns comprise the data for Reporting Year 1992 shown in this data release. The sample did not include private foundations, which were required to file on a separate return form. Most churches and other religious organizations were also excluded from the sample because they were not required to file a Form 990 or a Form 990EZ. However, as shown in Figure B, some of these organizations filed returns voluntarily. The sample included only those returns with receipts of more than \$25,000, the filing threshold.

The sample design was split into two parts: the first part included returns of organizations exempt under section 501(c)(3), and the second part included organizations exempt under sections 501(c)(4) through (9). Returns of organizations exempt under other sections were not included in the study. The data presented were obtained from returns as originally filed with the Internal Revenue Service. They were subjected to comprehensive testing and correction procedures in order to improve statistical

## Charities and Other Tax-Exempt Organizations, 1992

reliability and validity. However, in most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the data base.

Each part of the sample was classified into sample strata based on size of total assets, with each stratum sampled at different rate. For section 501(c)(3) organizations, a sample of 11,461 returns was selected from a population of 160,629. Sampling rates ranged from 0.9 percent for small asset classes to 100 percent for organizations with assets of \$10,000,000 or more. For organizations filing under sections 501(c)(4) through (9), a sample of 9,800 returns was selected from a population of 102,777. Sampling rates ranged from 1.5 percent for the small asset classes to 100 percent for organizations with assets of \$2,500,000 or more. The populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed prior to 1992. These returns were not included in the samples, nor in the estimated population counts.

### Notes and References

[1] Data for previous years were published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992*, Volume 2. See also Hilgert, Cecelia,

“Charities and Other Tax-Exempt Organizations, 1991,” *Statistics of Income Bulletin*, Summer 1995, Volume 15, Number 1, and Riley, Margaret, “Exempt Organization Business Income Tax Returns, 1992,” *Statistics of Income Bulletin*, Spring 1996, Volume 15, Number 4.

- [2] Data presented in this data release are from 1992 Forms 990 and 990EZ. Organizations used the 1992 forms when their accounting periods ended between December 1992 and November 1993. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File, as reported in *Monthly Exempt Organizations Statistical Summary*, and does not include private foundations filing Form 990-PF, *Return of Private Foundation*. A file containing Business Master File records of exempt organizations is available on the Statistics of Income’s electronic bulletin board, which can be accessed at (202) 874-9574.
- [3] For information on private foundations, see “Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992,” in this issue.
- [4] Some data in this section are from unpublished Statistics of Income tabulations.

# Charities and Other Tax-Exempt Organizations, 1992

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>122,563</b>	<b>34,479</b>	<b>36,920</b>	<b>14,806</b>	<b>28,254</b>	<b>5,520</b>	<b>2,583</b>
<b>Total assets.....</b>	<b>847,724,959</b>	<b>1,309,527</b>	<b>9,288,294</b>	<b>10,469,507</b>	<b>86,753,572</b>	<b>120,584,261</b>	<b>619,319,798</b>
Cash:							
Number of returns.....	97,124	27,787	30,251	11,252	21,814	4,151	1,869
Amount.....	15,439,057	384,542	1,416,240	735,151	3,414,617	2,846,116	6,642,390
Savings and temporary cash investments:							
Number of returns.....	83,185	17,922	27,313	10,896	20,990	4,109	1,954
Amount.....	63,096,998	411,356	2,842,641	1,943,693	10,796,408	10,122,257	36,980,642
Accounts receivable (net):							
Number of returns.....	58,565	10,212	14,209	8,318	18,944	4,538	2,344
Amount.....	59,152,885	103,672	554,361	793,338	5,879,437	9,128,384	42,693,692
Pledges receivable (net):							
Number of returns.....	7,666	454	1,340	796	3,695	1,005	376
Amount.....	6,558,598	9,312	85,596	111,077	1,632,759	2,246,626	2,473,228
Grants receivable:							
Number of returns.....	13,812	3,402	3,463	1,832	3,993	677	446
Amount.....	4,486,662	42,052	145,586	164,258	1,307,519	937,781	1,889,466
Receivables due from officers, directors, trustees, and key employees							
Number of returns.....	2,591	680	809	72	644	206	179
Amount.....	579,111	1,574	4,304	2,704	22,652	48,827	499,050
Other notes and loans receivable:							
Number of returns.....	14,197	794	2,911	2,027	5,002	2,118	1,346
Amount.....	21,587,359	6,416	200,296	278,380	1,825,458	3,274,895	16,001,914
Inventories for sale or use:							
Number of returns.....	25,198	3,402	5,855	3,310	7,755	2,952	1,925
Amount.....	5,735,465	36,439	179,080	85,192	730,249	1,107,039	3,597,467
Prepaid expenses and deferred charges:							
Number of returns.....	55,022	7,830	14,945	7,364	18,241	4,372	2,269
Amount.....	7,930,226	21,813	110,307	83,805	855,354	1,402,684	5,456,264
Investments in securities:							
Number of returns.....	27,867	1,134	6,885	3,402	11,258	3,377	1,811
Amount.....	284,955,667	9,569	765,313	1,140,544	16,217,370	30,736,237	236,086,634
Investments in land, buildings, and equipment minus accumulated depreciation							
Number of returns.....	20,107	5,676	5,348	2,896	4,567	1,011	609
Amount.....	18,266,065	82,332	565,360	944,874	4,933,297	3,369,020	8,371,182
Other investments:							
Number of returns.....	11,195	567	1,164	1,165	5,075	1,901	1,323
Amount.....	75,341,784	4,000	14,872	191,563	3,205,354	6,630,287	65,295,708
Land, buildings, and equipment minus accumulated depreciation							
Number of returns.....	75,213	13,153	23,540	10,071	21,432	4,655	2,362
Amount.....	237,997,177	174,243	2,256,464	3,632,916	32,387,920	42,430,256	157,115,379
Other assets:							
Number of returns.....	43,386	6,124	9,994	6,394	14,911	3,861	2,102
Amount.....	46,597,881	22,196	147,854	362,018	3,545,180	6,303,851	36,216,782
<b>Total liabilities.....</b>	<b>398,019,530</b>	<b>679,708</b>	<b>2,502,043</b>	<b>3,443,702</b>	<b>35,557,532</b>	<b>49,652,124</b>	<b>306,184,421</b>
Accounts payable:							
Number of returns.....	85,047	19,510	23,251	10,801	23,878	5,096	2,511
Amount.....	68,026,324	276,505	675,265	817,131	7,159,730	10,293,138	48,804,555
Grants payable:							
Number of returns.....	4,422	794	1,283	290	1,500	398	157
Amount.....	3,410,353	12,043	50,467	25,331	669,016	1,111,341	1,542,154
Support and revenue designated for future periods:							
Number of returns.....	23,146	4,082	6,267	2,635	8,007	1,605	550
Amount.....	12,479,853	60,060	371,427	249,140	3,212,632	4,145,097	4,441,496
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	5,278	3,062	1,268	408	461	60	20
Amount.....	392,735	88,312	90,991	33,741	64,064	68,183	47,444
Mortgages and other notes payable:							
Number of returns.....	42,175	5,329	10,104	6,160	14,991	3,536	2,055
Amount.....	161,001,136	141,660	1,025,540	1,897,324	20,394,589	25,927,186	111,614,838
Other liabilities:							
Number of returns.....	37,121	4,989	8,138	5,386	13,426	3,318	1,865
Amount.....	152,709,126	101,128	288,351	421,033	4,057,500	8,107,180	139,733,934

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1992

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total fund balance or net worth:</b>							
Number of returns.....	122,063	34,138	36,806	14,806	28,235	5,502	2,575
Amount.....	449,705,417	629,807	6,786,240	7,025,805	51,196,052	70,932,137	313,135,376
<b>Total revenue:</b>							
Number of returns.....	122,563	34,479	36,920	14,806	28,254	5,520	2,583
Amount.....	522,177,774	6,165,700	14,429,478	10,947,134	71,240,870	82,042,970	337,351,621
Total contributions received:							
Number of returns.....	103,251	28,922	32,311	12,345	22,921	4,524	2,228
Amount.....	94,178,723	3,068,365	7,457,928	5,425,092	26,692,570	15,642,282	35,892,485
Contributions received from direct public support:							
Number of returns.....	93,501	25,294	29,661	11,549	20,846	4,180	1,971
Amount.....	43,986,785	1,487,009	3,352,197	2,527,253	10,903,486	9,132,184	16,584,657
Contributions received from indirect public support:							
Number of returns.....	26,403	6,690	8,378	3,444	6,123	1,059	710
Amount.....	9,110,478	345,267	836,012	415,508	2,017,786	1,818,389	3,677,516
Government grants:							
Number of returns.....	40,303	11,566	12,228	4,603	9,147	1,700	1,060
Amount.....	41,081,462	1,236,089	3,269,720	2,482,332	13,771,299	4,691,710	15,630,312
Program service revenue:							
Number of returns.....	74,994	18,264	21,098	8,958	20,000	4,383	2,292
Amount.....	374,442,779	2,271,765	5,682,789	4,372,056	38,424,776	59,028,796	264,662,596
Membership dues and assessments:							
Number of returns.....	26,750	8,731	9,914	3,185	4,132	581	207
Amount.....	5,499,117	312,802	413,669	325,966	1,253,531	947,011	2,246,138
Interest on savings and temporary cash investments:							
Number of returns.....	98,232	23,139	31,504	12,923	24,282	4,348	2,036
Amount.....	5,094,749	19,878	130,775	117,515	789,025	881,577	3,155,978
Dividends and interest from securities:							
Number of returns.....	24,993	1,822	6,169	3,338	9,115	2,912	1,637
Amount.....	14,877,803	4,861	49,912	65,592	890,058	1,646,936	12,220,445
Net rental income (loss):							
Number of returns.....	17,748	1,361	4,128	2,678	6,359	1,935	1,287
Amount.....	1,124,583	10,951	52,893	63,755	252,706	202,747	541,531
Gross rents:							
Number of returns.....	17,872	1,361	4,247	2,678	6,356	1,942	1,289
Amount.....	2,685,536	19,726	96,832	98,125	650,346	448,454	1,372,053
Rental expenses:							
Number of returns.....	7,049	340	1,510	724	2,856	910	709
Amount.....	1,560,953	8,775	43,939	34,370	397,641	245,707	830,522
Other investment income:							
Number of returns.....	4,901	340	712	586	1,855	768	640
Amount.....	3,093,007	183	8,867	4,907	125,419	182,940	2,770,691
Total gain (loss) from sales of assets:							
Number of returns.....	23,492	1,474	4,077	3,040	9,747	3,223	1,931
Amount.....	10,890,786	694	48,966	44,093	499,622	1,076,222	9,221,188
Gain (loss), sales of securities:							
Number of returns.....	14,191	567	2,325	1,448	6,475	2,200	1,177
Amount.....	9,699,578	342	23,629	14,141	447,577	1,022,724	8,191,165
Gross amount from sales:							
Number of returns.....	14,067	680	2,325	1,303	6,424	2,174	1,161
Amount.....	218,630,482	92,008	151,080	158,066	5,388,781	12,157,632	200,682,915
Cost or other basis and sales expense:							
Number of returns.....	12,247	680	1,969	1,303	5,546	1,831	918
Amount.....	208,930,904	91,666	127,451	143,925	4,941,204	11,134,908	192,491,750
Gain (loss), sales of other assets:							
Number of returns.....	11,494	907	1,753	1,665	4,236	1,664	1,269
Amount.....	1,191,208	352	25,338	29,952	52,044	53,498	1,030,024
Gross amount from sales:							
Number of returns.....	10,375	907	1,758	1,593	3,555	1,433	1,130
Amount.....	5,516,688	2,537	97,035	92,324	538,692	511,778	4,274,322
Cost or other basis and sales expense:							
Number of returns.....	8,068	567	1,170	1,086	2,980	1,254	1,011
Amount.....	4,325,479	2,185	71,697	62,372	486,647	458,280	3,244,298

# Charities and Other Tax-Exempt Organizations, 1992

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Income Statement and Balance Sheet Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
Net income (loss), fundraising:							
Number of returns.....	28,876	9,752	9,271	3,721	5,211	648	273
Amount.....	1,739,760	324,975	278,218	272,634	577,113	207,059	79,761
Gross revenue:							
Number of returns.....	29,218	9,752	9,503	3,721	5,252	691	299
Amount.....	3,671,531	988,121	597,256	509,717	975,634	399,050	201,753
Direct expenses:							
Number of returns.....	24,539	8,164	7,417	3,504	4,545	626	283
Amount.....	1,931,770	663,146	319,037	237,083	398,521	191,991	121,992
Gross profit (loss), sales of inventories:							
Number of returns.....	16,689	3,855	5,549	2,251	3,924	712	398
Amount.....	2,867,952	74,107	133,087	135,079	638,995	554,540	1,332,143
Gross sales minus returns and allowances:							
Number of returns.....	16,697	3,742	5,663	2,251	3,930	714	398
Amount.....	6,884,262	179,000	439,476	448,911	1,717,656	1,404,986	2,694,233
Cost of goods sold:							
Number of returns.....	14,841	3,402	4,967	2,034	3,397	662	380
Amount.....	4,016,309	104,892	306,389	313,832	1,078,661	850,446	1,362,090
Other revenue:							
Number of returns.....	44,982	7,485	13,604	5,628	12,911	3,418	1,937
Amount.....	8,368,506	77,115	172,368	120,440	1,097,061	1,672,858	5,228,664
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>121,718</b>	<b>34,366</b>	<b>36,456</b>	<b>14,806</b>	<b>28,004</b>	<b>5,507</b>	<b>2,579</b>
<b>Amount.....</b>	<b>488,762,585</b>	<b>6,099,245</b>	<b>13,913,510</b>	<b>10,344,831</b>	<b>67,418,916</b>	<b>77,022,418</b>	<b>313,963,665</b>
Program services:							
Number of returns.....	117,017	33,345	35,183	13,576	27,015	5,365	2,532
Amount.....	421,496,589	4,919,538	11,457,071	8,710,470	56,550,170	64,217,168	275,642,173
Management and general:							
Number of returns.....	103,403	26,768	31,112	13,069	25,022	5,036	2,396
Amount.....	61,880,400	988,018	2,227,702	1,410,026	9,750,925	11,449,673	36,054,056
Fundraising:							
Number of returns.....	34,951	7,711	9,929	5,143	9,015	2,128	1,025
Amount.....	4,317,901	178,582	207,078	213,002	972,663	1,031,135	1,715,441
Payments to affiliates:							
Number of returns.....	4,920	1,134	1,392	652	1,386	239	118
Amount.....	1,067,688	13,105	21,653	11,331	145,161	324,441	551,996
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>121,972</b>	<b>34,139</b>	<b>36,806</b>	<b>14,806</b>	<b>28,156</b>	<b>5,494</b>	<b>2,571</b>
<b>Amount.....</b>	<b>33,415,189</b>	<b>66,455</b>	<b>515,965</b>	<b>602,303</b>	<b>3,821,957</b>	<b>5,020,552</b>	<b>23,387,956</b>

<sup>1</sup>Includes returns with zero assets or assets not reported. Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

<sup>2</sup>Includes organizations with end-of-year total assets less than \$250,000 and gross receipts less than \$100,000 electing to file Forms 990 rather than Forms 990EZ.

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1992

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>122,563</b>	<b>14,587</b>	<b>14,222</b>	<b>17,474</b>	<b>11,397</b>	<b>6,250</b>	<b>9,433</b>
<b>Total functional expenditures:</b>							
<b>Number of returns.....</b>	<b>121,716</b>	<b>14,297</b>	<b>14,204</b>	<b>17,461</b>	<b>11,351</b>	<b>6,237</b>	<b>9,407</b>
<b>Amount.....</b>	<b>487,694,917</b>	<b>20,271,580</b>	<b>10,891,736</b>	<b>16,749,392</b>	<b>6,039,771</b>	<b>8,713,122</b>	<b>63,038,575</b>
Grants and allocations:							
Number of returns.....	31,497	4,071	4,064	4,026	1,092	3,170	290
Amount.....	24,677,278	1,074,219	129,959	330,779	8,492	139,500	607,739
Specific assistance to individuals:							
Number of returns.....	9,702	895	432	315	143	445	186
Amount.....	18,494,782	175,997	7,352	30,058	1,451	12,495	594,808
Benefits paid to or for members:							
Number of returns.....	2,082	1,125	4,873	581	499	1,024	7,938
Amount.....	2,643,827	6,415,161	1,274,742	853,125	20,062	6,240,215	53,397,047
Compensation of officers or directors:							
Number of returns.....	39,271	3,034	10,691	7,163	1,158	3,361	2,052
Amount.....	4,858,467	255,852	974,054	691,052	36,146	65,554	145,305
Other salaries and wages:							
Number of returns.....	87,205	6,169	11,012	10,963	7,331	3,923	1,537
Amount.....	168,215,317	1,928,132	2,146,628	3,177,540	1,986,656	536,734	405,318
Pension plan contributions:							
Number of returns.....	24,297	858	4,934	4,493	756	190	771
Amount.....	5,174,866	88,586	276,508	215,958	21,494	55,983	124,640
Other employee benefits:							
Number of returns.....	60,918	2,825	5,915	7,352	3,090	638	1,308
Amount.....	20,839,083	281,428	1,083,679	465,198	164,027	263,315	1,310,889
Payroll taxes:							
Number of returns.....	77,769	5,301	11,752	10,399	6,916	4,076	1,796
Amount.....	11,610,871	147,053	272,100	275,931	261,921	74,401	53,698
Accounting fees:							
Number of returns.....	80,620	7,921	9,489	13,437	6,838	3,892	4,630
Amount.....	955,937	41,292	66,998	76,908	33,223	18,178	80,604
Legal fees:							
Number of returns.....	34,996	3,145	6,510	7,856	1,919	823	3,236
Amount.....	1,036,063	71,373	250,943	348,298	15,110	15,444	81,190
Supplies:							
Number of returns.....	98,994	10,709	10,109	13,691	8,846	5,484	2,058
Amount.....	39,501,752	237,432	126,253	180,795	219,203	42,671	40,944
Telephone:							
Number of returns.....	86,813	7,649	9,582	13,271	7,713	4,300	1,634
Amount.....	2,278,110	81,079	104,234	156,161	46,563	26,187	15,930
Postage and shipping:							
Number of returns.....	76,052	6,917	7,831	13,797	5,858	3,976	2,156
Amount.....	1,984,164	212,118	86,844	286,458	29,513	21,555	39,134
Occupancy:							
Number of returns.....	86,494	8,837	10,047	11,498	8,722	5,068	1,615
Amount.....	12,978,122	431,022	293,569	617,066	665,501	156,040	62,745
Equipment rental and maintenance:							
Number of returns.....	66,039	5,648	4,997	8,095	5,935	2,873	842
Amount.....	6,209,360	122,692	69,178	176,008	185,912	36,076	20,362
Printing and publications:							
Number of returns.....	76,978	6,429	6,625	14,496	5,824	4,294	2,379
Amount.....	3,569,751	315,163	157,433	761,639	61,937	43,463	31,445
Travel:							
Number of returns.....	69,574	4,247	6,645	11,072	1,972	865	767
Amount.....	3,559,131	114,020	273,560	459,227	16,445	24,146	8,237
Conferences, conventions, and meetings:							
Number of returns.....	56,840	6,545	9,872	14,560	2,887	4,360	2,278
Amount.....	1,464,510	123,959	201,083	1,049,333	33,304	46,177	15,313
Interest:							
Number of returns.....	45,497	4,150	2,464	3,689	4,643	2,057	440
Amount.....	9,737,052	993,616	37,220	66,569	131,217	21,872	21,189
Depreciation and depletion:							
Number of returns.....	78,496	5,834	7,507	9,805	6,727	2,602	1,552
Amount.....	18,772,305	319,187	157,618	306,543	472,456	73,362	45,857
Other expenses:							
Number of returns.....	118,458	13,929	14,084	17,313	11,125	6,177	7,799
Amount.....	128,863,843	6,816,049	2,882,755	6,217,288	1,628,984	786,388	5,936,051

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1992

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>122,563</b>	<b>14,587</b>	<b>14,222</b>	<b>17,474</b>	<b>11,397</b>	<b>6,250</b>	<b>9,433</b>
<b>Total assets.....</b>	<b>847,724,959</b>	<b>38,335,846</b>	<b>18,517,512</b>	<b>21,200,240</b>	<b>10,404,804</b>	<b>36,797,203</b>	<b>41,736,505</b>
Cash:							
Number of returns.....	97,124	11,097	11,814	13,841	9,526	5,628	5,200
Amount.....	15,439,057	1,284,185	970,855	960,759	363,102	335,227	987,102
Savings and temporary cash investments:							
Number of returns.....	83,185	10,561	9,862	14,519	8,534	4,246	6,572
Amount.....	63,096,998	4,752,708	3,566,705	5,203,443	877,683	819,969	9,644,809
Accounts receivable (net):							
Number of returns.....	58,565	3,267	4,277	7,134	5,518	1,017	4,575
Amount.....	59,152,885	2,245,955	587,296	1,427,759	696,623	74,076	3,740,114
Pledges receivable (net):							
Number of returns.....	7,666	46	37	267	89	7	42
Amount.....	6,558,598	75,684	16,566	131,821	4,939	167	19,704
Grants receivable:							
Number of returns.....	13,812	380	18	180	12	18	54
Amount.....	4,486,662	86,787	4,342	29,495	644	1,714	30,072
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	2,591	80	169	415	116	19	133
Amount.....	579,111	69,831	3,797	5,642	1,258	69	8,242
Other notes and loans receivable:							
Number of returns.....	14,197	791	1,118	1,379	525	293	239
Amount.....	21,587,359	7,157,913	356,850	392,698	102,040	900,178	62,487
Inventories for sale or use:							
Number of returns.....	25,198	2,606	671	1,840	5,676	3,917	44
Amount.....	5,735,465	127,527	27,677	125,486	126,148	32,923	5,157
Prepaid expenses and deferred charges:							
Number of returns.....	55,022	3,184	2,621	6,687	4,468	1,210	2,397
Amount.....	7,930,226	228,639	126,199	327,474	116,420	11,864	150,371
Investments in securities:							
Number of returns.....	27,867	1,604	2,032	2,640	683	1,825	2,635
Amount.....	284,955,667	8,890,180	8,599,787	7,873,871	260,172	19,559,920	22,334,585
Investments in land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	20,107	1,950	1,782	2,478	1,794	885	234
Amount.....	18,266,065	1,665,917	672,974	326,783	1,005,346	592,201	59,050
Other investments:							
Number of returns.....	11,195	570	1,171	1,609	497	374	565
Amount.....	75,341,784	3,120,346	902,021	987,709	67,017	4,810,106	2,430,070
Land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	75,213	6,747	9,212	8,539	7,271	4,063	1,341
Amount.....	237,997,177	4,962,367	2,212,003	2,440,134	6,532,683	1,401,305	436,581
Other assets:							
Number of returns.....	43,386	3,315	3,807	4,528	2,892	1,999	2,365
Amount.....	46,597,881	3,667,805	475,431	967,167	250,723	8,257,484	1,828,164
<b>Total liabilities.....</b>	<b>398,019,530</b>	<b>27,377,172</b>	<b>3,412,170</b>	<b>11,167,657</b>	<b>3,170,452</b>	<b>31,494,959</b>	<b>14,064,012</b>
Accounts payable:							
Number of returns.....	85,047	5,784	7,120	10,446	6,822	4,125	5,239
Amount.....	68,026,324	4,908,720	1,128,384	1,786,812	592,354	303,539	5,632,269
Grants payable:							
Number of returns.....	4,422	388	34	208	50	35	26
Amount.....	3,410,353	118,655	5,141	34,373	13,946	27,220	39,615
Support and revenue designated for future periods:							
Number of returns.....	23,146	742	305	3,017	1,042	732	513
Amount.....	12,479,853	599,236	106,181	1,034,528	129,855	52,016	818,771
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	5,278	206	137	127	209	30	7
Amount.....	392,735	7,757	2,420	1,962	17,659	438	4,679
Mortgages and other notes payable:							
Number of returns.....	42,175	3,975	2,480	2,689	4,377	2,138	243
Amount.....	161,001,136	11,430,800	682,539	1,296,393	1,846,132	313,912	197,921
Other liabilities:							
Number of returns.....	37,121	2,722	3,142	5,357	3,724	1,719	2,759
Amount.....	152,709,126	10,312,003	1,487,506	7,013,587	570,507	30,797,835	7,370,757
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>122,063</b>	<b>14,318</b>	<b>14,091</b>	<b>17,308</b>	<b>11,319</b>	<b>6,222</b>	<b>8,701</b>
<b>Amount.....</b>	<b>449,705,417</b>	<b>10,958,674</b>	<b>15,105,340</b>	<b>10,032,584</b>	<b>7,234,344</b>	<b>5,302,235</b>	<b>27,672,493</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>122,563</b>	<b>14,586</b>	<b>14,222</b>	<b>17,474</b>	<b>11,397</b>	<b>6,250</b>	<b>9,433</b>
<b>Amount.....</b>	<b>522,177,774</b>	<b>21,203,549</b>	<b>13,299,051</b>	<b>18,187,368</b>	<b>6,285,570</b>	<b>9,006,249</b>	<b>65,482,500</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1992

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) *	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
Total contributions received:							
Number of returns.....	103,251	7,189	1,711	4,031	2,183	3,527	377
Amount.....	94,178,723	1,964,090	373,351	1,185,359	51,797	91,433	680,533
Contributions received from direct public support:							
Number of returns.....	93,501	6,043	1,312	2,757	2,043	3,345	283
Amount.....	43,986,785	980,498	120,154	508,133	43,558	72,419	604,578
Contributions received from indirect public support:							
Number of returns.....	26,403	1,186	151	716	261	307	13
Amount.....	9,110,478	207,796	105,906	108,848	5,660	18,317	29,814
Government grants:							
Number of returns.....	40,303	2,450	359	1,073	2	2	85
Amount.....	41,081,462	775,803	147,291	568,377	2,579	697	46,140
Program service revenue:							
Number of returns.....	74,994	6,248	4,319	11,613	6,550	2,805	7,808
Amount.....	374,442,779	14,558,889	3,690,370	6,525,517	1,107,669	7,895,655	57,407,750
Membership dues and assessments:							
Number of returns.....	26,750	8,586	12,985	15,832	10,035	5,664	1,275
Amount.....	5,499,117	1,776,601	7,802,195	8,326,933	3,713,281	359,964	2,514,038
Interest on savings and temporary cash investments:							
Number of returns.....	98,232	12,849	13,122	16,096	9,801	5,225	7,636
Amount.....	5,094,749	422,292	307,427	356,872	48,087	43,428	570,660
Dividends and interest from securities:							
Number of returns.....	24,993	1,586	1,904	1,916	740	1,134	2,140
Amount.....	14,877,803	580,232	273,424	374,885	15,716	173,093	1,174,788
Net rental income (loss):							
Number of returns.....	17,748	2,670	2,814	1,831	2,607	1,582	103
Amount.....	1,124,583	192,802	28,068	24,271	26,240	24,426	5,246
Gross rents:							
Number of returns.....	17,872	2,663	2,866	1,882	2,742	1,583	103
Amount.....	2,685,536	310,415	110,654	106,184	94,411	39,831	16,178
Rental expenses:							
Number of returns.....	7,049	1,150	1,321	919	1,365	452	67
Amount.....	1,560,953	117,613	82,586	81,914	68,171	15,405	10,932
Other investment income:							
Number of returns.....	4,901	230	475	570	238	117	659
Amount.....	3,093,007	49,255	27,342	22,692	1,804	12,263	435,209
Total gain (loss) from sales of assets:							
Number of returns.....	23,492	1,314	1,426	1,997	1,299	571	1,695
Amount.....	10,890,786	160,775	108,374	134,491	24,148	48,404	507,123
Gain (loss), sales of securities:							
Number of returns.....	14,191	438	660	779	174	430	1,559
Amount.....	9,699,578	141,155	84,569	98,009	4,133	7,732	512,871
Gross amount from sales:							
Number of returns.....	14,067	467	731	777	176	419	1,661
Amount.....	218,630,482	13,745,296	4,662,604	5,015,300	54,778	773,455	48,324,798
Cost or other basis and sales expense:							
Number of returns.....	12,247	421	640	663	136	343	1,619
Amount.....	208,930,904	13,604,142	4,578,037	4,917,292	50,645	765,723	47,811,927
Gain (loss), sales of other assets:							
Number of returns.....	11,494	923	887	1,309	1,146	178	196
Amount.....	1,191,208	19,621	23,805	36,482	20,015	40,672	-5,748
Gross amount from sales:							
Number of returns.....	10,375	923	825	1,027	1,031	250	236
Amount.....	5,516,688	342,443	53,124	130,779	92,030	57,927	409,454
Cost or other basis and sales expense:							
Number of returns.....	8,068	522	544	1,088	730	213	221
Amount.....	4,325,479	322,822	29,318	94,297	72,015	17,256	415,202
Net income (loss), fundraising:							
Number of returns.....	28,876	5,425	1,174	2,585	1,512	2,241	80
Amount.....	1,739,760	201,197	19,572	102,840	28,882	112,696	3,479
Gross revenue:							
Number of returns.....	29,218	5,431	1,174	2,588	1,513	2,241	80
Amount.....	3,671,531	669,337	77,253	302,627	67,535	328,606	8,295
Direct expenses:							
Number of returns.....	24,539	4,948	1,071	2,388	1,195	1,921	75
Amount.....	1,931,770	468,139	57,681	199,788	38,653	215,909	4,817
Gross profit (loss), sales of inventories:							
Number of returns.....	16,689	2,734	884	1,731	5,333	2,600	50
Amount.....	2,867,952	196,003	19,623	94,230	1,061,251	137,098	2,956

Footnotes at end of table.



# Charities and Other Tax-Exempt Organizations, 1992

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued)</b>							
Gross profit (loss), sales of inventories (continued):							
Gross sales minus returns and allowances:							
Number of returns.....	16,697	2,746	972	1,745	5,322	2,600	51
Amount.....	6,884,262	724,718	47,862	267,724	2,295,746	367,729	57,352
Cost of goods sold:							
Number of returns.....	14,841	2,500	763	1,439	5,134	2,586	51
Amount.....	4,016,309	528,715	28,240	173,494	1,234,495	230,631	54,396
Other revenue:							
Number of returns.....	44,982	5,085	7,667	8,175	4,330	1,881	1,684
Amount.....	8,368,506	1,101,409	649,300	1,039,275	206,695	107,789	2,180,716
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>121,718</b>	<b>14,298</b>	<b>14,204</b>	<b>17,461</b>	<b>11,351</b>	<b>6,237</b>	<b>9,408</b>
<b>Amount.....</b>	<b>488,762,585</b>	<b>20,312,040</b>	<b>12,384,769</b>	<b>17,037,927</b>	<b>6,051,785</b>	<b>8,743,144</b>	<b>63,046,433</b>
Program services:							
Number of returns.....	117,017	13,006	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	421,496,589	17,369,031	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Management and general:							
Number of returns.....	103,403	10,976	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	61,880,400	2,658,599	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Fundraising:							
Number of returns.....	34,951	1,949	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	4,317,901	243,956	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Payments to affiliates:							
Number of returns.....	4,920	1,835	8,033	1,065	557	2,016	34
Amount.....	1,067,688	40,453	1,493,032	288,534	12,015	30,011	7,857
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>121,972</b>	<b>14,347</b>	<b>14,156</b>	<b>17,398</b>	<b>11,325</b>	<b>6,250</b>	<b>8,807</b>
<b>Amount.....</b>	<b>33,415,189</b>	<b>891,508</b>	<b>914,282</b>	<b>1,149,441</b>	<b>233,786</b>	<b>263,104</b>	<b>2,436,066</b>

<sup>1</sup>Excludes private foundations and most religious organizations.

<sup>2</sup> Not required to be reported.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1992

**Table 4.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>35,378</b>	<b>8,215</b>	<b>7,209</b>	<b>6,969</b>	<b>3,818</b>	<b>1,469</b>	<b>518</b>
<b>Total assets.....</b>	<b>1,599,476</b>	<b>346,863</b>	<b>323,061</b>	<b>264,167</b>	<b>221,922</b>	<b>92,631</b>	<b>17,316</b>
Cash, savings, and investments:							
Number of returns.....	34,811	8,150	7,144	6,969	3,818	1,404	518
Amount.....	1,032,457	227,840	266,814	241,436	84,171	51,333	14,140
Land and buildings:							
Number of returns.....	6,123	1,459	1,322	638	1,689	582	--
Amount.....	353,998	97,430	44,851	14,474	109,402	40,247	--
Other assets:							
Number of returns.....	14,627	1,923	2,841	2,064	1,395	591	65
Amount.....	213,031	21,594	11,396	8,257	28,349	1,051	3,175
<b>Total liabilities:</b>							
<b>Number of returns.....</b>	<b>10,999</b>	<b>2,099</b>	<b>1,942</b>	<b>1,518</b>	<b>1,210</b>	<b>452</b>	<b>--</b>
<b>Amount.....</b>	<b>157,101</b>	<b>34,788</b>	<b>30,031</b>	<b>11,828</b>	<b>19,509</b>	<b>6,058</b>	<b>--</b>
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>34,924</b>	<b>8,215</b>	<b>7,144</b>	<b>6,904</b>	<b>3,818</b>	<b>1,469</b>	<b>518</b>
<b>Amount.....</b>	<b>1,442,375</b>	<b>312,075</b>	<b>293,029</b>	<b>252,338</b>	<b>202,413</b>	<b>86,573</b>	<b>17,316</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>35,378</b>	<b>8,215</b>	<b>7,209</b>	<b>6,969</b>	<b>3,818</b>	<b>1,469</b>	<b>518</b>
<b>Amount.....</b>	<b>1,615,153</b>	<b>294,243</b>	<b>382,056</b>	<b>316,262</b>	<b>185,391</b>	<b>60,920</b>	<b>31,283</b>
Contributions, gifts, and grants:							
Number of returns.....	29,595	4,440	833	2,064	953	943	130
Amount.....	813,604	61,476	16,012	31,085	4,833	7,747	11,348
Program service revenue:							
Number of returns.....	14,854	1,554	1,498	4,118	1,858	462	324
Amount.....	361,519	34,171	19,076	98,211	51,115	15,391	15,790
Dues and assessments:							
Number of returns.....	14,287	6,311	6,932	6,386	3,504	1,220	130
Amount.....	159,877	109,418	305,082	152,903	93,986	22,225	3,737
Investment income:							
Number of returns.....	25,853	6,151	5,923	5,803	3,070	1,165	454
Amount.....	38,463	7,922	9,204	8,609	9,603	2,281	408
Gain (loss) from sales of assets:							
Number of returns.....	1,247	287	259	65	314	--	--
Amount.....	6,743	3,310	1,938	25	549	--	--
Gross amount from sales of assets:							
Number of returns.....	1,361	287	194	65	249	--	--
Amount.....	15,836	9,457	1,940	25	2,611	--	--
Cost or other basis and sales expense:							
Number of returns.....	794	259	65	--	249	--	--
Amount.....	9,094	6,147	2	--	2,063	--	--
Net income (loss), fundraising:							
Number of returns.....	14,060	4,896	518	2,203	731	536	--
Amount.....	133,614	49,651	5,517	14,734	2,504	5,896	--
Gross revenue:							
Number of returns.....	14,287	4,896	583	2,203	731	536	--
Amount.....	311,828	132,745	10,534	57,066	11,730	14,754	--
Direct expenses:							
Number of returns.....	12,926	4,183	389	1,944	731	509	--
Amount.....	178,212	83,094	5,013	42,331	9,224	8,858	--
Gross profit (loss), sales of inventories:							
Number of returns.....	6,803	1,388	518	648	1,404	287	--
Amount.....	51,264	12,066	890	152	13,822	1,422	--
Gross sales minus returns and allowances:							
Number of returns.....	6,803	1,388	546	648	1,404	287	--
Amount.....	128,914	26,707	2,483	2,069	35,563	8,307	--
Cost of goods sold:							
Number of returns.....	6,123	1,296	416	389	1,404	222	--
Amount.....	77,644	14,641	1,593	1,917	21,741	6,885	--
Other revenue:							
Number of returns.....	9,411	2,608	3,442	2,517	1,414	277	--
Amount.....	50,051	16,228	24,332	10,540	8,978	5,958	--

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1992

**Table 4.--Form 990EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Income Statement and Balance Sheet Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total expenses:</b>							
Number of returns.....	35,378	8,020	7,209	6,969	3,818	1,469	518
Amount.....	1,482,452	282,924	373,694	305,904	180,553	58,672	33,331
Grants paid:							
Number of returns.....	13,380	4,581	3,480	2,453	823	1,247	--
Amount.....	209,047	82,600	65,692	13,444	4,864	11,818	--
Benefits paid to or for members:							
Number of returns.....	1,928	1,174	2,480	546	915	676	518
Amount.....	17,535	19,455	30,657	8,580	8,348	12,524	31,866
Salaries and compensation:							
Number of returns.....	13,720	1,395	5,858	2,184	1,711	674	194
Amount.....	316,401	20,688	90,213	41,258	23,839	2,622	214
Professional fees:							
Number of returns.....	19,503	2,913	3,869	4,609	2,060	591	194
Amount.....	149,794	17,358	17,545	42,310	6,456	424	1,112
Occupancy, rent, and utilities:							
Number of returns.....	20,297	3,254	4,405	2,924	3,245	998	--
Amount.....	157,658	26,760	20,861	10,028	59,714	6,851	--
Printing, publications, and postage:							
Number of returns.....	28,688	5,856	4,998	6,164	2,866	1,442	65
Amount.....	92,836	14,460	14,496	37,263	7,001	2,100	104
Other expenses:							
Number of returns.....	33,223	7,345	6,598	6,710	3,504	1,377	130
Amount.....	539,171	101,601	134,230	153,028	70,329	22,333	35
<b>Excess (deficit) of revenue over expenses:</b>							
Number of returns.....	34,924	8,215	7,144	6,904	3,818	1,469	518
Amount.....	132,705	11,321	8,361	10,358	4,837	2,248	-2,047

<sup>1</sup>Excludes private foundations and most religious organizations.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1993

Data Release

**T**he Internal Revenue Code classifies tax-exempt, nonprofit organizations into 31 groups, some of which are eligible to receive tax-deductible donations under Code section 170. Those organizations that are exempt under section 501(c)(3) receive the largest part of the tax-deductible donations. This data release discusses these organizations and also organizations that are exempt under sections 501(c)(4) through (9). The statistics are based on data from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax* [1]. For the first time, these organizations reported on their tax-exempt bond liabilities.

## Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

Organizations that are exempt under Code section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational, or they foster national or international amateur sports competition, or they prevent cruelty to children or animals, or they test for public safety. Their activities are restricted in that they must further one or more of these exempt purposes. Examples of these "charitable" organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing authorities, historical societies, and environmental preservation groups. Each must serve the public good (as opposed to private interests) to qualify for tax-exempt status. Under the Code, exempt organizations may not distribute net earnings to a private shareholder or individual. In addition, they are restricted in activities that can influence legislation, and cannot participate in any political campaign on behalf of, or in opposition to, any candidate for public office.

Of the 489,890 nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 165,599 returns filed for accounting periods that began in 1993 [2]. Those not required to file included religious organizations and organizations with annual gross receipts of less than \$25,000. The number of returns filed showed a 5-percent increase from 1992 (Figure A). The number of Form 990-EZ returns represented 22 percent of total returns filed. This shortened return form is for organizations with gross receipts of less than \$100,000 and assets of less than

*This data release was written by Cecelia Hilgert, an economist with the Special Projects Section, Special Studies and Publications Branch under the direction of Michael Alexander, Chief.*

**Figure A**

### Selected Items for Nonprofit Charitable Organizations, Reporting Years 1992 and 1993

[Money amounts are in millions of dollars]

Item	1992	1993	Percentage increase 1992-1993
	(1)	(2)	(3)
Number of returns.....	157,941	165,599	4.8
Forms 990.....	122,563	129,994	6.1
Forms 990-EZ.....	35,378	35,605	0.6
Total assets.....	849,324	926,847	9.1
Total liabilities.....	398,177	438,451	10.1
Total fund balance or net worth.....	451,148	488,396	8.3
Total revenue.....	523,793	566,067	8.1
Program service revenue.....	374,804	402,760	7.5
Contributions, gifts, and grants.....	94,992	103,053	8.5
Membership dues and assessments.....	5,659	5,841	3.2
Other.....	48,337	54,413	12.6
Total expenses.....	490,245	530,210	8.2
Excess of revenue over expenses.....	33,548	35,858	6.9

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under IRC section 501(c)(3) and exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

\$250,000. (Where possible, Form 990 data and Form 990-EZ are combined in this data release.)

Total revenue of organizations exempt under Code section 501(c)(3), excluding private foundations, was \$566.1 billion for 1993, an increase of 8 percent from 1992. Program service revenue--the fees collected by organizations for the programs operated in support of their tax-exempt purposes--was the major source. It totaled \$402.8 billion for 1993, which represented 71 percent of total revenue. For 1993, revenues exceeded expenses by \$35.9 billion, an increase of 7 percent from 1992. Total assets grew to \$926.8 billion, an increase of 9 percent from 1992. Investments in securities were the major asset holding, \$320.7 billion, which accounted for one-third of the total; this type of asset showed a 13-percent rise from 1992. (See Table 1 for selected balance sheet and income statement items for Form 990 filers. Table 2 provides detailed expenditures by functional category for Form 990 filers. Tables 3 and 4 show selected items for Form 990 and Form 990-EZ filers, respectively.)

Figure B presents information on the types of nonprofit charitable organizations that filed Forms 990 or 990-EZ for 1993. The information was based on responses to a question on the return forms identifying the reason why the organization was not classified as a private foundation. In contrast to a nonprofit charitable organization, a private foundation is narrowly supported and controlled, usually by an individual, family, or corporation, and does not solicit funds from the general public. It is this narrow

# Charities and Other Tax-Exempt Organizations, 1993

**Figure B**

## Selected Items, by Type of Nonprofit Charitable Organization, Reporting Year 1993

[Money amounts are in millions of dollars]

Type of organization	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Program service revenue	Contributions, gifts, and grants	Total expenses	Excess of revenue over expenses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>926,847</b>	<b>438,451</b>	<b>488,396</b>	<b>566,067</b>	<b>402,760</b>	<b>103,053</b>	<b>530,210</b>	<b>35,858</b>
Educational institution or school.....	190,507	45,909	144,599	89,604	56,507	20,665	80,579	9,025
Governmental unit.....	2,850	2,255	595	1,727	494	1,028	1,541	186
Hospital.....	267,283	138,594	128,689	256,682	241,223	5,957	246,315	10,367
Hospital research organization.....	11,876	1,685	10,191	2,990	1,428	826	2,673	317
Organization supporting a public college.....	13,416	2,283	11,133	6,430	1,790	3,589	5,257	1,174
Organization supporting other charitable organizations.....	224,919	152,546	72,373	44,912	19,627	5,850	39,186	5,726
Organization testing for public safety.....	415	70	345	303	279	( <sup>2</sup> )	279	23
Publicly-supported organization.....	210,885	92,652	118,232	160,098	79,441	63,952	151,211	8,888
Religious-affiliated organization <sup>1</sup> .....	4,378	2,293	2,085	2,766	1,448	1,183	2,653	113
Type not reported.....	319	165	154	555	522	2	516	38

<sup>1</sup> Churches and other religious-affiliated organizations are not required to file a Form 990 or Form 990-EZ. Most of the organizations filed voluntarily or misreported their type of organization. The estimate is, therefore, not inclusive of the majority of religious organizations.

<sup>2</sup> Less than \$500,000.

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations and most religious organizations (see footnote 1). Detail may not add to totals because of rounding and processing tolerances.

base of support and control which differentiates a private foundation from a nonprofit charitable organization. Because of their centralized support and control, private foundations are more strictly regulated than the other section 501(c)(3) organizations. Their contributors are subject to special limitations on individual income tax deductions, and nonoperating foundations, which are the most prevalent type, have mandatory distribution requirements and an excise tax on net investment income [3].

As shown in Figure B, hospitals were the leading category of nonprofit charitable organization in terms of assets and revenue, representing 29 percent of the total amount of assets and 45 percent of the revenue total. Publicly-supported organizations were the second leading category in terms of revenue with 28 percent of the total. These organizations receive broad financial support from a large number of sources within the general public [4]. Examples are the American Red Cross and the United Way and their affiliated agencies, voluntary health agencies, community foundations, cultural organizations, and a wide variety of community-service organizations. These organizations showed increases of 10 percent in assets, 11 percent in revenue, and 14 percent in program service revenue. Program service revenue was the leading revenue source for both hospitals and publicly-supported organizations.

Nonprofit charitable organizations reported tax-exempt bond liabilities of \$70.4 billion. Most of this amount (\$61.9 billion) was reported by organizations with assets greater than \$50 million.

### Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4) Through (9)

Organizations that are tax-exempt under Code sections 501(c)(4) through (9) are quite diverse in their program activities, as well as in their organizational structures. Unlike the nonprofit charitable organizations that are tax-exempt under section 501(c)(3), most of them are not eligible to receive tax-deductible contributions.

Figure C presents selected data for these organizations for 1992 and 1993. Three types of organizations exempt under these Code sections--civic leagues and social welfare organizations, section 501(c)(4); labor, agricultural, and horticultural organizations, section 501(c)(5); and business leagues, chambers of commerce, and real estate boards, section 501(c)(6)--each filed over 21,000 Forms 990 and 990-EZ for 1993. The number of returns filed by organizations in these Code subsections remained rather stable from the number filed for 1992. In general, the relative use of the Form 990-EZ was greater by organizations in these Code sections than that of the nonprofit charitable organizations exempt under Code section

# Charities and Other Tax-Exempt Organizations, 1993

**Figure C**

**Selected Items for Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Years 1992 and 1993**

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns		Total assets		Total liabilities		Total revenue		Total expenses		Excess of revenue over expenses	
	1992	1993	1992	1993	1992	1993	1992	1993	1992	1993	1992	1993
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
501(c)(4).....	22,802	22,702	38,683	41,775	27,412	29,795	21,498	22,150	20,595	20,770	903	1,379
501(c)(5).....	21,431	21,218	18,841	15,743	3,442	3,361	13,681	12,741	12,758	12,168	923	573
501(c)(6).....	24,443	23,910	21,464	23,368	11,179	12,928	18,504	19,178	17,344	18,151	1,160	1,026
501(c)(7).....	15,215	15,607	10,627	11,200	3,190	3,324	6,471	6,577	6,232	6,396	239	181
501(c)(8).....	7,719	8,026	36,890	40,644	31,501	34,522	9,067	8,994	8,802	8,625	265	369
501(c)(9).....	9,951	10,065	41,754	48,199	14,064	14,375	65,514	67,009	63,080	61,886	2,434	5,123

NOTES: Data are from both Forms 990 and 990-EZ.

501(c)(3). For example, the Form 990-EZ represented 36 percent of the returns filed by civic leagues and social welfare organizations; 35 percent of the returns filed by labor, agricultural, and horticultural organizations; and 25 percent of the returns filed by business leagues, chambers of commerce, and real estate boards, as compared to 22 percent of the returns filed by the nonprofit charitable organizations discussed earlier. Tables 2 and 3 show data for Form 990 filers, while Table 4 presents information on Form 990-EZ filers.

Voluntary employees' beneficiary associations, Code section 501(c)(9), led the other five types of organizations in terms of assets, \$48.2 billion; this represented an increase of 15 percent from 1992. Civic leagues and social welfare organizations, Code section 501(c)(4), were second with \$41.8 billion, followed by fraternal beneficiary societies and associations, Code section 501(c)(8), with \$40.6 billion. The largest of these organizations--those with assets of \$10 million or more--represented more than three-quarters of the assets of the organizations exempt under these three Code sections [5].

In terms of revenue, voluntary employees' beneficiary associations, section 501(c)(9), reported the largest amount for 1993, \$67.0 billion. The composition of revenue varied considerably for the organizations in these six Code sections. Membership dues and assessments were the major source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5); business leagues, chambers of commerce, and real estate boards, section 501(c)(6); and social and recreation clubs, section 501(c)(7). Program service revenue was the major source of revenue for the organizations exempt under the other three Code sections. While program service revenue is generally composed of fees for ser-

vices on which the tax exemption is based, for fraternal beneficiary associations (501(c)(8)) and voluntary beneficiary associations (501(c)(9)), the program service revenue was, instead, composed of payments received for health and welfare benefits coverage.

### Data Sources and Limitations

The statistics in this data release are based on a sample of the 1993 Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Organizations used the 1993 forms when their accounting periods ended during the time period December 31, 1993, through November 30, 1994. These returns comprise the data for Reporting Year 1993 shown in this data release. The sample did not include private foundations, which were required to file on a separate return form. Most churches and other religious organizations were also excluded from the sample because they were not required to file a Form 990 or a Form 990-EZ. However, as shown in Figure B, some of these organizations filed returns voluntarily. The sample included only those returns with receipts of more than \$25,000, the filing threshold.

The sample design was split into two parts: the first part included returns of organizations exempt under section 501(c)(3), and the second part included organizations exempt under sections 501(c)(4) through (9). Returns of organizations exempt under other sections were not included in the study. The data presented were obtained from returns as originally filed with the Internal Revenue Service. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. However, in most cases, changes made to the original return as a result of either administra-

## Charities and Other Tax-Exempt Organizations, 1993

tive processing or taxpayer amendment were not incorporated into the data base.

Each part of the sample was classified into sample strata based on size of total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 11,882 returns was selected from a population of 167,765. Sampling rates ranged from 0.7 percent for small asset classes to 100 percent for organizations with assets of \$10,000,000 or more. For organizations filing under sections 501(c)(4) through (9), a sample of 8,146 returns was selected from a population of 102,841. Sampling rates ranged from 1.9 percent for the small asset classes to 100 percent for organizations with assets of \$10,000,000 or more. The populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed prior to 1993. These returns were not included in the samples, nor in the estimated population counts.

### Notes and References

- [1] Data for previous years were published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*. See also "Charities and Other Tax-Exempt Organizations, 1992," *Statistics of Income Bulletin*, Summer 1996, Volume 16, Number 1, and Riley, Margaret, "Exempt Organization Business Income Tax Returns: Highlights and An Analysis of Exempt and Nonexempt Finances, 1993," in this issue.
- [2] Data presented in this data release are from 1993 Forms 990 and 990-EZ. The total number of non-profit charitable organizations, including those not required to file Form 990 or Form 990-EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File, as reported in *Monthly Exempt Organizations Statistical Summary*, and does not include private foundations filing Form 990-PF, *Return of Private Foundation*. A file containing Business Master File records of exempt organizations is available on the Statistics of Income's electronic bulletin board, which can be accessed at (202) 874-9574.
- [3] For information on private foundations, see Meckstroth, Alicia, and Arnsberger, Paul, "Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992," *Statistics of Income Bulletin*, Summer 1996, Volume 16, Number 1, and "Private Foundations and Charitable Trusts, 1993," *Statistics of Income Bulletin*, Winter 1996-1997, Volume 16, Number 3.
- [4] A publicly-supported organization receives at least one-third of its total support from governmental units, from contributions made directly or indirectly by the general public, or from a combination of these sources. It is organized and operated in a manner to attract new and additional public or governmental support on a continuous basis. Certain types of publicly-supported organizations, as defined by Internal Revenue Code Section 509(a)(2), have additional limits on total gross investment income and unrelated business taxable income.
- [5] Some data in this section are from unpublished Statistics of Income tabulations.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>129,994</b>	<b>36,630</b>	<b>39,008</b>	<b>15,602</b>	<b>30,228</b>	<b>5,790</b>	<b>2,736</b>
<b>Total assets.....</b>	<b>925,165,338</b>	<b>1,395,048</b>	<b>9,896,828</b>	<b>11,009,683</b>	<b>93,092,380</b>	<b>125,766,066</b>	<b>684,005,332</b>
Cash:							
Number of returns.....	103,555	29,149	32,372	12,290	23,473	4,340	1,931
Amount.....	16,296,867	424,542	1,513,552	801,343	3,871,968	2,957,851	6,727,610
Savings and temporary cash investments:							
Number of returns.....	85,649	18,057	27,349	11,422	22,420	4,311	2,089
Amount.....	68,831,040	473,812	2,773,977	2,103,234	11,700,450	10,798,284	40,981,283
Accounts receivable (net):							
Number of returns.....	62,571	10,318	16,671	7,930	20,428	4,768	2,456
Amount.....	62,900,148	115,299	707,612	655,827	6,390,996	9,491,914	45,538,501
Pledges receivable (net):							
Number of returns.....	8,358	774	1,178	789	4,124	1,086	408
Amount.....	6,797,355	9,100	63,035	126,571	1,933,935	2,298,022	2,366,691
Grants receivable:							
Number of returns.....	14,670	3,353	4,168	1,814	4,179	711	445
Amount.....	5,007,855	51,136	203,366	211,561	1,747,483	976,347	1,817,962
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	2,104	516	655	79	477	197	180
Amount.....	182,015	2,193	14,225	156	24,862	47,422	93,157
Other notes and loans receivable:							
Number of returns.....	15,417	903	3,136	2,230	5,596	2,156	1,395
Amount.....	23,656,601	15,357	159,193	199,362	2,117,326	3,248,837	17,916,526
Inventories for sale or use:							
Number of returns.....	26,263	3,869	6,338	2,884	8,164	3,003	2,005
Amount.....	6,055,312	37,092	210,829	59,694	821,469	1,068,349	3,857,878
Prepaid expenses and deferred charges:							
Number of returns.....	55,803	7,481	14,712	7,142	19,440	4,627	2,402
Amount.....	8,628,794	20,647	130,439	115,493	997,434	1,513,197	5,851,584
Investments in securities:							
Number of returns.....	29,125	1,161	7,227	3,154	12,074	3,571	1,938
Amount.....	320,719,847	5,364	868,526	1,195,221	17,144,141	32,444,082	269,062,511
Investments in land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	19,782	5,030	6,128	2,073	4,896	1,023	633
Amount.....	18,333,816	68,133	443,285	849,948	5,111,819	3,074,809	8,785,822
Other investments:							
Number of returns.....	13,180	387	1,969	1,735	5,674	1,999	1,417
Amount.....	82,519,979	971	146,975	257,378	3,544,350	6,934,606	71,635,699
Land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	79,215	12,640	25,318	10,848	23,005	4,917	2,487
Amount.....	256,582,688	152,478	2,453,628	4,004,512	34,070,235	44,672,615	171,229,220
Other assets:							
Number of returns.....	45,909	7,223	10,838	6,094	15,512	4,001	2,240
Amount.....	48,653,011	18,925	208,180	429,377	3,615,912	6,239,730	38,140,887
<b>Total liabilities.....</b>	<b>438,227,597</b>	<b>652,605</b>	<b>2,902,864</b>	<b>3,847,692</b>	<b>37,552,901</b>	<b>51,304,152</b>	<b>341,967,383</b>
Accounts payable:							
Number of returns.....	90,349	19,605	26,049	11,107	25,589	5,345	2,654
Amount.....	74,127,165	297,114	903,155	777,011	7,753,384	10,511,162	53,885,339
Grants payable:							
Number of returns.....	3,991	387	1,049	394	1,579	424	158
Amount.....	3,591,028	2,595	52,012	40,280	775,715	1,045,005	1,675,421
Support and revenue designated for future periods:							
Number of returns.....	25,076	4,256	7,559	2,365	8,534	1,732	629
Amount.....	14,413,571	78,724	434,852	355,929	3,909,151	4,383,200	5,251,715
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	4,813	2,838	1,121	315	472	56	11
Amount.....	398,338	76,259	84,957	65,300	75,653	47,487	48,681
Tax-exempt bond liabilities:							
Number of returns.....	2,136	--	--	--	513	695	928
Amount.....	70,434,897	--	--	--	1,231,927	7,339,539	61,863,432
Mortgages and other notes payable:							
Number of returns.....	43,049	5,417	10,304	6,590	15,523	3,401	1,814
Amount.....	107,566,032	124,973	983,746	2,203,288	19,428,561	19,852,822	64,972,642

Footnotes at end of table.



# Charities and Other Tax-Exempt Organizations, 1993

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total liabilities (continued):</b>							
Other liabilities:							
Number of returns.....	38,724	5,546	8,734	5,227	13,758	3,490	1,969
Amount.....	167,696,564	72,936	444,139	405,889	4,378,508	8,124,937	154,270,154
<b>Total fund balance or net worth:</b>							
Number of returns.....	129,336	36,243	38,876	15,523	30,195	5,771	2,729
Amount.....	486,937,733	742,446	6,993,956	7,161,991	55,539,477	74,461,914	342,037,950
<b>Total revenue:</b>							
Number of returns.....	129,994	36,630	39,008	15,602	30,228	5,790	2,736
Amount.....	564,456,718	6,148,906	15,991,845	11,720,475	79,205,152	85,330,248	366,060,091
Total contributions received:							
Number of returns.....	108,341	30,181	34,440	12,267	24,350	4,765	2,338
Amount.....	102,283,165	3,313,870	8,167,705	5,483,871	29,424,123	16,653,983	39,239,613
Contributions received from direct public support:							
Number of returns.....	97,481	26,957	30,916	11,242	21,900	4,392	2,074
Amount.....	47,507,722	1,596,767	3,517,392	2,029,115	12,277,063	9,497,264	18,590,120
Contributions received from indirect public support:							
Number of returns.....	27,216	7,739	7,960	2,861	6,782	1,122	753
Amount.....	8,335,206	347,996	584,288	618,188	1,913,769	1,853,038	3,017,928
Government grants:							
Number of returns.....	43,195	12,124	13,986	4,596	9,563	1,805	1,121
Amount.....	46,440,237	1,369,107	4,066,025	2,836,567	15,233,293	5,303,681	17,631,564
Program service revenue:							
Number of returns.....	79,303	18,315	23,019	9,372	21,563	4,616	2,418
Amount.....	402,360,925	1,960,213	6,420,962	5,246,500	43,340,063	61,475,007	283,918,180
Membership dues and assessments:							
Number of returns.....	27,664	9,158	10,292	2,996	4,400	607	212
Amount.....	5,686,637	285,211	497,949	209,343	1,442,828	1,006,532	2,244,774
Interest on savings and temporary cash investments:							
Number of returns.....	103,126	24,764	32,863	13,315	25,503	4,539	2,142
Amount.....	4,872,200	19,946	113,866	90,624	750,336	854,052	3,043,376
Dividends and interest from securities:							
Number of returns.....	25,799	1,419	5,917	3,391	10,206	3,092	1,775
Amount.....	15,414,369	1,074	47,267	69,061	894,586	1,590,159	12,812,223
Net rental income (loss):							
Number of returns.....	18,801	903	4,773	3,075	6,676	1,993	1,381
Amount.....	1,261,745	10,609	71,025	71,839	299,810	210,026	598,436
Gross rents:							
Number of returns.....	18,800	903	4,773	3,075	6,678	1,992	1,379
Amount.....	2,945,926	10,609	109,316	126,131	683,679	489,575	1,526,616
Rental expenses:							
Number of returns.....	7,413	--	1,690	1,025	2,991	958	749
Amount.....	1,684,180	--	38,290	54,292	383,869	279,549	928,180
Other investment income (loss):							
Number of returns.....	6,331	129	1,572	946	2,226	796	662
Amount.....	2,902,122	170	15,781	-7,512	115,265	173,342	2,605,076
Total gain (loss) from sales of assets:							
Number of returns.....	25,527	1,806	4,861	3,154	10,184	3,423	2,099
Amount.....	13,551,270	40,010	16,865	27,948	436,098	1,085,797	11,944,551
Gain (loss), sales of securities:							
Number of returns.....	14,894	258	2,237	1,735	6,936	2,412	1,316
Amount.....	12,478,500	540	15,419	19,238	434,983	1,056,984	10,951,336
Gross amount from sales:							
Number of returns.....	15,050	258	2,631	1,656	6,865	2,361	1,279
Amount.....	225,407,473	5,491	254,177	198,979	6,313,594	14,608,013	204,027,220
Cost or other basis and sales expense:							
Number of returns.....	13,698	258	2,498	1,577	6,278	2,037	1,049
Amount.....	212,928,973	4,951	238,758	179,741	5,878,611	13,551,029	193,075,884
Gain (loss), sales of other assets:							
Number of returns.....	12,977	1,548	2,624	1,498	4,253	1,672	1,382
Amount.....	1,072,760	39,470	1,446	8,703	1,113	28,813	993,215
Gross amount from sales:							
Number of returns.....	10,444	1,290	1,575	1,262	3,646	1,453	1,219
Amount.....	6,072,058	51,887	48,183	35,199	431,073	415,426	5,090,290
Cost or other basis and sales expense:							
Number of returns.....	9,612	1,419	1,704	1,183	2,929	1,262	1,115
Amount.....	4,999,289	12,417	46,737	26,490	429,957	386,614	4,097,075

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
Net income (loss), special events and activities <sup>3</sup> :							
Number of returns.....	32,998	12,124	10,285	3,965	5,585	732	307
Amount.....	1,781,925	429,892	286,238	286,846	481,692	208,000	89,257
Gross revenue:							
Number of returns.....	33,594	12,511	10,414	3,886	5,664	783	336
Amount.....	3,882,216	1,150,341	752,232	529,207	873,125	370,309	207,001
Direct expenses:							
Number of returns.....	27,383	10,060	7,814	3,650	4,824	714	321
Amount.....	2,100,296	720,450	465,997	242,364	391,434	162,309	117,744
Gross profit (loss), sales of inventories:							
Number of returns.....	16,044	3,353	5,690	1,892	3,970	724	415
Amount.....	2,997,154	29,903	182,673	134,752	772,884	551,452	1,325,489
Gross sales minus returns and allowances:							
Number of returns.....	16,203	3,353	5,819	1,892	3,998	726	414
Amount.....	7,043,916	194,399	479,078	377,244	1,965,758	1,429,118	2,598,318
Cost of goods sold:							
Number of returns.....	14,143	2,967	4,902	1,656	3,549	673	397
Amount.....	4,046,762	164,497	296,405	242,493	1,192,874	877,666	1,272,829
Other revenue (loss):							
Number of returns.....	48,750	8,900	13,847	6,252	14,139	3,557	2,056
Amount.....	11,345,184	58,005	171,496	107,206	1,247,464	1,521,897	8,239,115
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>129,398</b>	<b>36,372</b>	<b>38,876</b>	<b>15,602</b>	<b>30,043</b>	<b>5,772</b>	<b>2,734</b>
<b>Amount.....</b>	<b>528,695,041</b>	<b>6,162,250</b>	<b>15,395,692</b>	<b>11,001,442</b>	<b>75,077,830</b>	<b>80,028,648</b>	<b>341,029,180</b>
Program services:							
Number of returns.....	125,279	35,212	38,224	14,419	29,085	5,649	2,691
Amount.....	457,707,840	4,960,050	12,940,201	9,247,326	63,238,298	66,737,924	300,584,040
Management and general:							
Number of returns.....	110,286	29,278	32,202	14,058	26,909	5,301	2,539
Amount.....	65,123,167	940,474	2,248,382	1,535,595	10,527,698	11,887,233	37,983,786
Fundraising:							
Number of returns.....	39,417	10,318	10,972	4,754	9,988	2,280	1,105
Amount.....	4,621,773	243,225	199,136	212,394	1,121,735	1,063,891	1,781,392
Payments to affiliates:							
Number of returns.....	4,684	1,290	1,178	473	1,370	244	129
Amount.....	1,242,250	18,495	7,972	6,127	190,095	339,599	679,962
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>129,567</b>	<b>36,630</b>	<b>38,876</b>	<b>15,444</b>	<b>30,125</b>	<b>5,766</b>	<b>2,726</b>
<b>Amount.....</b>	<b>35,761,676</b>	<b>-13,350</b>	<b>596,159</b>	<b>719,034</b>	<b>4,127,322</b>	<b>5,301,600</b>	<b>25,030,912</b>

<sup>1</sup>Includes returns with zero assets or assets not reported. Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

<sup>2</sup>Includes organizations with end-of-year total assets less than \$250,000 and gross receipts less than \$100,000 electing to file Forms 990 rather than Forms 990-EZ.

<sup>3</sup>Comparable to "net income (loss), fundraising" in prior-year tables.

NOTES: Nonprofit charitable organizations exclude private foundations and most religious organizations. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup> (1)	501(c)(4) (2)	501(c)(5) (3)	501(c)(6) (4)	501(c)(7) (5)	501(c)(8) (6)	501(c)(9) (7)
<b>Number of returns.....</b>	<b>129,994</b>	<b>14,627</b>	<b>13,856</b>	<b>17,825</b>	<b>11,412</b>	<b>6,346</b>	<b>9,691</b>
<b>Total functional expenditures:</b>							
<b>Number of returns.....</b>	<b>129,397</b>	<b>14,285</b>	<b>13,831</b>	<b>17,823</b>	<b>11,371</b>	<b>6,346</b>	<b>9,593</b>
<b>Amount <sup>2</sup>.....</b>	<b>527,451,260</b>	<b>20,437,402</b>	<b>10,330,133</b>	<b>17,605,442</b>	<b>6,219,712</b>	<b>8,538,682</b>	<b>61,858,232</b>
Grants and allocations:							
Number of returns.....	35,688	4,240	4,014	3,754	918	3,252	218
Amount.....	26,529,455	684,268	110,479	513,162	8,019	140,524	569,662
Specific assistance to individuals:							
Number of returns.....	9,817	827	414	228	233	492	182
Amount.....	22,828,961	189,964	9,883	5,195	1,236	50,842	273,351
Benefits paid to or for members:							
Number of returns.....	1,820	1,198	4,110	730	510	964	8,066
Amount.....	2,779,592	6,117,400	1,028,745	825,154	47,987	6,037,082	52,369,916
Compensation of officers or directors:							
Number of returns.....	44,347	3,244	10,253	7,101	1,147	3,636	2,294
Amount.....	5,281,256	155,793	993,354	736,292	40,205	73,055	216,437
Other salaries and wages:							
Number of returns.....	91,603	6,147	10,458	11,804	7,071	3,978	1,464
Amount.....	179,826,344	2,130,335	2,074,387	3,396,534	2,060,876	535,744	411,360
Pension plan contributions:							
Number of returns.....	24,887	1,013	4,503	4,528	767	157	741
Amount.....	5,834,880	105,940	268,565	225,644	22,202	62,717	100,092
Other employee benefits:							
Number of returns.....	63,800	2,872	5,845	7,955	2,996	687	1,312
Amount.....	23,568,297	380,574	1,082,233	490,744	168,555	187,366	1,227,010
Payroll taxes:							
Number of returns.....	82,995	5,729	11,323	11,153	6,712	4,015	1,643
Amount.....	12,599,356	162,763	264,317	296,577	266,051	73,128	49,257
Accounting fees:							
Number of returns.....	86,082	8,251	9,451	13,933	6,799	3,885	4,653
Amount.....	998,652	43,854	59,318	76,005	35,894	18,791	73,818
Legal fees:							
Number of returns.....	37,265	3,654	6,344	7,391	2,256	1,078	3,318
Amount.....	1,184,001	64,917	239,362	327,998	14,546	13,467	90,083
Supplies:							
Number of returns.....	106,449	10,761	9,437	14,164	8,553	5,463	1,997
Amount.....	41,210,759	227,600	110,609	188,938	245,908	50,013	30,496
Telephone:							
Number of returns.....	91,608	7,966	9,225	14,460	8,218	4,310	1,581
Amount.....	2,455,253	85,325	103,565	169,299	47,589	26,920	16,266
Postage and shipping:							
Number of returns.....	83,129	7,203	7,546	14,265	5,678	4,082	2,000
Amount.....	2,156,619	335,842	84,745	283,035	29,738	23,338	40,760
Occupancy:							
Number of returns.....	90,701	8,356	9,501	12,139	8,803	5,032	1,433
Amount.....	14,017,142	434,456	299,525	601,685	634,369	176,200	59,705
Equipment rental and maintenance:							
Number of returns.....	70,595	6,046	4,794	8,955	5,787	2,807	808
Amount.....	6,684,359	136,048	62,574	199,427	180,591	37,503	18,611
Printing and publications:							
Number of returns.....	82,683	6,451	6,179	14,604	5,973	4,375	2,387
Amount.....	4,073,452	362,309	143,125	740,972	59,263	43,544	33,387
Travel:							
Number of returns.....	74,226	3,910	6,064	10,856	1,904	980	762
Amount.....	3,885,754	119,245	268,604	453,250	21,119	27,825	9,991
Conferences, conventions, and meetings:							
Number of returns.....	58,362	6,633	9,594	14,168	3,092	4,471	1,938
Amount.....	1,715,491	125,632	223,065	1,057,366	51,772	43,613	17,156
Interest:							
Number of returns.....	44,606	4,143	2,206	3,506	4,726	1,949	253
Amount.....	10,120,908	938,528	36,752	60,280	125,543	20,682	16,118
Depreciation and depletion:							
Number of returns.....	83,391	6,439	7,310	10,777	6,739	2,763	1,574
Amount.....	20,600,292	333,103	156,293	328,638	492,588	77,608	49,658
Other expenses:							
Number of returns.....	125,270	13,907	13,554	17,603	11,219	6,262	7,927
Amount.....	138,837,218	7,266,532	2,674,972	6,623,341	1,664,992	808,521	6,184,866

<sup>1</sup>Excludes private foundations and most religious organizations.

<sup>2</sup>The small differences between "total functional expenditures" shown in this table and "total expenses" shown in Table 3 are due to payments to affiliates.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>129,994</b>	<b>14,627</b>	<b>13,856</b>	<b>17,825</b>	<b>11,412</b>	<b>6,346</b>	<b>9,691</b>
<b>Total assets.....</b>	<b>925,165,338</b>	<b>41,442,300</b>	<b>15,406,799</b>	<b>23,160,869</b>	<b>10,969,442</b>	<b>40,512,904</b>	<b>48,181,594</b>
Cash:							
Number of returns.....	103,555	11,463	11,714	14,133	9,527	5,599	5,206
Amount.....	16,296,867	1,457,076	972,059	1,098,807	392,935	254,777	1,296,505
Savings and temporary cash investments:							
Number of returns.....	85,649	10,376	9,305	14,275	8,532	4,154	6,701
Amount.....	68,831,040	5,253,967	3,245,054	5,693,622	957,095	774,488	9,675,294
Accounts receivable (net):							
Number of returns.....	62,571	3,157	3,789	7,115	5,294	909	4,414
Amount.....	62,900,148	2,260,954	625,975	1,537,159	679,341	47,505	3,501,538
Pledges receivable (net):							
Number of returns.....	8,358	51	43	211	48	16	102
Amount.....	6,797,355	87,065	12,293	92,235	5,814	51	18,421
Grants receivable:							
Number of returns.....	14,670	220	14	149	10	5	30
Amount.....	5,007,855	161,475	1,454	69,197	59	240	10,834
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	2,104	143	260	377	84	57	45
Amount.....	182,015	61,272	2,045	7,092	465	593	5,335
Other notes and loans receivable:							
Number of returns.....	15,417	940	1,016	1,365	682	312	207
Amount.....	23,656,601	7,841,803	316,251	445,708	124,475	1,011,114	89,673
Inventories for sale or use:							
Number of returns.....	26,263	2,638	823	1,777	5,561	3,838	36
Amount.....	6,055,312	139,568	24,028	128,073	125,712	32,637	3,188
Prepaid expenses and deferred charges:							
Number of returns.....	55,803	3,439	2,891	6,314	4,616	1,148	2,429
Amount.....	8,628,794	292,992	127,121	384,250	117,688	12,485	117,999
Investments in securities:							
Number of returns.....	29,125	1,522	2,278	2,732	682	1,771	2,734
Amount.....	320,719,847	9,347,191	6,224,006	8,623,446	316,767	22,317,933	28,533,492
Investments in land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	19,782	2,103	1,822	2,627	1,792	1,044	176
Amount.....	18,333,816	1,669,884	247,892	391,132	1,031,064	621,652	44,834
Other investments:							
Number of returns.....	13,180	562	1,285	1,714	530	346	685
Amount.....	82,519,979	3,387,339	788,888	1,087,695	80,023	5,125,971	2,652,921
Land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	79,215	7,057	8,748	8,945	7,071	4,050	1,346
Amount.....	256,582,688	5,660,365	2,323,538	2,509,726	6,920,687	1,448,078	390,700
Other assets:							
Number of returns.....	45,909	3,124	4,078	4,695	2,685	1,970	2,571
Amount.....	48,653,011	3,821,350	496,194	1,092,721	217,314	8,865,378	1,840,859
<b>Total liabilities.....</b>	<b>438,227,597</b>	<b>29,744,900</b>	<b>3,332,727</b>	<b>12,915,887</b>	<b>3,298,476</b>	<b>34,510,641</b>	<b>14,373,790</b>
Accounts payable:							
Number of returns.....	90,349	6,326	7,446	10,794	6,466	3,679	5,000
Amount.....	74,127,165	4,913,409	1,137,250	2,623,765	661,227	342,988	6,019,912
Grants payable:							
Number of returns.....	3,991	240	19	228	40	72	49
Amount.....	3,591,028	119,986	2,553	36,111	6,354	218,547	63,197
Support and revenue designated for future periods:							
Number of returns.....	25,076	895	382	3,064	1,083	876	372
Amount.....	14,413,571	666,864	110,340	1,122,107	126,974	55,552	599,167
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	4,813	191	66	28	328	21	21
Amount.....	398,338	4,270	2,530	640	21,957	72	24
Tax-exempt bond liabilities:							
Number of returns.....	2,136	173	50	21	29	32	--
Amount.....	70,434,897	3,139,774	6,889	13,970	10,867	101	--
Mortgages and other notes payable:							
Number of returns.....	43,049	3,797	2,175	2,938	4,437	2,008	149
Amount.....	107,566,032	10,530,010	605,120	1,355,382	1,836,212	255,889	201,166
Other liabilities:							
Number of returns.....	38,724	3,338	3,221	5,223	3,947	1,801	2,603
Amount.....	167,696,564	10,370,587	1,468,050	7,763,911	634,884	33,637,492	7,490,323
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>129,336</b>	<b>14,494</b>	<b>13,802</b>	<b>17,791</b>	<b>11,309</b>	<b>6,346</b>	<b>8,694</b>
<b>Amount.....</b>	<b>486,937,733</b>	<b>11,697,400</b>	<b>12,074,070</b>	<b>10,244,980</b>	<b>7,670,967</b>	<b>6,002,263</b>	<b>33,807,804</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue:</b>							
Number of returns.....	129,994	14,626	13,856	17,823	11,412	6,346	9,691
Amount.....	564,456,718	21,838,763	12,342,206	18,900,895	6,395,238	8,929,196	66,986,439
Total contributions received:							
Number of returns.....	108,341	6,952	1,516	4,493	1,852	3,913	271
Amount.....	102,283,165	2,470,327	330,525	1,311,948	52,449	96,488	199,425
Contributions received from direct public support:							
Number of returns.....	97,481	5,897	1,181	3,136	1,709	3,644	241
Amount.....	47,507,722	1,155,786	129,407	510,879	44,593	76,050	145,109
Contributions received from indirect public support:							
Number of returns.....	27,216	941	149	645	209	320	32
Amount.....	8,335,206	232,080	134,225	45,585	7,856	17,498	23,599
Government grants:							
Number of returns.....	43,195	2,527	405	1,415	--	34	22
Amount.....	46,440,237	1,082,461	66,893	755,485	--	2,941	30,717
Program service revenue:							
Number of returns.....	79,303	5,798	4,215	11,760	6,019	2,798	8,120
Amount.....	402,360,925	14,615,808	2,490,200	7,009,774	1,133,770	7,959,262	60,331,957
Membership dues and assessments:							
Number of returns.....	27,664	8,355	12,442	16,090	10,223	5,732	1,109
Amount.....	5,686,637	1,780,369	8,139,743	8,539,004	3,752,909	332,925	2,437,104
Interest on savings and temporary cash investments:							
Number of returns.....	103,126	12,559	12,568	15,943	9,647	5,219	7,729
Amount.....	4,872,200	388,165	251,236	335,353	41,038	33,266	555,928
Dividends and interest from securities:							
Number of returns.....	25,799	1,722	1,940	2,433	904	1,110	2,345
Amount.....	15,414,369	549,514	277,268	363,365	15,936	151,537	1,193,026
Net rental income (loss):							
Number of returns.....	18,801	2,796	2,788	2,168	2,547	1,786	141
Amount.....	1,261,745	223,542	25,265	32,572	40,966	23,560	10,301
Gross rents:							
Number of returns.....	18,800	2,791	2,839	2,204	2,665	1,790	146
Amount.....	2,945,926	360,949	111,731	115,670	80,305	39,774	21,526
Rental expenses:							
Number of returns.....	7,413	1,089	1,354	1,115	1,201	682	86
Amount.....	1,684,180	137,407	86,466	83,097	39,340	16,212	11,225
Other investment income (loss):							
Number of returns.....	6,331	387	565	487	187	168	752
Amount.....	2,902,122	56,652	35,165	19,377	1,099	12,844	48,619
Total gain (loss) from sales of assets:							
Number of returns.....	25,527	1,463	1,710	2,106	1,393	682	1,909
Amount.....	13,551,270	125,678	88,091	119,061	22,636	42,025	608,095
Gain (loss), sales of securities:							
Number of returns.....	14,894	653	688	922	244	345	1,792
Amount.....	12,478,500	110,610	63,773	131,246	7,683	36,982	595,974
Gross amount from sales:							
Number of returns.....	15,050	664	770	840	246	345	1,892
Amount.....	225,407,473	4,097,915	5,514,062	8,843,525	80,119	1,204,796	56,375,943
Cost or other basis and sales expense:							
Number of returns.....	13,698	605	700	898	220	341	1,876
Amount.....	212,928,973	3,987,305	5,450,289	8,712,280	72,436	1,167,814	55,779,969
Gain (loss), sales of other assets:							
Number of returns.....	12,977	872	1,136	1,336	1,182	377	173
Amount.....	1,072,760	15,068	24,318	-12,184	14,953	5,043	12,121
Gross amount from sales:							
Number of returns.....	10,444	826	1,071	1,037	1,024	355	157
Amount.....	6,072,058	302,058	76,113	87,200	46,727	56,045	362,073
Cost or other basis and sales expense:							
Number of returns.....	9,612	522	711	1,124	771	257	114
Amount.....	4,999,289	286,990	51,795	99,384	31,774	51,002	349,951
Net income (loss), special events and activities <sup>2</sup> :							
Number of returns.....	32,998	5,347	913	3,416	1,798	2,481	69
Amount.....	1,781,925	164,698	17,630	115,583	36,918	97,150	2,789
Gross revenue:							
Number of returns.....	33,594	5,351	978	3,410	1,798	2,459	69
Amount.....	3,882,216	681,751	53,406	321,597	97,710	291,503	7,755
Direct expenses:							
Number of returns.....	27,383	4,726	813	3,203	1,630	1,977	69
Amount.....	2,100,296	517,051	35,775	206,014	60,792	194,353	4,967
Gross profit (loss), sales of inventories:							
Number of returns.....	16,044	3,002	899	1,863	5,110	2,578	43
Amount.....	2,997,154	154,466	11,512	51,585	1,078,594	121,603	714

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
Gross profit (loss), sales of inventories (continued):							
Gross sales minus returns and allowances:							
Number of returns.....	16,203	3,002	963	1,863	5,107	2,578	45
Amount.....	7,043,916	558,549	42,049	294,063	2,337,321	374,639	67,619
Cost of goods sold:							
Number of returns.....	14,143	2,742	880	1,472	4,956	2,498	45
Amount.....	4,046,762	404,083	30,537	242,477	1,258,727	253,036	66,905
Other revenue (loss):							
Number of returns.....	48,750	5,600	7,195	8,453	4,130	1,904	1,981
Amount.....	11,345,184	1,309,541	675,569	1,003,271	218,922	58,532	1,598,481
<b>Total expenses:</b>							
<b>Number of returns.....</b>	<b>129,398</b>	<b>14,285</b>	<b>13,831</b>	<b>17,823</b>	<b>11,371</b>	<b>6,346</b>	<b>9,593</b>
<b>Amount.....</b>	<b>528,695,041</b>	<b>20,468,158</b>	<b>11,769,272</b>	<b>17,883,266</b>	<b>6,223,137</b>	<b>8,562,729</b>	<b>61,861,396</b>
Program services:							
Number of returns.....	125,279	13,107	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	457,707,840	17,438,451	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Management and general:							
Number of returns.....	110,286	11,176	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	65,123,167	2,680,490	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Fundraising:							
Number of returns.....	39,417	1,928	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount.....	4,621,773	318,460	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Payments to affiliates:							
Number of returns.....	4,684	1,583	7,395	1,062	353	2,051	32
Amount.....	1,242,250	30,755	1,439,138	277,818	3,427	24,043	3,166
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>129,567</b>	<b>14,455</b>	<b>13,802</b>	<b>17,785</b>	<b>11,358</b>	<b>6,346</b>	<b>9,062</b>
<b>Amount.....</b>	<b>35,761,676</b>	<b>1,370,605</b>	<b>572,934</b>	<b>1,017,626</b>	<b>172,101</b>	<b>366,464</b>	<b>5,125,043</b>

<sup>1</sup> Excludes private foundations and most religious organizations.

<sup>2</sup> Not required to be reported.

<sup>3</sup> Comparable to "net income (loss), fundraising" in prior-year tables.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 4.--Form 990-EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>35,605</b>	<b>8,075</b>	<b>7,362</b>	<b>6,085</b>	<b>4,195</b>	<b>1,680</b>	<b>374</b>
<b>Total assets.....</b>	<b>1,681,885</b>	<b>332,553</b>	<b>335,772</b>	<b>207,486</b>	<b>230,463</b>	<b>131,249</b>	<b>17,752</b>
Cash, savings, and investments:							
Number of returns.....	34,960	7,971	7,052	6,033	4,143	1,628	374
Amount.....	1,012,698	200,735	274,220	190,023	100,654	65,080	17,579
Land and buildings:							
Number of returns.....	6,449	1,555	1,630	219	1,516	691	--
Amount.....	423,745	101,885	47,823	5,410	108,229	63,016	--
Other assets:							
Number of returns.....	14,704	1,962	2,880	1,834	1,579	794	21
Amount.....	245,441	29,933	13,728	12,053	21,580	3,153	173
<b>Total liabilities:</b>							
<b>Number of returns.....</b>	<b>10,705</b>	<b>1,570</b>	<b>2,251</b>	<b>1,408</b>	<b>1,518</b>	<b>630</b>	<b>43</b>
<b>Amount.....</b>	<b>223,674</b>	<b>50,085</b>	<b>28,593</b>	<b>11,725</b>	<b>25,854</b>	<b>11,629</b>	<b>927</b>
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>35,089</b>	<b>8,075</b>	<b>7,259</b>	<b>6,033</b>	<b>4,195</b>	<b>1,680</b>	<b>374</b>
<b>Amount.....</b>	<b>1,458,216</b>	<b>282,468</b>	<b>307,183</b>	<b>195,758</b>	<b>204,609</b>	<b>119,620</b>	<b>16,825</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>35,605</b>	<b>8,075</b>	<b>7,362</b>	<b>6,085</b>	<b>4,195</b>	<b>1,680</b>	<b>374</b>
<b>Amount.....</b>	<b>1,610,676</b>	<b>310,763</b>	<b>398,305</b>	<b>276,880</b>	<b>181,450</b>	<b>64,497</b>	<b>22,820</b>
Contributions, gifts, and grants:							
Number of returns.....	29,407	4,197	985	1,675	1,132	1,126	103
Amount.....	769,751	60,383	20,920	22,762	9,901	8,227	5,714
Program service revenue:							
Number of returns.....	15,607	1,630	1,442	3,467	1,621	584	176
Amount.....	399,098	50,404	24,559	74,176	43,784	18,362	11,573
Dues and assessments:							
Number of returns.....	13,930	6,079	6,958	5,465	3,808	1,482	94
Amount.....	154,838	114,223	314,256	152,427	94,758	14,808	4,505
Investment income (loss):							
Number of returns.....	25,932	6,180	6,131	5,051	3,398	1,306	374
Amount.....	36,020	5,462	8,840	5,410	5,912	3,008	529
Gain (loss) from sales of assets:							
Number of returns.....	1,548	374	271	94	167	94	--
Amount.....	-10,364	3,163	-889	82	-314	-205	--
Gross amount from sales:							
Number of returns.....	1,548	478	219	43	146	94	--
Amount.....	20,918	8,922	1,146	761	3,428	1,189	--
Cost or other basis and sales expense:							
Number of returns.....	1,290	353	94	94	125	73	--
Amount.....	31,282	5,758	2,035	679	3,742	1,395	--
Net income (loss), special events and activities <sup>2</sup> :							
Number of returns.....	14,704	4,711	508	1,925	1,244	718	--
Amount.....	129,158	48,893	4,997	11,915	5,523	7,978	--
Gross revenue:							
Number of returns.....	15,091	4,762	508	1,925	1,296	718	--
Amount.....	281,306	131,345	7,877	43,106	31,174	20,244	--
Direct expenses:							
Number of returns.....	12,640	4,297	228	1,718	1,244	593	--
Amount.....	152,146	82,455	2,880	31,192	25,651	12,266	--
Gross profit (loss), sales of inventories:							
Number of returns.....	7,739	921	435	362	1,208	365	--
Amount.....	68,994	4,385	402	-217	15,567	4,828	--
Gross sales minus returns and allowances:							
Number of returns.....	7,739	921	435	362	1,208	344	--
Amount.....	173,144	14,845	2,726	2,369	36,357	11,096	--
Cost of goods sold:							
Number of returns.....	7,094	921	383	258	1,156	314	--
Amount.....	104,150	10,460	2,324	2,586	20,787	6,267	--
Other revenue (loss):							
Number of returns.....	11,228	2,409	3,573	1,782	1,433	584	21
Amount.....	63,183	23,846	25,217	10,325	6,316	7,490	500

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1993

**Table 4.--Form 990-EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total expenses:</b>							
<b>Number of returns</b> .....	35,605	7,971	7,362	6,085	4,143	1,680	374
<b>Amount</b> .....	1,514,649	302,104	398,621	268,220	173,005	62,289	24,651
Grants paid:							
Number of returns.....	13,808	4,695	3,272	2,205	1,214	1,315	--
Amount.....	201,353	60,765	56,750	12,760	7,129	12,335	--
Benefits paid to or for members:							
Number of returns.....	2,193	1,092	2,609	724	809	374	374
Amount.....	32,535	17,605	31,676	9,485	6,773	4,285	22,297
Salaries and compensation:							
Number of returns.....	13,672	1,600	5,903	1,804	1,630	953	176
Amount.....	300,839	17,408	94,584	29,661	22,930	4,996	395
Professional fees:							
Number of returns.....	20,508	2,856	3,741	4,668	2,172	876	271
Amount.....	157,141	11,506	16,658	58,380	5,301	1,428	792
Occupancy, rent, and utilities:							
Number of returns.....	21,153	3,273	4,568	2,196	3,015	1,357	21
Amount.....	157,072	29,958	24,535	7,116	56,902	13,608	4
Printing, publications, and postage:							
Number of returns.....	27,996	5,438	4,981	5,112	2,823	1,400	73
Amount.....	106,403	14,350	11,347	23,904	5,795	3,223	18
Other expenses:							
Number of returns.....	33,155	7,300	6,906	5,826	3,696	1,616	219
Amount.....	559,289	150,518	163,068	126,914	68,171	22,412	1,144
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns</b> .....	35,089	8,075	7,259	6,085	4,195	1,680	374
<b>Amount</b> .....	96,031	8,654	-317	8,661	8,444	2,207	-1,831

<sup>1</sup> Excludes private foundations and most religious organizations.

<sup>2</sup> Comparable to "net income (loss), fundraising" in prior-year tables.

NOTE: Detail may not add to totals because of rounding and processing tolerances. Estimates in this table should be used with caution because of the small number of sample returns on which they are based.



# Charities and Other Tax-Exempt Organizations, 1994

by Cecelia Hilgert

The revenue and assets of nonprofit charitable organizations exempt under Internal Revenue Code section 501(c)(3), excluding private foundations and most religious organizations, increased by 4 percent and 7 percent, respectively, over the comparable totals for 1993. Total revenue rose to \$589.1 billion, of which the organizations' program service activities provided more than 70 percent (\$422.4 billion). Total assets grew to \$993.4 billion. There were nearly 175,000 returns filed, representing a 6-percent increase from the prior year (Figure A).

In addition, statistics are presented in this article for organizations that are tax-exempt under Code sections 501(c)(4) through (9). They are diverse in both their functions and financial characteristics. Voluntary employee benefit associations, exempt under section 501(c)(9), reported assets of \$56.0 billion and revenue of \$71.2 billion, which were larger than amounts registered by organizations classified by the other Code sections.

The statistics for charities and other tax-exempt organizations shown in the article are based on data from Form 990, *Return of Organization Exempt From Income Tax*, and Form 990-EZ, the short form of this information return. This latter form is for smaller organizations, those with gross receipts of less than \$100,000 and end-of-year assets of less than \$250,000 [1].

## Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

Organizations that are exempt under Code section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational, or they foster national or international amateur sports competition, or they prevent cruelty to children or animals, or they test for public safety. Their activities are restricted in that they must further one or more of these exempt purposes. Examples of these "charitable" organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing authorities, historical societies, and environmental preservation groups. Each must serve the public good (as opposed to private interests) to qualify for tax-exempt status. Under the Code, exempt organizations may not distribute net earnings to a private shareholder or individual. In addition, they are restricted in activities that can influence legislation, and cannot participate in any

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**Figure A**

### Selected Items for Nonprofit Charitable Organizations, Reporting Years 1993 and 1994

[Money amounts are in millions of dollars]

Item	1993	1994	Percentage increase 1993-1994
	(1)	(2)	(3)
Number of returns.....	165,599	174,918	5.6
Forms 990.....	129,994	136,627	5.1
Forms 990-EZ.....	35,605	38,291	7.5
Total assets.....	926,847	993,381	7.2
Total liabilities.....	438,451	464,034	5.8
Total fund balance or net worth.....	488,396	529,347	8.4
Total revenue.....	566,067	589,102	4.1
Program service revenue.....	402,760	422,413	4.9
Contributions, gifts, and grants.....	103,053	110,724	7.4
Membership dues and assessments.....	5,841	6,439	10.2
Other.....	54,413	49,526	-9.0
Total expenses.....	530,210	548,166	3.4
Excess of revenue over expenses.....	35,858	40,936	14.2

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

political campaign on behalf of, or in opposition to, any candidate for public office.

Of the 579,384 nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 174,918 returns filed for accounting periods that began in 1994 [2]. Those not required to file included churches and certain other religious organizations and also organizations with annual gross receipts of less than \$25,000. The number of returns filed showed a 6-percent increase from 1993 (Figure A). The number of Form 990-EZ returns represented 22 percent of total returns filed. (Where possible, Form 990 data and Form 990-EZ data are combined in this article.)

## Financial Characteristics of Nonprofit Charitable Organizations

Two-thirds of the returns filed for 1994 were by organizations with assets of less than \$500,000, yet they represented just over 1 percent of the total assets reported and 4 percent of the total revenue (Figure B). By contrast, organizations with assets of \$10 million or more accounted for 5 percent of the section 501(c)(3) returns filed and represented 87 percent of the total asset holdings and 79 percent of total revenue.

The total assets of nonprofit charitable organizations registered a 7-percent increase from 1993, rising to \$993.4 billion. Investments in securities continued to be the major asset holding, with a total of \$348.9 billion, as reported by

# Charities and Other Tax-Exempt Organizations, 1994

**Figure B**

## Nonprofit Charitable Organizations, by Asset Size, Reporting Year 1994

[Money amounts are in millions of dollars]

Asset size	Returns		Total assets		Total revenue	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>174,918</b>	<b>100.0</b>	<b>993,381</b>	<b>100.0</b>	<b>589,102</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	70,970	40.6	2,369	0.2	7,445	1.3
\$100,000 under \$500,000.....	45,840	26.2	11,502	1.2	17,954	3.0
\$500,000 under \$1,000,000.....	17,254	9.9	12,062	1.2	11,667	2.0
\$1,000,000 under \$10,000,000.....	31,864	18.2	99,230	10.0	85,630	14.5
\$10,000,000 under \$50,000,000.....	6,105	3.5	132,784	13.4	88,865	15.1
\$50,000,000 or more.....	2,884	1.6	735,433	74.0	377,542	64.1

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501 (c)(3) and exclude private foundations, most churches, and certain other religious organizations. Detail may not add to totals because of rounding and processing tolerances.

Form 990 filers. This asset category represented more than one-third of the total. Land, buildings, and equipment, reported on both the long and short versions of the return, totaled \$274.9 billion, accounting for 28 percent of the total. (Detailed financial data are provided in Table 1 for the nonprofit charitable organizations that filed Form 990 and in Table 4 for Form 990-EZ filers.)

The types of asset holdings varied among the asset-size classes of the organizations. For small organizations--those with assets of less than \$500,000--total assets rose by 7 percent. Cash and savings (short-term account balances) represented nearly one-half of their total assets (\$6.6 billion). For organizations with assets of between \$500,000 and \$1 million, land, buildings, and equipment accounted for the largest type of holding, 39 percent of the total, with cash and savings (short-term account balances) an additional 26 percent. Land, buildings, and equipment accounted for the largest type of holding also for the organizations with assets of between \$1 million and \$50 million. In contrast, investments in securities were the largest asset holding for organizations with assets of \$50 million or more, representing 40 percent (\$294.1 billion) of their total assets; this type of asset rose by 9 percent for this size-class for 1994.

Total liabilities of nonprofit charitable organizations also increased, by 6 percent for 1994, to \$464.0 billion. The balance sheet of a tax-exempt organization does not have an owner's equity section; instead, unexpended earnings accrue to a "net worth or fund balance" account. The total fund balance for nonprofit charitable organizations was

\$529.3 billion, up from \$488.4 billion for 1993 (an 8-percent increase).

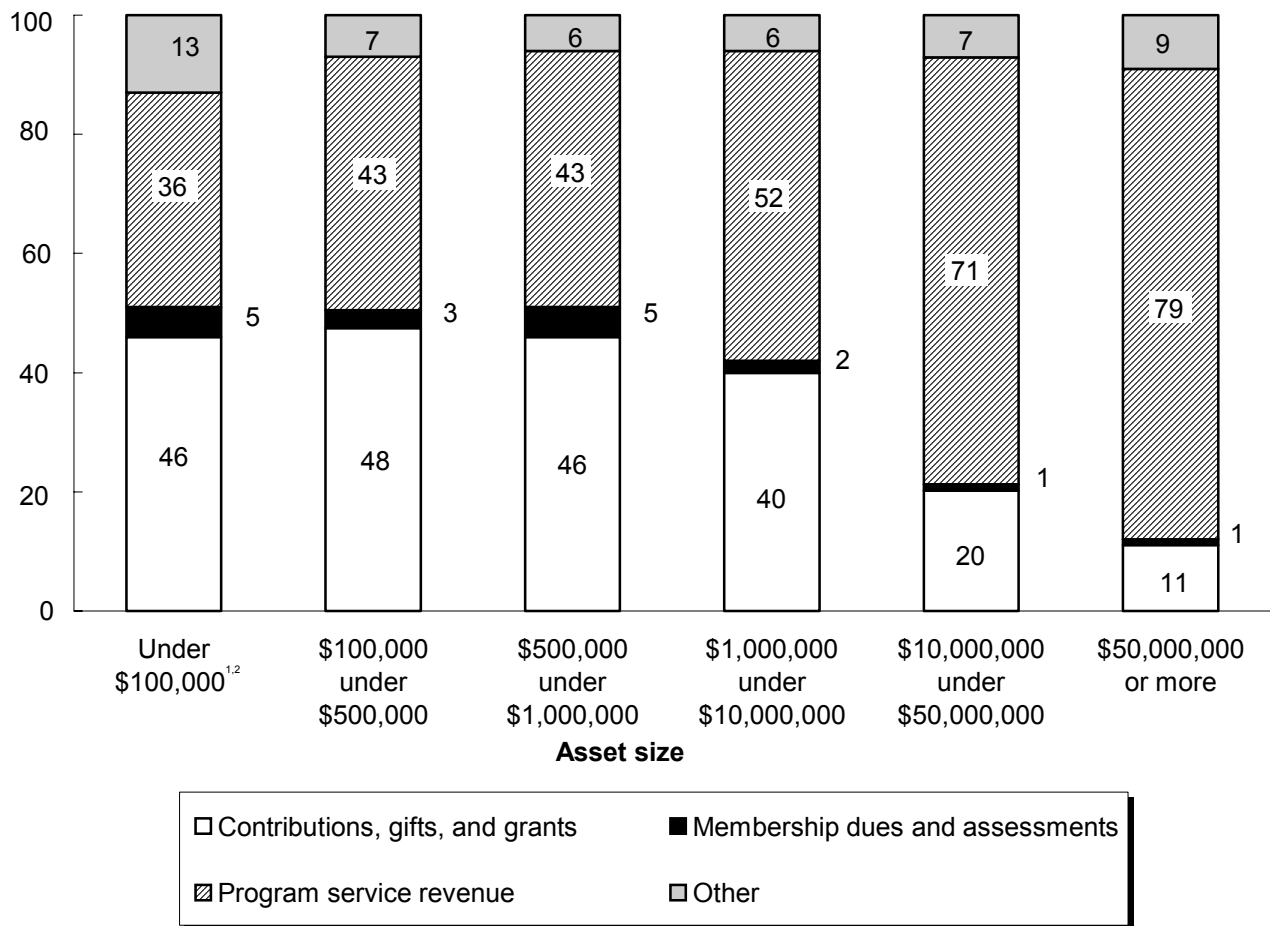
In terms of revenue, program service revenue--the fees collected by organizations for the programs operated in support of their tax-exempt purposes--was the major source. Overall, it continued to account for more than 70 percent of total revenue for 1994. Some examples of program service revenue include tuition and fees at educational institutions, hospital patient care charges (including Medicare and Medicaid payments), admission fees collected by museums or community performance arts groups, YMCA/YWCA activity fees, and payments received for insurance and retirement coverage by selected pension and annuity funds. For 1994, program service revenue totaled \$422.4 billion. As the size of organizations increased, program service revenue as a percentage of total revenue also increased (Figure C). The largest asset-size organizations, those with assets of \$50 million or more, relied on program service revenue for 79 percent of their total revenue.

Contributions, gifts, and grants received were \$110.7 billion, or 19 percent of total revenue received, rising by 7 percent from 1993. Figure D presents information on contributions received by nonprofit charitable organizations that filed the long Form 990. The total was comprised of \$52.0 billion in Government grants, \$49.2 billion in direct public support, and \$8.7 billion in indirect support. (This last category includes contributions received from solicitation campaigns conducted by federated fundraising campaigns.) Of the three components of contributions,

**Figure C**

**Components of Nonprofit Charitable Organization Revenue, by Asset Size, Reporting Year 1994**

Percentage



<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

Government grants showed the largest increase for 1994, 12 percent; these grants surpassed the level of contributions received through direct public support. Total contributions, gifts, and grants as a percentage of total revenue varied depending on the size of the organization. Organizations with assets of \$10 million or more relied on

this source for just 13 percent of their total revenue, while small organizations with assets of less than \$1 million depended on contributions, gifts, and grants for about one-half of their revenue.

Nonprofit charitable organizations reported their detailed expenses on Form 990 by “object categories” (salaries and

# Charities and Other Tax-Exempt Organizations, 1994

**Figure D**

## Contributions Received by Nonprofit Charitable Organizations Filing Form 990, by Asset Size, Reporting Year 1994

[Money amounts are in millions of dollars]

Asset size	Total contributions, gifts, and grants <sup>1</sup>		Contributions received through direct support		Contributions received through indirect support <sup>1</sup>		Contributions received through Government grants	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>109,943</b>	<b>100.0</b>	<b>49,238</b>	<b>100.0</b>	<b>8,722</b>	<b>100.0</b>	<b>51,982</b>	<b>100.0</b>
Under \$100,000 <sup>2,3</sup> .....	2,773	2.5	1,398	2.8	213	2.4	1,162	2.2
\$100,000 under \$500,000.....	8,393	7.6	3,751	7.6	699	8.0	3,943	7.6
\$500,000 under \$1,000,000.....	5,401	4.9	2,508	5.1	386	4.4	2,507	4.8
\$1,000,000 under \$10,000,000.....	34,011	30.9	12,636	25.7	1,949	22.3	19,427	37.4
\$10,000,000 under \$50,000,000.....	17,992	16.4	10,186	20.7	1,984	22.7	5,823	11.2
\$50,000,000 or more.....	41,373	37.6	18,760	38.1	3,491	40.0	19,121	36.8

<sup>1</sup> Includes contributions received from the public through solicitation campaigns conducted by federated fundraising agencies and contributions received from a parent organization, subordinate, or another organization with the same parent.

<sup>2</sup> Includes returns with zero assets or assets not reported.

<sup>3</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Form 990 for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501 (c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

wages, pension plan contributions and other employee benefits, legal fees, supplies, and the like), which were then combined into three broad functional categories on the Form 990: program services, management and general, and fundraising (Table 2). Total expenses reported for 1994 were \$546.6 billion, with those relating to specific program services accounting for \$471.3 billion (86 percent of the total). Management and general expenses, which supported the overall organization rather than specific programs, amounted to \$68.7 billion (13 percent of the total). Fundraising activities were \$5.3 billion, and payments to affiliates accounted for an additional \$1.3 billion. (These latter are payments to organizations closely related to the reporting organizations, such as support and dues payments by local chapters to State and national agencies.)

### Types of Nonprofit Charitable Organizations

Figure E presents information on the types of nonprofit charitable organizations exempt under section 501(c)(3) that filed Form 990 or Form 990-EZ (short form) for 1994 [3]. The information is based on responses to a question on the return forms identifying the reason why the organization was not classified as a private foundation. In contrast to a nonprofit charitable organization classified as a public charity, a private foundation is narrowly supported and controlled, usually by an individual, family, or corporation, and does not solicit funds from the general public. It is the

narrow base of support and control that differentiates a private foundation from a public charity. Because of their centralized support and control, private foundations are more strictly regulated than the other section 501(c)(3) organizations. Contributors are subject to special limitations on their individual income tax deductions for contributions to these organizations, and nonoperating foundations, which are the most prevalent type, have mandatory distribution requirements; also, most private foundations are subject to an excise tax on net investment income [4].

As shown in Figure E, hospitals were the leading category of nonprofit charitable organizations in terms of assets and revenue, representing 28 percent of total assets and 45 percent of total revenue. Publicly-supported organizations were the second leading category in terms of revenue with 30 percent of the total. These organizations receive broad financial support from a large number of sources within the general public [5]. Examples are the American Red Cross and the United Way and their affiliated agencies, voluntary health agencies, community foundations, cultural organizations, and a wide variety of community-service organizations. These organizations reported \$86.5 billion in program service revenue, an increase of 9 percent from 1993.

Nonprofit charitable organizations reported liabilities of \$464.0 billion. Tax-exempt bond liabilities amounted to

# Charities and Other Tax-Exempt Organizations, 1994

**Figure E**

## Selected Items, by Type of Nonprofit Charitable Organization, Reporting Year 1994

[Money amounts are in millions of dollars]

Type of organization <sup>1</sup>	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Contributions, gifts, and grants	Program service revenue	Total expenses	Excess of revenue over expenses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>993,381</b>	<b>464,034</b>	<b>529,347</b>	<b>589,102</b>	<b>110,724</b>	<b>422,413</b>	<b>548,166</b>	<b>40,936</b>
Educational institution or school <sup>2</sup> .....	201,166	46,635	154,531	91,744	21,558	58,697	83,375	8,369
Governmental unit.....	4,383	3,146	1,237	2,768	1,195	1,322	2,612	157
Hospital.....	281,605	141,529	140,076	266,674	6,283	250,024	253,775	12,899
Hospital research organization.....	12,930	2,111	10,819	3,299	928	584	1,938	1,362
Organization supporting a public college.....	15,198	2,851	12,347	6,155	3,221	1,851	4,806	1,348
Organization supporting other charitable organizations.....	240,478	161,276	79,203	39,929	5,626	21,535	34,782	5,147
Organization testing for public safety.....	378	64	314	300	( <sup>3</sup> )	295	280	20
Publicly-supported organization.....	232,245	104,335	127,909	175,106	70,579	86,489	163,638	11,468
Other..... <sup>4</sup>	4,998	2,087	2,912	3,126	1,614	1,334	2,960	166

<sup>1</sup> Type of organization was determined by responses to a question on the return forms about the reason why an organization is not classified as a private foundation.

<sup>2</sup> Excludes most colleges and universities operated by state and local governments.

<sup>3</sup> Less than \$500,000.

<sup>4</sup> Includes organizations that did not provide an answer regarding type of organization or misrepresented their type of organization on Forms 990 or 990-EZ.

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

\$81.0 billion, held mainly by organizations with assets of greater than \$50 million.

### Nonprofit Charitable Organizations Classified by NTEE Codes

The National Taxonomy of Exempt Entities (NTEE) is a classification system developed by the National Center for Charitable Statistics, which classifies organizations by institutional purpose and major programs and activities [6]. Data presented here for 1994 are the first from the Statistics of Income studies to use the NTEE codes. The codes are comprised of 26 major groups, which can be aggregated into 10 major categories, as shown in Figure F. Within each major program category, there is wide diversity in the types of organizations conducting the different functions. The organizations were coded on the basis of information provided on their Forms 990 and 990-EZ [7].

Health was the dominant major category based on the NTEE classification, accounting for 39 percent of assets and 58 percent of total revenue. This category includes organizations that promote the wellness of individuals, the general treatment and prevention of disease or illness, including also mental health and illness, and the medical rehabilitation of the physically disabled. Examples are hospitals; nursing or convalescent facilities; health support services such as blood banks, organ banks, and emergency medical transport services; health care financ-

ing activities; substance abuse treatment services; organizations that study ethics or promote the practice of ethical behavior in medical care and research; health associations active in the prevention or treatment of diseases; and medical research institutes. Nearly 90 percent of the total revenue for organizations in this classification was derived from their program services.

The major category of education includes higher education, elementary and secondary schools, correspondence schools, libraries, educational testing services, organizations providing opportunities for continuing education outside the framework of formal education, and student services and organizations. This category accounted for \$263.0 billion in assets, which was more than one-quarter of the total for nonprofit charitable organizations.

Organizations in the human services major category ranked third in the financial statistics, with \$91.1 billion in assets and \$69.1 billion in revenue. Contributions, gifts, and grants represented the major proportion of total revenue for these organizations, \$28.9 billion, which was 42 percent of their total revenue. (The amount of Government grants reported on the long Form 990 by these organizations was \$18.9 billion.) This major category was comprised of organizations in several classifications performing a broad range of services focused on specific needs within the community: housing and shelter programs including housing construction, management, and services

# Charities and Other Tax-Exempt Organizations, 1994

**Figure F**

## Selected Items for Nonprofit Charitable Organizations Classified by NTEE Code, Reporting Year 1994

[Money amounts are in millions of dollars]

NTEE major category <sup>1</sup>	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Contributions, gifts, and grants	Program service revenue	Total expenses	Excess of revenue over expenses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total</b> .....	<b>174,918</b>	<b>993,381</b>	<b>464,034</b>	<b>529,347</b>	<b>589,102</b>	<b>110,724</b>	<b>422,413</b>	<b>548,166</b>	<b>40,936</b>
Arts, culture, and humanities.....	18,641	31,468	6,708	24,760	13,903	6,709	4,169	12,124	1,779
Education <sup>2</sup> .....	27,906	263,003	67,999	195,003	112,070	30,172	65,608	99,712	12,358
Environment, animals.....	6,419	11,842	3,867	7,974	4,629	2,316	1,066	4,034	595
Health.....	28,766	391,076	184,799	206,276	338,755	20,457	300,176	320,306	18,449
Human services.....	67,734	91,064	50,627	40,437	69,123	28,949	33,995	65,575	3,548
International, foreign affairs.....	1,681	5,868	2,041	3,826	5,528	4,483	660	5,317	212
Mutual, membership benefit.....	358	139,046	131,853	7,193	15,741	127	9,743	15,628	113
Public, societal benefit.....	14,335	50,969	14,396	36,573	24,582	13,947	6,435	21,106	3,476
Religion related.....	7,747	6,984	1,451	5,534	4,547	3,531	498	4,242	305
Unknown, unclassified.....	1,332	2,063	293	1,771	224	34	63	122	102

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that can be aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The codes describe the purposes and activities of the organizations. See Notes and References.

<sup>2</sup> Excludes most colleges and universities operated by state and local governments.

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

to assist in locating, acquiring, or sustaining housing; job training and placement services; public safety, disaster preparedness, and relief services, including activities aiding with the effects of disasters and providing relief to accident victims; recreation and sports programs provided by organizations for camps, parks, and playgrounds and amateur sports activities; crime prevention and legal services; and multipurpose organizations, which provide a broad range of social or human services to individuals and families. (Included in this last description are the American Red Cross, Salvation Army, Volunteers of America, and Travelers' Aid.)

### Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4) Through (9)

The statistics presented in this section are based on the Forms 990 and 990-EZ filed by organizations that are tax-exempt under Code sections 501(c)(4) through (9). Figure G provides general descriptions of the organizations included under these sections. Unlike the nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3), most of these organizations are not eligible to receive tax-deductible contributions. Financial data for organizations covered by these six Code sections are presented in Tables 2, 3, and 4.

Selected data for these organizations are compared for 1994 with 1993 in Figure H. Organizations in three of these

six Code sections filed an increased number of returns: business leagues, chambers of commerce, and real estate boards, section 501(c)(6); social and recreational clubs, section 501(c)(7); and voluntary employees' beneficiary associations, section 501(c)(9). Organizations in the other three Code sections filed slightly fewer returns for 1994 than for 1993.

### Highlights of Financial Data

Voluntary employees' beneficiary associations, Code section 501(c)(9), led the other five types of organizations in terms of assets, \$56.0 billion; this represented an increase of 16 percent from 1993. Both civic leagues and social welfare organizations, Code section 501(c)(4), and fraternal beneficiary societies and associations, Code section 501(c)(8), had assets of more than \$40 billion. With the exception of social and recreational clubs, section 501(c)(7), the majority of the asset holdings by organizations in these six Code sections were by organizations with assets greater than \$10 million; for social and recreational clubs, however, 63 percent of assets were held by organizations in the \$1 million to \$10 million range (Figure I).

The types of assets held by the various organizations varied by Code section. (Detailed data on the components of assets are limited to those organizations that filed the longer Form 990; as mentioned earlier, only condensed balance sheets were provided by the smaller-size organiza-

# Charities and Other Tax-Exempt Organizations, 1994

## Figure G

### Types of Exempt Organizations, Under Internal Revenue Code Sections 501(c)(3)-(9)

Internal Revenue Code section	Description of organization	General nature of activities
501(c)(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition.	Activities of a nature implied by the description of the class of organization
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
501(c)(5)	Labor, agriculture, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
501(c)(6)	Business leagues, chambers of commerce, and real estate boards	Improving conditions in one or more lines of business
501(c)(7)	Social and recreational clubs	Pleasure, recreational, and social activities
501(c)(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident, or other benefits to members
501(c)(9)	Voluntary employee beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered under 501(c)(10))	Providing for payment of life, sickness, accident, or other benefits to members

## Figure H

### Selected Items for Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Years 1993 and 1994

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns		Total assets		Total liabilities		Total fund balance or net worth	
	1993	1994	1993	1994	1993	1994	1993	1994
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
501(c)(4).....	22,702	22,127	41,775	44,185	29,795	31,286	11,980	12,899
501(c)(5).....	21,218	20,412	15,743	18,965	3,361	2,859	12,381	16,106
501(c)(6).....	23,910	25,592	23,368	26,470	12,928	13,740	10,441	12,730
501(c)(7).....	15,607	15,777	11,200	11,733	3,324	3,454	7,876	8,279
501(c)(8).....	8,026	7,818	40,644	43,868	34,522	37,554	6,122	6,314
501(c)(9).....	10,065	10,307	48,199	55,974	14,375	15,292	33,825	40,682

Internal Revenue Code section	Total revenue		Total expenses		Excess of revenue over expenses	
	1993	1994	1993	1994	1993	1994
	(9)	(10)	(11)	(12)	(13)	(14)
501(c)(4).....	22,150	24,960	20,770	23,469	1,379	1,491
501(c)(5).....	12,741	13,265	12,168	12,785	573	481
501(c)(6).....	19,178	20,446	18,151	18,376	1,026	2,070
501(c)(7).....	6,577	6,791	6,396	6,396	181	182
501(c)(8).....	8,994	8,921	8,625	8,568	369	353
501(c)(9).....	67,009	71,176	61,886	66,325	5,123	4,852

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1994

**Figure I**

**Total Assets of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1994**

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section--					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>44,185</b>	<b>18,965</b>	<b>26,470</b>	<b>11,733</b>	<b>43,868</b>	<b>55,974</b>
Under \$100,000 <sup>1,2</sup> .....	390	442	555	242	106	105
\$100,000 under \$500,000.....	1,373	1,477	1,612	1,150	930	612
\$500,000 under \$1,000,000.....	1,022	1,002	1,339	836	755	680
\$1,000,000 under \$10,000,000.....	5,160	3,862	6,071	7,408	1,123	9,438
\$10,000,000 under \$50,000,000.....	5,791	2,555	4,717	1,964	1,371	14,492
\$50,000,000 or more.....	30,449	9,626	12,177	131	39,583	30,648
	Percent of total					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	0.9	2.3	2.1	2.1	0.2	0.2
\$100,000 under \$500,000.....	3.1	7.8	6.1	9.8	2.1	1.1
\$500,000 under \$1,000,000.....	2.3	5.3	5.1	7.1	1.7	1.2
\$1,000,000 under \$10,000,000.....	11.7	20.4	22.9	63.1	2.6	16.9
\$10,000,000 under \$50,000,000.....	13.1	13.5	17.8	16.7	3.1	25.9
\$50,000,000 or more.....	68.9	50.8	46.0	1.1	90.2	54.8

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

tions that filed the shorter Form 990-EZ.) Investments in securities were the largest single component of assets for the organizations in five of these Code sections, the exception being social and recreational clubs, section 501(c)(7), which held 65 percent of total assets in land, buildings, and equipment but only 2 percent in securities (Figure J). Civic leagues and social welfare organizations, section 501(c)(4), also had \$11.1 billion in receivables, which are included in Other in Figure J.

In terms of revenue, voluntary employees' beneficiary associations, section 501(c)(9) filers, were also the largest, with \$71.2 billion, rising by 6 percent from 1993. Most of the revenue (90 percent) was in the form of program service revenue, which is defined for these organizations chiefly as payments received from participants, or employers of participants, for health and welfare benefits coverage (Figure K). Civic leagues and social welfare organizations, section 501(c)(4), ranked a distant second in terms of revenue, with \$25.0 billion, also comprised mainly of program service revenue.

Membership dues and assessments were the principal source of revenue for labor, agricultural, and horticultural

organizations, section 501(c)(5); for business leagues, chambers of commerce, and real estate boards, section 501(c)(6); and for social and recreational clubs, section 501(c)(7). Figure L shows that organizations with assets of less than \$1 million accounted for a greater percentage of revenue than did comparably-sized nonprofit charitable organizations exempt under section 501(c)(3).

**Organizations Filing Form 990-EZ**

Form 990-EZ may be filed by organizations that are exempt under Internal Revenue Code section 501(c) with annual gross receipts of less than \$100,000 and assets under \$250,000. The use of this short form by nonprofit charitable organizations that are exempt under Code section 501(c)(3) was generally lower than by organizations in other Code sections, as shown in Figure M. Organizations in three Code sections registered usage of greater than 30 percent of the total returns filed--civic leagues and social welfare organizations, section 501(c)(4); labor, agricultural, and horticultural organizations, section 501(c)(5); and social and recreational clubs, section 501(c)(7).

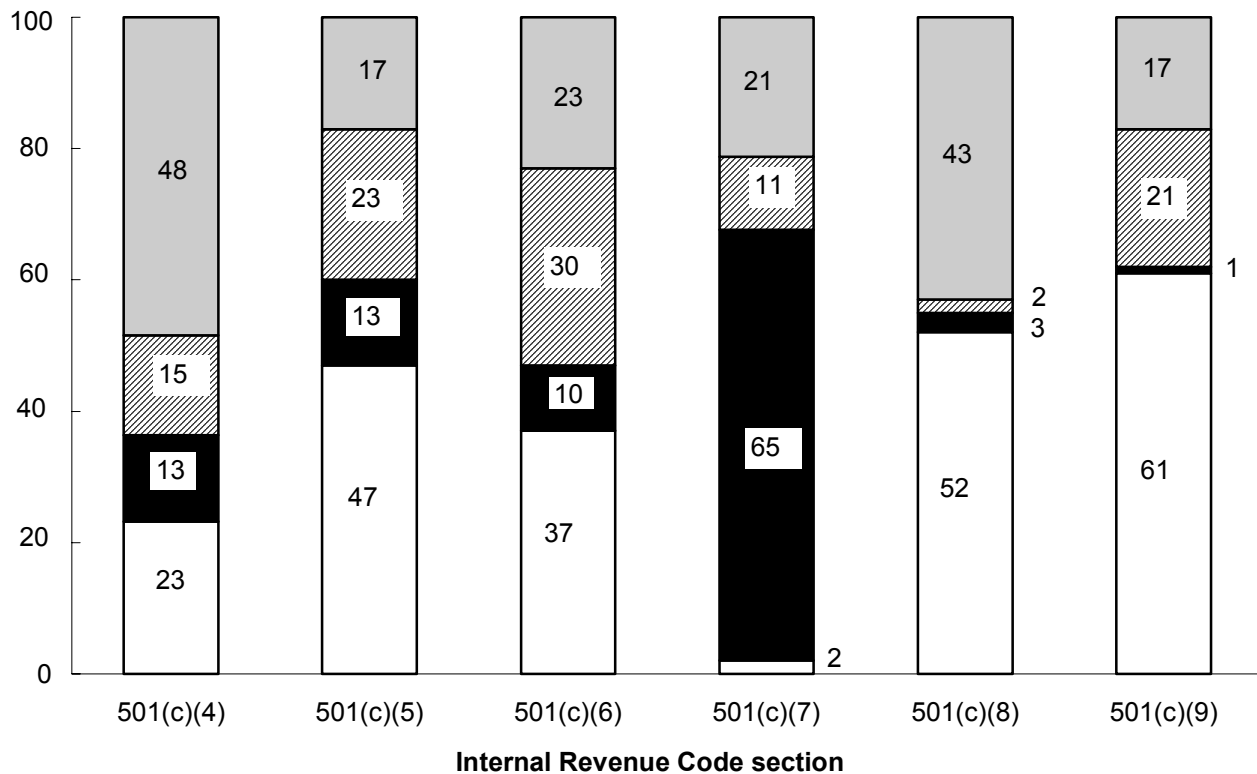
Table 4 presents detailed data on Form 990-EZ filers, by



**Figure J**

**Components of Total Assets of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1994**

Percentage



□ Securities ■ Land, buildings, and equipment (net) ▨ Cash and savings ▩ Other

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

Internal Revenue Code section. For these filers, cash, savings, and investments were the largest component of their total assets, with the exception of social and recreational clubs, section 501(c)(7), which reported land and buildings as the largest category of assets. Membership dues and assessments were the major source of revenue for organizations in most of the Code sections. (For the fraternal beneficiary societies, section 501(c)(8), membership dues and assessments and program service revenue

represented comparable shares of the total.) And, for charitable nonprofit organizations exempt under section 501(c)(3), contributions, gifts, and grants comprised nearly one-half of their total revenue.

**Summary**

For 1994, nonprofit charitable organizations tax-exempt under section 501(c)(3) reported revenue and assets of \$589.1 billion and \$993.4 billion, respectively. These totals represented significant increases over 1993. The number

# Charities and Other Tax-Exempt Organizations, 1994

## Figure K

### Components of Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1994

[Money amounts are in millions of dollars]

Internal Revenue Code section	Total revenue	Components of revenue				
		Contributions, gifts, and grants	Program service revenue	Membership dues and assessments	Income from investments <sup>1</sup>	Other
	(1)	(2)	(3)	(4)	(5)	(6)
501(c)(4).....	24,960	3,016	17,948	1,684	1,345	967
501(c)(5).....	13,265	491	2,934	8,627	659	555
501(c)(6).....	20,446	1,290	7,753	9,333	966	1,103
501(c)(7).....	6,791	81	1,194	4,003	158	1,355
501(c)(8).....	8,921	119	7,930	325	246	301
501(c)(9).....	71,176	12	64,168	2,647	2,181	2,169

<sup>1</sup> Includes "interest on savings and temporary cash investments," "dividends and interest from securities," "gross rents," and "other investment income" from Form 990 and "investment income" from Form 990-EZ.

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

of returns filed by these organizations was 174,918, which included both the longer Form 990 and the shorter Form 990-EZ. This latter form accounted for 22 percent of the total number of returns filed.

Program service revenue, the fees received for the

programs conducted in support of the purposes for which the tax exemptions under section 501(c)(3) were granted, was \$422.4 billion. It represented 72 percent of total revenue. Contributions, gifts, and grants increased by 7 percent to \$110.7 billion. This source of revenue ac-

## Figure L

### Total Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1994

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section--					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>24,960</b>	<b>13,265</b>	<b>20,446</b>	<b>6,791</b>	<b>8,921</b>	<b>71,176</b>
Under \$100,000 <sup>1,2</sup> .....	900	972	1,266	527	196	5,826
\$100,000 under \$500,000.....	924	2,144	2,154	674	488	2,125
\$500,000 under \$1,000,000.....	629	1,174	1,602	481	283	2,925
\$1,000,000 under \$10,000,000.....	3,045	3,588	6,121	4,355	274	17,601
\$10,000,000 under \$50,000,000.....	5,284	2,018	4,089	729	227	19,205
\$50,000,000 or more.....	14,178	3,370	5,214	24	7,453	23,494
	Percent of total					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	3.6	7.3	6.2	7.8	2.2	8.2
\$100,000 under \$500,000.....	3.7	16.2	10.5	9.9	5.5	3.0
\$500,000 under \$1,000,000.....	2.5	8.8	7.8	7.1	3.2	4.1
\$1,000,000 under \$10,000,000.....	12.2	27.0	29.9	64.1	3.1	24.7
\$10,000,000 under \$50,000,000.....	21.2	15.2	20.0	10.7	2.5	27.0
\$50,000,000 or more.....	56.8	25.4	25.5	0.4	83.5	33.0

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

**Figure M****Types of Returns Filed by Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1994**

Internal Revenue Code section	Number of returns		Forms 990-EZ as a percentage of total
	Total	Form 990-EZ	
	(1)	(2)	(3)
501(c)(3).....	174,918	38,291	21.9
501(c)(4).....	22,127	8,327	37.6
501(c)(5).....	20,412	7,030	34.4
501(c)(6).....	25,592	7,412	29.0
501(c)(7).....	15,777	4,948	31.4
501(c)(8).....	7,818	1,400	17.9
501(c)(9).....	10,307	458	4.4

counted for nearly one-half of the total revenue for organizations with asset holdings of less than \$1 million but for a much smaller share for larger organizations. As reported by organizations on the long Form 990, Government grants accounted for the largest proportion of this category of support, \$52.0 billion, exceeding direct public support of \$49.2 billion. Expenses rose by 3 percent to \$548.2 billion.

Data are presented using the National Taxonomy of Exempt Entities codes, which classify organizations by institutional purpose and major programs and activities [6]. Health was the predominant major category, accounting for 39 percent of assets and 58 percent of total revenue.

Organizations exempt under Internal Revenue Code sections 501(c)(4) through (9) are diverse in both their purposes and financial characteristics. Voluntary employees' beneficiary associations, section 501(c)(9), clearly led the organizations in the other Code sections in terms of both revenue and assets, with totals of \$71.2 billion and \$56.0 billion, respectively. Program service revenue was the principal source in the form of payments for health and welfare benefits. For three organizations in three different Code sections--labor, agricultural, and horticultural organizations, section 501(c)(5), business leagues, chambers of commerce, and real estate boards, section 501(c)(6), and social and recreational clubs, section 501(c)(7)--membership dues and assessments were the principal source of revenue.

The types of assets held by the organizations varied. Investments in securities were the largest single component of assets for organizations in five of the Code sections, the exception being social and recreational clubs, section 501(c)(7), which held 65 percent of total assets in land, buildings, and equipment but only 2 percent in securities.

**Data Sources and Limitations**

The statistics in this data release are based on a sample of the 1994 Forms 990, *Return of Organization Exempt From Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt From Income Tax*. Organizations used the 1994 forms when their accounting periods ended between December 31, 1994, through November 30, 1995. These returns comprise the data for Reporting Year 1994 shown in this article. The sample did not include private foundations, which were required to file separate return forms. Most churches and certain other types of religious organizations were also excluded from the sample because they were not required to file a Form 990 or a Form 990-EZ. The sample included only those returns with receipts of more than \$25,000, the filing threshold. Group returns were included.

The sample design was split into two parts: the first part included returns of organizations exempt under section 501(c)(3), and the second part included organizations exempt under sections 501(c)(4) through (9). Returns of organizations exempt under other sections were not included in the study. The data presented were obtained from returns as originally filed with the Internal Revenue Service. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. However, in most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the database.

Each part of the sample was classified into strata based on size of total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 11,131 returns was selected from a population of 176,621. Sampling rates ranged from 0.45 percent for small-asset classes to 100 percent for organizations with assets of \$10,000,000 or more. For organizations filing under sections 501(c)(4) through (9), a sample of 8,526 returns was selected from a population of 104,140. Sampling rates ranged from 2 percent for small-asset classes to 100 percent for organizations with assets of \$10,000,000 or more. The filing populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed prior to 1994. These returns were not included in the samples, nor in the estimated population counts.

Because the data are based on samples, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into

# Charities and Other Tax-Exempt Organizations, 1994

account. Figure N shows CV's for selected financial data. A discussion of methods for evaluating the nonsampling error can be found in the general Appendix of this issue.

## Notes and References

- [1] Data for previous years were published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*. See also "Charities and Other Tax-Exempt Organizations, 1993," *Statistics of Income Bulletin*, Spring 1997, Volume 16, Number 4; and "Unrelated Business Income of Nonprofit Organizations, 1994," in this issue.
- [2] Data presented in this data release are from 1994 Forms 990 and 990-EZ. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990-EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File, as reported in *Monthly Exempt Organizations Statistical Summary*, and does not include private foundations filing Form 990-PF, *Return of Private Foundation*. A file containing Business Master File records of exempt organizations is available on the Statistics of Income Division's electronic bulletin board, which can be accessed at (202) 874-9574, and on the Internet at [www.irs.ustreas.gov/prod/tax\\_stats/index.html](http://www.irs.ustreas.gov/prod/tax_stats/index.html)
- [3] Some data in this section are from unpublished Statistics of Income tabulations.

- [4] For information on private foundations, see Arnsberger, Paul, "Private Foundations and Charitable Trusts, 1994," *Statistics of Income Bulletin*, Fall 1997, Volume 17, Number 2.
- [5] A publicly-supported organization receives at least one-third of its total support from governmental units, from contributions made directly or indirectly by the general public, or from a combination of these sources. It is organized and operated in a manner to attract new and additional public or governmental support on a continuous basis. Certain types of publicly-supported organizations, as defined by Internal Revenue Code section 509(a)(2), have additional limits on total gross investment income and unrelated business taxable income.
- [6] For information on the National Taxonomy of Exempt Entities classification system, see Hodgkinson, Virginia A., Weitzman, Murray S., et al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, San Francisco: Jossey-Bass, Inc., 1996; Stevenson, David R., Pollak, Thomas H., and Lampkin, Linda M., et al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, Washington, DC: The Urban Institute, 1997; and *The National Taxonomy of Exempt Entities Manual*, Washington, DC: The Urban Institute, 1997.

The 26 major group areas of the National Taxonomy of Exempt Entities (NTEE) can be grouped according to 10 major categories. They are listed below.

- I. Arts, Culture, and Humanities (NTEE area A)
- II. Education (B)
- III. Environment and Animals
  - Environmental Quality, Protection, and Beautification (C)
  - Animal Related (D)
- IV. Health
  - Health--General and Rehabilitative (E)
  - Mental Health, Crisis Intervention (F)
  - Diseases, Disorders, Medical Disciplines (G)
  - Medical Research (H)
- V. Human Services
  - Crime, Legal Related (I)
  - Employment, Job Related (J)
  - Food, Agriculture, and Nutrition (K)
  - Housing, Shelter (L)

## Figure N

**Coefficients of Variation for Selected Items, by Selected Internal Revenue Code Sections, Reporting Year 1994**

Internal Revenue Code section	Total revenue	Total expenses	Total assets	Total liabilities
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
501(c)(3).....	0.73	0.78	1.20	2.42
501(c)(4).....	1.68	1.74	2.58	3.41
501(c)(5).....	2.66	2.73	2.25	2.73
501(c)(6).....	2.01	2.12	2.34	3.75
501(c)(7).....	2.72	2.75	2.05	2.92
501(c)(8).....	4.44	4.43	4.65	5.07
501(c)(9).....	5.37	5.80	0.89	1.40

NOTE: Includes data from Forms 990 and 990-EZ.

## Charities and Other Tax-Exempt Organizations, 1994

- Public Safety, Disaster Preparedness, and Relief (M)
- Recreation, Sports, Leisure, Athletics (N)
- Youth Development (O)
- Human Services--Multipurpose and Other (P)
- VI. International, Foreign Affairs (Q)
- VII. Public, Society Benefit
  - Civil Rights, Social Action, Advocacy (R)
  - Community Improvement, Capacity Building (S)
  - Philanthropy, Voluntarism, and Grantmaking Foundations (T)
  - Science and Technology Research Institutes,

- Services (U)
- Social Science Research Institutes, Services (V)
- Public, Society Benefit--Multipurpose and Other (W)

VIII. Religion Related (X)

IX. Mutual/Membership Benefit (Y)

X. Unknown, Unclassified (Z)

[7] The Internal Revenue Service has implemented the National Taxonomy of Exempt Entities (NTEE) classification system as one element of its Business Master File of Exempt Organizations.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>136,627</b>	<b>38,693</b>	<b>39,826</b>	<b>17,254</b>	<b>31,864</b>	<b>6,105</b>	<b>2,884</b>
<b>Total assets.....</b>	<b>991,604,583</b>	<b>1,538,572</b>	<b>10,556,281</b>	<b>12,061,933</b>	<b>99,230,116</b>	<b>132,784,341</b>	<b>735,433,340</b>
Cash:							
Number of returns.....	108,262	30,673	32,346	13,652	24,962	4,578	2,051
Amount.....	18,388,799	509,904	1,438,202	737,338	4,685,028	3,465,443	7,552,884
Savings and temporary cash investments:							
Number of returns.....	90,356	18,844	28,185	12,959	23,648	4,536	2,185
Amount.....	69,953,592	540,995	2,923,141	2,399,942	11,803,169	11,419,735	40,866,610
Accounts receivable (net):							
Number of returns.....	65,690	8,220	19,322	9,131	21,421	4,999	2,596
Amount.....	65,869,462	104,085	901,265	722,639	6,460,950	9,666,612	48,013,911
Pledges receivable (net):							
Number of returns.....	9,090	601	1,269	1,014	4,516	1,224	466
Amount.....	7,893,289	3,425	65,169	107,624	2,060,099	2,579,968	3,077,005
Grants receivable:							
Number of returns.....	15,020	2,406	5,078	1,802	4,502	765	467
Amount.....	5,445,549	36,748	244,459	154,417	2,049,948	1,035,584	1,924,393
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	2,364	401	623	451	514	188	187
Amount.....	171,252	2,057	31,900	7,648	24,124	31,077	74,445
Other notes and loans receivable:							
Number of returns.....	14,817	1,203	2,538	1,915	5,510	2,196	1,456
Amount.....	27,515,554	16,213	101,563	199,723	2,666,941	3,417,375	21,113,739
Inventories for sale or use:							
Number of returns.....	25,773	3,408	5,432	3,547	8,228	3,085	2,073
Amount.....	6,232,548	30,433	188,751	74,370	811,258	1,147,870	3,979,866
Prepaid expenses and deferred charges:							
Number of returns.....	58,228	6,817	15,874	7,852	20,339	4,834	2,511
Amount.....	9,367,853	22,548	111,818	135,457	1,110,552	1,518,998	6,468,482
Investments in securities:							
Number of returns.....	31,681	1,804	7,234	4,594	12,144	3,811	2,095
Amount.....	348,924,893	27,517	950,927	1,479,731	17,850,505	34,517,786	294,098,428
Investments in land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	18,864	4,411	5,278	2,904	4,529	1,056	686
Amount.....	19,444,664	65,153	419,245	900,191	5,171,077	3,259,359	9,629,639
Other investments:							
Number of returns.....	14,294	200	3,027	1,352	6,040	2,145	1,530
Amount.....	90,770,664	1,566	197,900	160,025	4,484,838	7,530,995	78,395,339
Land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	83,270	11,828	27,092	12,210	24,291	5,220	2,630
Amount.....	274,470,040	139,936	2,671,383	4,648,025	36,090,578	46,889,954	184,030,164
Other assets:							
Number of returns.....	50,414	8,219	12,512	6,759	16,387	4,202	2,335
Amount.....	47,156,381	37,962	310,544	334,807	3,961,048	6,303,587	36,208,434
<b>Total liabilities.....</b>	<b>463,763,903</b>	<b>534,410</b>	<b>3,417,365</b>	<b>3,961,232</b>	<b>39,231,133</b>	<b>53,658,781</b>	<b>362,960,982</b>
Accounts payable:							
Number of returns.....	91,254	17,241	27,361	11,722	26,478	5,654	2,797
Amount.....	77,115,204	163,549	1,140,360	669,533	8,214,329	11,275,451	55,651,982
Grants payable:							
Number of returns.....	4,486	200	1,714	451	1,527	419	174
Amount.....	3,944,684	3,197	90,149	119,621	863,829	1,092,651	1,775,237
Support and revenue designated for future periods:							
Number of returns.....	26,346	3,809	7,926	2,969	9,110	1,870	663
Amount.....	15,479,017	62,203	527,491	300,300	4,065,324	4,645,363	5,878,336
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	4,506	2,406	1,247	338	443	58	14
Amount.....	508,311	98,106	18,254	74,143	49,541	82,146	186,121
Tax-exempt bond liabilities:							
Number of returns.....	2,480	--	--	113	463	835	1,069
Amount.....	81,021,441	--	--	18,501	1,340,398	8,376,447	71,286,095

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 1.—Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size—Continued**

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total liabilities (continued):</b>							
Mortgages and other notes payable:							
Number of returns.....	43,898	3,409	11,084	7,514	16,476	3,537	1,878
Amount.....	105,223,088	159,952	1,064,414	2,321,117	20,230,434	19,819,799	61,627,373
Other liabilities:							
Number of returns.....	39,959	4,812	9,282	6,160	13,925	3,691	2,089
Amount.....	180,472,146	47,405	576,696	458,007	4,467,277	8,366,924	166,555,837
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>136,181</b>	<b>38,291</b>	<b>39,804</b>	<b>17,254</b>	<b>31,864</b>	<b>6,092</b>	<b>2,876</b>
<b>Amount.....</b>	<b>527,840,654</b>	<b>1,004,124</b>	<b>7,138,914</b>	<b>8,100,714</b>	<b>59,998,984</b>	<b>79,125,559</b>	<b>372,472,359</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>136,627</b>	<b>38,693</b>	<b>39,826</b>	<b>17,254</b>	<b>31,864</b>	<b>6,105</b>	<b>2,884</b>
<b>Amount.....</b>	<b>587,427,848</b>	<b>6,051,556</b>	<b>17,672,975</b>	<b>11,666,585</b>	<b>85,629,745</b>	<b>88,865,280</b>	<b>377,541,706</b>
Total contributions, gifts, and grants received:							
Number of returns.....	114,452	32,477	34,996	13,950	25,540	5,022	2,467
Amount.....	109,942,750	2,772,841	8,392,821	5,400,910	34,011,400	17,991,918	41,372,860
Contributions received from direct public support:							
Number of returns.....	102,403	29,670	30,810	12,486	22,631	4,629	2,177
Amount.....	49,238,498	1,398,242	3,750,682	2,508,300	12,635,623	10,185,556	18,760,095
Contributions received from indirect public support:							
Number of returns.....	28,280	5,814	10,642	2,896	6,917	1,202	810
Amount.....	8,722,141	212,783	699,430	386,012	1,948,883	1,983,625	3,491,409
Government grants:							
Number of returns.....	45,321	10,826	14,693	5,800	10,966	1,859	1,177
Amount.....	51,982,121	1,161,818	3,942,717	2,506,598	19,426,894	5,822,738	19,121,356
Program service revenue:							
Number of returns.....	82,016	18,646	23,307	9,965	22,701	4,857	2,540
Amount.....	421,974,907	2,327,009	7,691,808	4,986,933	44,794,663	63,161,023	299,013,470
Membership dues and assessments:							
Number of returns.....	28,360	9,823	9,238	4,478	3,942	645	233
Amount.....	6,261,494	229,947	428,288	592,530	1,433,749	1,171,779	2,405,201
Interest on savings and temporary cash investments:							
Number of returns.....	103,888	24,458	31,678	14,213	26,559	4,732	2,248
Amount.....	5,673,910	22,060	119,135	104,855	828,433	938,536	3,660,892
Dividends and interest from securities:							
Number of returns.....	30,274	2,606	6,723	4,706	11,054	3,302	1,883
Amount.....	17,063,931	3,468	51,889	88,709	914,016	1,674,572	14,331,276
Net rental income (loss):							
Number of returns.....	20,615	1,605	5,254	3,042	7,171	2,091	1,453
Amount.....	1,363,111	9,829	40,225	79,727	336,234	248,176	648,919
Gross rents:							
Number of returns.....	20,560	1,605	5,254	3,042	7,118	2,090	1,452
Amount.....	3,182,960	29,519	85,752	96,664	764,937	534,178	1,671,910
Rental expenses:							
Number of returns.....	7,815	401	1,670	676	3,286	986	797
Amount.....	1,819,849	19,690	45,527	16,936	428,703	286,002	1,022,991
Other investment income (loss):							
Number of returns.....	6,520	1,002	824	789	2,325	853	728
Amount.....	2,961,690	11,810	7,313	3,157	155,449	183,559	2,600,402
Total gain (loss) from sales of assets:							
Number of returns.....	30,155	2,606	5,676	4,768	11,266	3,630	2,208
Amount.....	11,294,791	15,475	3,930	12,880	351,781	938,249	9,972,476
Gain (loss), sales of securities:							
Number of returns.....	18,218	1,002	3,183	2,028	8,027	2,557	1,421
Amount.....	7,259,794	2,730	-5,204	4,793	289,922	719,880	6,247,673
Gross amount from sales:							
Number of returns.....	17,539	1,002	3,183	1,915	7,609	2,467	1,362
Amount.....	233,738,152	51,311	267,056	143,692	7,807,251	14,407,056	211,061,786
Cost or other basis and sales expense:							
Number of returns.....	16,732	1,002	3,161	1,802	7,419	2,191	1,156
Amount.....	226,478,358	48,581	272,260	138,899	7,517,329	13,687,176	204,814,113
Gain (loss), sales of other assets:							
Number of returns.....	14,934	1,604	2,494	3,078	4,502	1,812	1,444
Amount.....	4,035,000	12,744	9,135	8,087	61,861	218,369	3,724,803
Gross amount from sales:							
Number of returns.....	13,283	1,604	2,293	2,853	3,786	1,486	1,261
Amount.....	86,484,963	133,496	95,788	54,851	315,595	831,683	85,053,549

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
Gain (loss), sales of other assets (continued):							
Cost or other basis and sales expense:							
Number of returns.....	9,895	802	1,403	1,842	3,258	1,396	1,193
Amount.....	82,449,965	120,752	86,654	46,764	253,736	613,313	81,328,746
Net income (loss), special events and activities:							
Number of returns.....	33,474	13,231	9,128	4,070	5,867	839	339
Amount.....	2,174,127	442,342	455,052	143,646	827,814	220,026	85,247
Gross revenue:							
Number of returns.....	34,271	13,632	9,329	4,070	5,969	897	374
Amount.....	4,402,801	900,595	1,180,482	297,898	1,354,062	430,453	239,311
Direct expenses:							
Number of returns.....	27,562	10,825	7,236	3,507	4,830	813	350
Amount.....	2,228,673	458,253	725,430	154,252	526,248	210,426	154,064
Gross profit (loss), sales of inventories:							
Number of returns.....	17,854	5,012	4,831	2,944	3,848	768	452
Amount.....	3,217,564	139,561	118,277	118,249	638,723	615,689	1,587,065
Gross sales minus returns and allowances:							
Number of returns.....	18,112	5,012	5,031	2,944	3,901	770	454
Amount.....	7,210,167	352,488	410,626	362,306	1,588,549	1,346,495	3,149,705
Cost of goods sold:							
Number of returns.....	16,015	4,611	4,364	2,606	3,277	726	432
Amount.....	3,992,602	212,926	292,348	244,057	949,826	730,806	1,562,639
Other revenue (loss):							
Number of returns.....	50,280	8,220	15,159	6,010	14,970	3,752	2,168
Amount.....	5,499,584	77,231	364,235	134,989	1,337,481	1,721,751	1,863,898
<b>Total expenses<sup>3</sup>:</b>							
<b>Number of returns.....</b>	<b>135,808</b>	<b>38,292</b>	<b>39,826</b>	<b>17,142</b>	<b>31,584</b>	<b>6,086</b>	<b>2,879</b>
<b>Amount.....</b>	<b>546,649,255</b>	<b>6,001,157</b>	<b>16,722,034</b>	<b>10,777,490</b>	<b>80,643,336</b>	<b>82,828,168</b>	<b>349,677,069</b>
Program services:							
Number of returns.....	130,484	36,087	38,602	16,313	30,692	5,960	2,831
Amount.....	471,331,908	4,995,991	13,685,192	8,825,837	68,479,388	69,159,755	306,185,744
Management and general:							
Number of returns.....	114,708	30,674	32,414	15,339	27,960	5,622	2,698
Amount.....	68,714,584	852,729	2,422,303	1,764,420	10,794,203	12,153,852	40,727,076
Fundraising:							
Number of returns.....	40,322	8,620	11,754	5,712	10,618	2,444	1,174
Amount.....	5,283,251	121,849	605,468	184,183	1,243,778	1,136,419	1,991,554
Payments to affiliates:							
Number of returns.....	5,565	2,005	1,269	378	1,509	267	138
Amount.....	1,319,509	30,592	9,067	3,049	125,964	378,142	772,694
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>135,657</b>	<b>37,891</b>	<b>39,804</b>	<b>17,254</b>	<b>31,756</b>	<b>6,081</b>	<b>2,871</b>
<b>Amount.....</b>	<b>40,778,634</b>	<b>50,429</b>	<b>950,950</b>	<b>889,095</b>	<b>4,986,412</b>	<b>6,037,112</b>	<b>27,864,637</b>

<sup>1</sup> Includes returns with zero assets or assets not reported. Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

<sup>2</sup> Includes organizations with end-of-year total assets less than \$250,000 and gross receipts less than \$100,000 electing to file Forms 990 rather than Forms 990-EZ.

<sup>3</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates.

NOTES: Nonprofit charitable organizations exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.



# Charities and Other Tax-Exempt Organizations, 1994

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup> (1)	501(c)(4) (2)	501(c)(5) (3)	501(c)(6) (4)	501(c)(7) (5)	501(c)(8) (6)	501(c)(9) (7)
<b>Number of returns.....</b>	<b>136,627</b>	<b>13,800</b>	<b>13,382</b>	<b>18,180</b>	<b>10,829</b>	<b>6,418</b>	<b>9,849</b>
<b>Total functional expenditures:</b>							
<b>Number of returns.....</b>	<b>135,806</b>	<b>13,450</b>	<b>13,330</b>	<b>18,180</b>	<b>10,814</b>	<b>6,418</b>	<b>9,829</b>
<b>Amount<sup>2</sup>.....</b>	<b>545,316,716</b>	<b>23,150,833</b>	<b>10,999,794</b>	<b>17,784,092</b>	<b>6,401,142</b>	<b>8,495,698</b>	<b>66,272,147</b>
Grants and allocations:							
Number of returns.....	38,805	3,648	4,008	4,739	1,043	3,341	219
Amount.....	27,216,808	782,701	107,088	552,811	12,624	147,676	1,045,627
Specific assistance to individuals:							
Number of returns.....	10,698	569	444	238	166	548	143
Amount.....	7,628,559	253,901	18,192	24,879	811	21,364	387,890
Benefits paid to or for members:							
Number of returns.....	1,858	889	3,774	694	487	1,120	8,326
Amount.....	12,921,188	7,046,342	1,216,588	663,460	14,399	6,016,015	54,709,080
Compensation of officers or directors:							
Number of returns.....	45,713	3,005	9,895	7,777	1,235	3,656	2,144
Amount.....	5,728,043	211,494	980,321	794,688	48,643	70,944	236,869
Other salaries and wages:							
Number of returns.....	96,326	5,853	9,494	12,176	7,009	4,000	1,386
Amount.....	188,874,699	1,979,293	2,091,570	3,567,955	2,134,739	536,732	432,504
Pension plan contributions:							
Number of returns.....	28,311	1,015	4,676	4,847	755	181	783
Amount.....	6,562,319	100,242	305,562	228,751	30,948	58,233	82,615
Other employee benefits:							
Number of returns.....	68,451	2,649	6,262	8,166	3,064	665	1,350
Amount.....	23,762,437	366,265	1,078,141	543,737	169,887	197,997	1,377,405
Payroll taxes:							
Number of returns.....	85,538	5,042	10,490	11,741	6,847	4,121	1,600
Amount.....	13,115,058	136,542	269,461	316,886	278,361	75,445	50,918
Accounting fees:							
Number of returns.....	90,128	7,927	9,372	14,112	6,750	4,031	4,738
Amount.....	1,089,927	43,540	58,740	73,931	34,464	23,313	78,965
Legal fees:							
Number of returns.....	40,093	3,425	6,333	7,902	2,111	1,201	3,224
Amount.....	1,287,158	76,491	267,599	366,089	16,017	14,262	97,405
Supplies:							
Number of returns.....	109,670	10,241	9,364	14,231	8,280	5,572	1,959
Amount.....	42,917,185	241,226	134,675	208,257	256,675	52,515	35,253
Telephone:							
Number of returns.....	96,418	7,353	9,415	14,896	7,873	4,471	1,563
Amount.....	2,639,152	93,454	113,751	186,549	47,486	25,391	17,630
Postage and shipping:							
Number of returns.....	88,041	6,973	7,895	14,891	5,787	4,209	1,930
Amount.....	2,328,843	273,002	81,944	305,329	34,400	25,943	38,931
Occupancy:							
Number of returns.....	96,672	8,061	9,286	12,097	8,477	5,420	1,463
Amount.....	15,236,107	418,829	299,385	631,501	669,766	165,601	63,491
Equipment rental and maintenance:							
Number of returns.....	72,852	5,776	5,012	9,331	5,960	2,845	752
Amount.....	7,156,517	127,923	63,791	207,191	191,234	35,619	18,747
Printing and publications:							
Number of returns.....	85,337	6,016	6,724	15,310	5,654	4,799	1,968
Amount.....	4,408,522	350,608	166,941	802,756	58,334	49,291	29,287
Travel:							
Number of returns.....	77,963	3,683	6,086	11,773	1,963	904	714
Amount.....	4,432,099	122,787	276,317	474,301	23,800	26,068	11,230
Conferences, conventions, and meetings:							
Number of returns.....	62,970	6,516	9,622	14,927	3,018	4,415	1,917
Amount.....	2,090,030	135,796	212,402	1,198,798	70,906	41,951	17,315
Interest:							
Number of returns.....	46,384	3,837	2,173	4,086	4,544	1,986	247
Amount.....	10,866,598	1,073,506	38,502	73,561	133,520	22,535	12,761
Depreciation and depletion:							
Number of returns.....	87,020	6,115	7,324	11,018	6,709	2,854	1,414
Amount.....	22,085,427	342,731	159,622	331,811	518,734	79,417	45,076
Other expenses:							
Number of returns.....	132,425	13,076	13,194	17,896	10,669	6,327	8,071
Amount.....	142,745,949	8,940,423	2,962,812	6,221,315	1,653,489	806,475	7,482,634

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> The differences between "total functional expenditures" shown in this table and "total expenses" shown in Table 3 are due to payments to affiliates.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>136,627</b>	<b>13,800</b>	<b>13,382</b>	<b>18,180</b>	<b>10,829</b>	<b>6,418</b>	<b>9,849</b>
<b>Total assets.....</b>	<b>991,604,583</b>	<b>43,830,191</b>	<b>18,637,269</b>	<b>26,222,114</b>	<b>11,452,057</b>	<b>43,765,176</b>	<b>55,945,322</b>
Cash:							
Number of returns.....	108,262	10,975	10,743	14,540	8,972	5,685	5,111
Amount.....	18,388,799	1,393,265	935,112	1,276,550	414,914	240,128	1,537,705
Savings and temporary cash investments:							
Number of returns.....	90,356	9,724	9,415	14,568	7,781	4,196	6,493
Amount.....	69,953,592	5,286,290	3,349,731	6,696,465	901,032	650,493	10,424,037
Accounts receivable (net):							
Number of returns.....	65,690	3,262	3,526	7,023	5,052	826	4,571
Amount.....	65,869,462	2,472,931	721,114	1,792,727	726,423	41,912	4,123,042
Pledges receivable (net):							
Number of returns.....	9,090	63	39	220	71	6	36
Amount.....	7,893,289	77,882	15,952	124,428	7,407	72	19,482
Grants receivable:							
Number of returns.....	15,020	207	27	174	7	4	61
Amount.....	5,445,549	115,982	4,319	57,253	114	372	66,253
Receivables due from officers, directors, trustees, and key employees:							
Number of returns.....	2,364	178	335	445	91	15	37
Amount.....	171,252	76,567	2,719	10,773	3,970	30	4,200
Other notes and loans receivable:							
Number of returns.....	14,817	1,007	906	1,175	473	245	169
Amount.....	27,515,554	8,593,464	321,576	600,643	127,565	481,515	94,715
Inventories for sale or use:							
Number of returns.....	25,773	2,218	825	1,612	5,365	3,915	43
Amount.....	6,232,548	103,272	31,924	135,384	132,813	32,013	3,027
Prepaid expenses and deferred charges:							
Number of returns.....	58,228	3,240	3,020	6,629	4,283	1,113	2,252
Amount.....	9,367,853	325,583	140,235	377,148	119,566	10,174	135,004
Investments in securities:							
Number of returns.....	31,681	1,581	2,494	2,982	726	1,684	2,806
Amount.....	348,924,893	10,011,259	8,712,255	9,668,981	261,693	22,660,149	33,953,145
Investments in land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	18,864	1,919	1,648	2,789	1,629	941	166
Amount.....	19,444,664	1,722,228	560,403	449,178	990,458	529,950	47,140
Other investments:							
Number of returns.....	14,294	572	1,560	2,003	483	374	715
Amount.....	90,770,664	3,417,727	939,097	1,195,539	100,029	5,276,641	3,246,518
Land, buildings, and equipment minus accumulated depreciation:							
Number of returns.....	83,270	6,459	8,283	9,022	7,148	4,338	1,264
Amount.....	274,470,040	5,922,284	2,446,788	2,653,540	7,454,087	1,484,009	385,270
Other assets:							
Number of returns.....	50,414	3,417	3,915	4,812	2,722	1,906	2,443
Amount.....	47,156,381	4,311,458	456,045	1,183,503	211,985	12,357,716	1,905,782
<b>Total liabilities.....</b>	<b>463,763,903</b>	<b>29,234,498</b>	<b>2,689,789</b>	<b>13,085,517</b>	<b>3,276,162</b>	<b>34,557,694</b>	<b>14,858,112</b>
Accounts payable:							
Number of returns.....	91,254	5,946	7,261	11,240	6,241	3,770	4,834
Amount.....	77,115,204	5,399,089	1,122,367	2,693,309	706,389	347,635	6,602,322
Grants payable:							
Number of returns.....	4,486	217	21	263	60	66	33
Amount.....	3,944,684	167,912	3,330	38,225	4,031	31,488	31,274
Support and revenue designated for future periods:							
Number of returns.....	26,346	924	350	3,496	1,188	845	343
Amount.....	15,479,017	659,878	135,360	1,242,682	132,821	42,194	558,419
Loans from officers, directors, trustees, and key employees:							
Number of returns.....	4,506	227	49	28	249	15	--
Amount.....	508,311	7,650	27	2,628	23,265	3,792	--
Tax-exempt bond liabilities:							
Number of returns.....	2,480	212	28	18	18	45	--
Amount.....	81,021,441	2,596,388	7,513	33,280	11,851	2,810	--
Mortgages and other notes payable:							
Number of returns.....	43,898	3,661	2,069	2,944	4,448	2,199	102
Amount.....	105,223,088	11,543,795	689,435	1,477,119	1,941,446	269,418	130,615
Other liabilities:							
Number of returns.....	39,959	3,314	3,053	5,151	3,605	1,799	2,955
Amount.....	180,472,146	10,855,710	867,346	8,241,716	610,836	36,848,650	7,965,877
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>136,181</b>	<b>13,651</b>	<b>13,309</b>	<b>18,146</b>	<b>10,775</b>	<b>6,416</b>	<b>8,990</b>
<b>Amount.....</b>	<b>527,840,654</b>	<b>12,599,770</b>	<b>15,811,888</b>	<b>12,493,156</b>	<b>8,021,417</b>	<b>6,219,195</b>	<b>40,656,814</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue:</b>							
<b>Number of returns</b> .....	<b>136,627</b>	<b>13,800</b>	<b>13,382</b>	<b>18,180</b>	<b>10,829</b>	<b>6,418</b>	<b>9,849</b>
<b>Amount</b> .....	<b>587,427,848</b>	<b>24,637,321</b>	<b>12,894,530</b>	<b>20,107,583</b>	<b>6,578,820</b>	<b>8,873,489</b>	<b>71,148,368</b>
Total contributions, gifts, and grants received:							
Number of returns.....	114,452	6,586	1,581	4,777	2,117	3,821	111
Amount.....	109,942,750	2,966,926	472,693	1,260,116	71,354	112,365	11,736
Contributions received from direct public support:							
Number of returns.....	102,403	5,366	1,256	3,644	1,886	3,607	96
Amount.....	49,238,498	1,440,730	243,236	542,546	48,989	95,281	6,290
Contributions received from indirect public support:							
Number of returns.....	28,280	1,010	159	508	287	299	2
Amount.....	8,722,141	224,685	145,668	35,947	21,085	13,764	225
Government grants:							
Number of returns.....	45,321	2,742	377	1,525	17	29	15
Amount.....	51,982,121	1,301,512	83,789	681,623	1,280	3,320	5,220
Program service revenue:							
Number of returns.....	82,016	5,946	4,155	12,529	5,826	2,944	8,488
Amount.....	421,974,907	17,887,254	2,907,740	7,668,394	1,152,945	7,920,495	64,155,790
Membership dues and assessments:							
Number of returns.....	28,360	7,340	12,038	16,164	9,647	5,952	1,023
Amount.....	6,261,494	1,570,004	8,331,232	9,147,200	3,881,962	314,336	2,633,643
Interest on savings and temporary cash investments:							
Number of returns.....	103,888	11,722	11,934	16,278	9,357	5,045	7,616
Amount.....	5,673,910	371,950	205,846	362,645	49,641	32,689	667,774
Dividends and interest from securities:							
Number of returns.....	30,274	1,820	2,145	2,400	982	1,258	2,653
Amount.....	17,063,931	594,705	298,190	460,570	15,538	148,558	1,435,501
Net rental income (loss):							
Number of returns.....	20,615	2,238	2,816	2,283	2,418	2,067	125
Amount.....	1,363,111	196,854	22,732	31,700	45,077	28,542	10,003
Gross rents:							
Number of returns.....	20,560	2,252	2,852	2,302	2,409	2,058	127
Amount.....	3,182,960	333,500	116,856	119,598	86,308	46,205	19,346
Rental expenses:							
Number of returns.....	7,815	935	1,347	1,134	1,156	651	51
Amount.....	1,819,849	136,646	94,123	87,899	41,231	17,663	9,343
Other investment income (loss):							
Number of returns.....	6,520	337	639	549	98	157	657
Amount.....	2,961,690	36,777	29,197	16,488	1,320	15,748	57,082
Total gain (loss) from sales of assets:							
Number of returns.....	30,155	1,586	1,798	2,131	1,157	638	1,958
Amount.....	11,294,791	54,228	24,250	2,668	9,702	17,893	32,404
Gain (loss), sales of securities:							
Number of returns.....	18,218	766	867	1,034	261	432	1,885
Amount.....	7,259,794	18,490	1,251	-3,735	866	14,732	30,969
Gross amount from sales:							
Number of returns.....	17,539	747	868	1,021	280	430	1,962
Amount.....	233,738,152	4,624,840	4,949,515	10,702,759	74,312	579,625	76,044,348
Cost or other basis and sales expense:							
Number of returns.....	16,732	718	889	908	256	406	1,931
Amount.....	226,478,358	4,606,349	4,948,263	10,706,494	73,446	564,893	76,013,379
Gain (loss), sales of other assets:							
Number of returns.....	14,934	869	1,115	1,334	944	243	176
Amount.....	4,035,000	35,737	22,998	6,403	8,835	3,161	1,435
Gross amount from sales:							
Number of returns.....	13,283	810	1,063	1,006	828	249	149
Amount.....	86,484,963	120,979	72,083	92,398	46,855	19,322	77,160
Cost or other basis and sales expense:							
Number of returns.....	9,895	419	834	1,142	551	152	115
Amount.....	82,449,965	85,242	49,085	85,995	38,019	16,161	75,726
Net income (loss), special events and activities:							
Number of returns.....	33,474	5,058	1,056	3,332	1,594	2,524	61
Amount.....	2,174,127	180,675	13,859	121,451	42,346	101,192	1,970
Gross revenue:							
Number of returns.....	34,271	5,063	1,138	3,310	1,596	2,502	61
Amount.....	4,402,801	639,270	60,242	329,831	126,155	332,303	5,351
Direct expenses:							
Number of returns.....	27,562	4,434	1,028	3,082	1,374	2,041	56
Amount.....	2,228,673	458,594	46,383	208,380	83,809	231,110	3,381
Gross profit (loss), sales of inventories:							
Number of returns.....	17,854	2,294	1,039	1,656	5,129	2,811	35
Amount.....	3,217,564	141,688	12,213	93,307	1,096,428	143,092	7,170

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue (continued):</b>							
Gross profit (loss), sales of inventories (continued):							
Gross sales minus returns and allowances:							
Number of returns.....	18,112	2,294	1,057	1,664	5,123	2,811	35
Amount.....	7,210,167	499,538	47,633	317,814	2,391,705	368,735	34,739
Cost of goods sold:							
Number of returns.....	16,015	1,943	924	1,324	4,967	2,739	35
Amount.....	3,992,602	357,850	35,420	224,507	1,295,277	225,642	27,570
Other revenue (loss):							
Number of returns.....	50,280	5,237	7,019	8,385	4,089	2,073	2,163
Amount.....	5,499,584	636,255	576,576	943,042	212,509	38,576	2,135,296
<b>Total expenses <sup>2</sup>:</b>							
<b>Number of returns.....</b>	<b>135,808</b>	<b>13,450</b>	<b>13,330</b>	<b>18,180</b>	<b>10,814</b>	<b>6,418</b>	<b>9,829</b>
<b>Amount.....</b>	<b>546,649,255</b>	<b>23,167,841</b>	<b>12,426,570</b>	<b>18,069,710</b>	<b>6,410,866</b>	<b>8,523,753</b>	<b>66,298,847</b>
Program services:							
Number of returns.....	130,484	12,603	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Amount.....	471,331,908	20,044,615	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Management and general:							
Number of returns.....	114,708	10,906	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Amount.....	68,714,584	2,701,086	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Fundraising:							
Number of returns.....	40,322	1,917	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Amount.....	5,283,251	259,615	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Payments to affiliates:							
Number of returns.....	5,565	1,105	6,611	1,265	293	2,593	29
Amount.....	1,319,509	17,004	1,426,777	285,621	9,724	28,053	26,700
<b>Excess (deficit) of revenue over expenses:</b>							
<b>Number of returns.....</b>	<b>135,657</b>	<b>13,663</b>	<b>13,331</b>	<b>18,150</b>	<b>10,811</b>	<b>6,418</b>	<b>9,380</b>
<b>Amount.....</b>	<b>40,778,634</b>	<b>1,469,482</b>	<b>467,959</b>	<b>2,037,873</b>	<b>167,955</b>	<b>349,737</b>	<b>4,849,521</b>

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates.

<sup>3</sup> Not required to be reported.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 4.--Form 990-EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>38,291</b>	<b>8,327</b>	<b>7,030</b>	<b>7,412</b>	<b>4,948</b>	<b>1,400</b>	<b>458</b>
<b>Total assets.....</b>	<b>1,776,615</b>	<b>354,769</b>	<b>327,797</b>	<b>248,103</b>	<b>280,863</b>	<b>102,742</b>	<b>28,419</b>
Cash, savings, and investments:							
Number of returns.....	37,689	8,131	6,834	7,412	4,850	1,400	458
Amount.....	1,180,325	218,691	267,060	229,149	107,326	59,378	27,915
Land and buildings:							
Number of returns.....	6,215	1,515	1,411	414	1,771	512	49
Amount.....	434,491	106,444	43,396	3,456	145,936	41,931	410
Other assets:							
Number of returns.....	15,036	2,332	3,084	1,875	1,902	523	71
Amount.....	161,795	29,633	17,342	15,500	27,601	1,433	95
<b>Total liabilities:</b>							
<b>Number of returns.....</b>	<b>13,432</b>	<b>1,902</b>	<b>2,474</b>	<b>1,929</b>	<b>1,640</b>	<b>534</b>	<b>142</b>
<b>Amount.....</b>	<b>269,803</b>	<b>55,390</b>	<b>33,736</b>	<b>11,502</b>	<b>23,070</b>	<b>7,622</b>	<b>3,248</b>
<b>Total fund balance or net worth:</b>							
<b>Number of returns.....</b>	<b>38,090</b>	<b>8,278</b>	<b>6,932</b>	<b>7,412</b>	<b>4,899</b>	<b>1,400</b>	<b>458</b>
<b>Amount.....</b>	<b>1,506,804</b>	<b>299,377</b>	<b>294,062</b>	<b>236,601</b>	<b>257,792</b>	<b>95,119</b>	<b>25,171</b>
<b>Total revenue:</b>							
<b>Number of returns.....</b>	<b>38,291</b>	<b>8,327</b>	<b>7,030</b>	<b>7,412</b>	<b>4,948</b>	<b>1,400</b>	<b>458</b>
<b>Amount.....</b>	<b>1,674,010</b>	<b>322,861</b>	<b>370,382</b>	<b>338,174</b>	<b>212,011</b>	<b>47,468</b>	<b>28,090</b>
Contributions, gifts, and grants:							
Number of returns.....	30,873	3,984	1,095	2,523	1,232	981	--
Amount.....	780,896	49,097	17,898	30,278	9,420	6,488	--
Program service revenue:							
Number of returns.....	17,642	1,951	1,008	3,984	1,782	283	240
Amount.....	437,649	61,188	26,273	84,746	41,554	9,969	11,736
Dues and assessments:							
Number of returns.....	16,238	6,136	6,714	6,872	4,621	1,133	289
Amount.....	177,734	113,799	295,488	186,216	120,611	10,237	13,666
Investment income (loss):							
Number of returns.....	26,664	6,327	5,439	5,744	3,749	1,041	458
Amount.....	39,006	8,114	8,725	6,621	5,453	3,173	819
Gain (loss) from sales of assets:							
Number of returns.....	2,406	311	93	218	267	--	--
Amount.....	3,933	1,015	-76	216	3,474	--	--
Gross amount from sales:							
Number of returns.....	2,005	311	93	218	267	--	--
Amount.....	46,208	3,206	483	3,375	7,751	--	--
Cost or other basis and sales expense:							
Number of returns.....	2,005	191	93	218	147	--	--
Amount.....	42,275	2,191	559	3,160	4,276	--	--
Net income (loss), special events and activities:							
Number of returns.....	16,439	4,807	708	2,643	1,700	698	71
Amount.....	150,222	54,138	5,605	17,817	7,375	6,184	847
Gross revenue:							
Number of returns.....	16,839	4,807	730	2,643	1,798	698	71
Amount.....	337,691	129,422	12,882	63,346	37,017	18,776	2,244
Direct expenses:							
Number of returns.....	14,434	4,273	436	2,300	1,602	648	71
Amount.....	187,467	75,283	7,277	45,528	29,641	12,592	1,397
Gross profit (loss), sales of inventories:							
Number of returns.....	8,019	976	414	441	1,537	409	--
Amount.....	57,981	8,724	182	1,909	18,054	4,488	--
Gross sales minus returns and allowances:							
Number of returns.....	8,019	976	414	441	1,537	409	--
Amount.....	166,065	19,980	4,004	3,553	44,046	9,597	--
Cost of goods sold:							
Number of returns.....	7,417	856	414	343	1,537	409	--
Amount.....	108,082	11,256	3,822	1,644	25,992	5,109	--
Other revenue (loss):							
Number of returns.....	11,828	2,757	3,232	2,125	1,319	637	218
Amount.....	26,579	26,786	16,281	10,368	6,066	6,930	1,021

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1994

**Table 4.--Form 990-EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total expenses:</b>							
Number of returns.....	38,291	8,180	6,981	7,363	4,850	1,400	458
Amount.....	1,516,289	301,556	357,324	306,318	197,548	44,619	26,087
Grants paid:							
Number of returns.....	14,835	4,382	3,264	2,561	1,243	1,117	71
Amount.....	180,619	61,791	53,997	11,749	9,767	11,573	84
Benefits paid to or for members:							
Number of returns.....	3,007	1,128	1,744	785	725	332	458
Amount.....	28,299	19,159	13,956	10,446	10,980	1,129	18,385
Salaries and compensation:							
Number of returns.....	15,036	1,564	5,477	2,147	1,755	752	240
Amount.....	378,303	21,358	82,726	39,547	27,515	2,125	2,372
Professional fees:							
Number of returns.....	23,655	3,013	3,853	5,085	2,479	790	262
Amount.....	137,439	11,705	14,103	53,627	7,008	314	1,159
Occupancy, rent, and utilities:							
Number of returns.....	22,053	3,640	4,349	2,660	3,678	1,090	49
Amount.....	166,867	34,041	23,694	12,803	58,571	8,721	171
Printing, publications, and postage:							
Number of returns.....	30,272	6,174	4,888	6,556	3,406	1,237	240
Amount.....	95,633	19,847	15,241	30,625	6,392	2,503	189
Other expenses:							
Number of returns.....	35,885	7,324	6,785	6,970	4,201	1,259	311
Amount.....	529,120	133,647	153,605	147,519	77,315	18,255	3,726
<b>Excess (deficit) of revenue over expenses:</b>							
Number of returns.....	37,890	8,327	7,030	7,412	4,948	1,400	458
Amount.....	157,718	21,305	13,055	31,856	14,466	2,850	2,004

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

NOTES: Detail may not add to totals because of rounding and processing tolerances. Estimates in this table should be used with caution because of the small number of sample returns on which they are based.

# Charities and Other Tax-Exempt Organizations, 1995

by Cecelia Hilgert and Melissa Whitten

**T**otal assets of nonprofit charitable organizations exempt from income tax under Internal Revenue Code 501(c)(3), excluding private foundations, organizations with gross receipts totaling less than \$25,000, most churches, and certain other types of religious organizations, reached a record high for 1995, for the first time surpassing \$1 trillion. This was 15 percent more than for 1994. Total revenue increased by 13 percent over the comparable 1994 amount, rising to \$663.4 billion, of which 67 percent was comprised of revenue from the organizations' program service activities. There were more than 180,000 returns filed, representing a 3-percent increase over the prior year.

Statistics for other organizations receiving tax-exempt status under Code sections 501(c)(4) through (9) are also presented in this article [1]. Such organizations are generally diverse both in function and financial character. For 1995, voluntary employee benefit associations, exempt under Code section 501(c)(9), reported assets of \$66.3 billion and revenue of \$72.0 billion, larger amounts than those registered by organizations classified under Code sections 501(c)(4) through (8).

The statistics for charities and other tax-exempt organizations reported in this article are based on data compiled from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, the short-form version of this information return. The latter form may be completed by smaller organizations, those with end-of-year assets of less than \$250,000 and gross receipts of \$25,000 to \$100,000; only condensed balance sheets are included on Form 990-EZ.

## Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

In order to qualify for tax-exempt status, an organization's purpose must be to serve the public good, as opposed to a private interest. Organizations exempt under Code section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational. They may also foster

national or international amateur sports competition, prevent cruelty to children or animals, or test for public safety. The activities of nonprofit organizations are limited in that they must further one or more of their exempt purposes. Examples of these "charitable" organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing authorities, historical societies, and environmental preservation groups. Organizations may not distribute net earnings to a private shareholder or individual. Participation by an exempt organization in activities that can influence legislation, or in a political campaign on behalf of, or in opposition to, any candidate, is also restricted. Generally, contributions to the organization are tax deductible.

Of the 525,134 nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 180,931 returns filed for accounting periods that began in 1995 [2]. Those not required to file included churches and certain other religious organizations and also organizations with annual gross receipts totaling less than \$25,000. The number of returns filed for 1995 was 3 percent more than for 1994 (Figure A). Form 990-EZ returns represented 21 percent of total returns filed. (Where possible, Form 990 and Form 990-EZ data are combined in this article.)

## Financial Characteristics of Nonprofit Charitable Organizations

Although two-thirds of the returns filed by section 501(c)(3) organizations were filed by organizations with assets of less than \$500,000, these organizations held only 1 percent of the total assets and 4 percent of the revenue (Figure B). In comparison, larger organizations, those with assets of \$10 million or more, represented only 5 percent of the returns filed, but accounted for nearly 89 percent of the total asset holdings and 80 percent of the total revenue reported.

Overall, the total assets of nonprofit charitable organizations grew to \$1.1 trillion, an increase of 15 percent over 1994. As in 1994, investments in securities continued to be the major asset holding, increasing 24 percent to \$433.1 billion, although they were reported only by organizations filing the long version of Form 990. This category represented 38 percent of the total assets reported on that form.

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# Charities and Other Tax-Exempt Organizations, 1995

## Figure A

### Selected Items for Nonprofit Charitable Organizations, Reporting Years 1994 and 1995

[Money amounts are in millions of dollars]

Item	1994	1995	Percentage increase, 1994-1995
	(1)	(2)	(3)
Number of returns.....	174,918	180,931	3.4
Forms 990.....	136,627	142,790	4.5
Forms 990-EZ.....	38,291	38,141	-0.4
Total assets.....	993,381	1,143,079	15.1
Total liabilities.....	464,034	512,383	10.4
Total fund balance or net worth.....	529,347	630,696	19.1
Total revenue.....	589,102	663,371	12.6
Program service revenue.....	422,413	443,052	4.9
Contributions, gifts, and grants.....	110,724	127,743	15.4
Membership dues and assessments.....	6,439	6,148	-4.5
Income from investments.....	25,739	31,060	20.7
Other.....	23,788	55,368	132.8
Total expenses.....	548,166	604,645	10.3
Excess (deficit) of revenue over expenses....	40,936	58,725	43.5

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

Land, buildings, and equipment, reported on both the long and short versions of Form 990, totaled \$288.1 billion, accounting for 25 percent of the total. (Detailed financial data are provided in Table 1 for nonprofit charitable organizations filing the long Form 990 and in Table 4 for Form 990-EZ filers.)

The composition of asset holdings, as reported on both Form 990 and Form 990-EZ, varied by asset size of the organizations. For small organizations, those with assets of less than \$500,000, cash and savings (short-term account balances) totaled \$6.8 billion and represented one-half of total assets. For organizations with assets of between \$500,000 and \$1 million, land, buildings, and equipment comprised the largest asset account (36 percent), with cash and savings accounting for an additional 28 percent. Land, buildings, and equipment were also recorded as the largest class of holding for organizations with assets between \$1 million and \$50 million, accounting for 35 percent of total assets for this size class. In contrast, investments in securities were the largest asset holding for organizations with assets of \$50

## Figure B

### Nonprofit Charitable Organizations, by Asset Size, Reporting Year 1995

[Money amounts are in millions of dollars]

Asset size	Returns		Total assets		Total revenue	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>180,931</b>	<b>100.0</b>	<b>1,143,079</b>	<b>100.0</b>	<b>663,371</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	75,052	41.5	2,542	0.2	9,049	1.4
\$100,000 under \$500,000.....	44,492	24.6	11,054	1.0	17,739	2.7
\$500,000 under \$1,000,000.....	17,920	9.9	12,582	1.1	12,057	1.8
\$1,000,000 under \$10,000,000.....	33,794	18.7	105,335	9.2	97,695	14.7
\$10,000,000 under \$50,000,000.....	6,574	3.6	143,048	12.5	94,589	14.3
\$50,000,000 or more.....	3,098	1.7	868,519	76.0	432,241	65.2

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.



## Charities and Other Tax-Exempt Organizations, 1995

million or more, all of which are required to file this long form, representing 43 percent (\$373.7 billion) of their total assets; this represented a 27-percent increase over the 1994 total for this size class.

Total liabilities of nonprofit charitable organizations also increased, by 10 percent from 1994, to \$512.4 billion. Liabilities of \$512.1 billion were reported by those organizations filing the long Form 990. Tax-exempt bond liabilities, as reported by Form 990 filers, amounted to \$93.0 billion, 88 percent of which were held by organizations with assets of \$50 million or more.

Because an owner's equity section does not apply to the balance sheet of a tax-exempt organization, unexpended earnings accrue to a "net worth or fund balance" account instead. The total fund balance or net worth of nonprofit charitable organizations was \$630.7 billion for 1995, up from \$529.3 billion for 1994 (a 19-percent increase).

Program service revenue continued to be the major source of revenue for tax-exempt charitable organizations for 1995. This revenue is comprised of fees collected by organizations in support of their tax-exempt purposes and includes such income as tuition and fees at educational institutions, hospital patient charges (including Medicare and Medicaid payments), admission fees collected by museums or community performance arts groups, YMCA/YWCA activity fees, and payments received for insurance and retirement coverage by selected pension and annuity funds. For 1995, program service revenue totaled \$443.1 billion, which was 67 percent of total revenue. The largest organizations, those with assets of \$50 million or more, received 73 percent of their total revenue from program service revenue, a larger percentage than organizations with fewer total assets (Figure C).

For 1995, contributions, gifts, and grants received showed a 15-percent increase to \$127.7 billion. This was 19 percent of total revenue received. Figure D presents information on grants received by nonprofit charitable organizations that filed the long Form 990. Of \$126.9 billion reported on that form, \$64.1 billion were comprised of direct public support, which includes contributions, gifts, grants, and bequests that the organizations received directly from public sources, such as individuals, trusts, corporations, estates, and foundations. Gov-

ernment grants totaled \$53.0 billion, and contributions received through indirect public support totaled \$9.7 billion. (This latter category is the total amount of contributions received from solicitation campaigns conducted by federated fundraising agencies.) Direct public support rose by 30 percent and replaced revenue from Government grants, which increased by 2 percent, as the leading source of contributions.

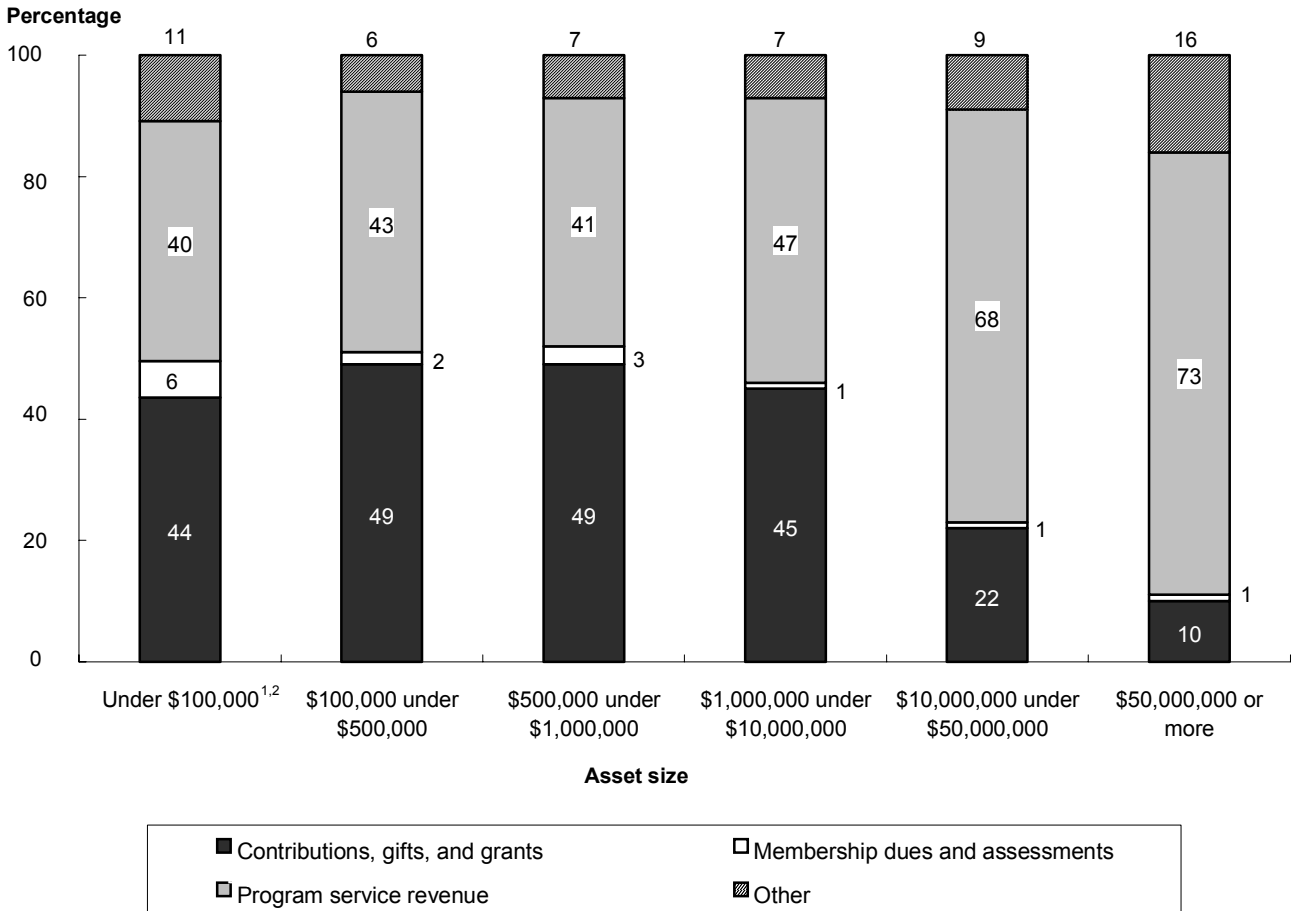
Overall, total contributions, gifts, and grants as a percentage of total revenue varied with organization size. Organizations with assets of \$10 million or more obtained just 12 percent of their total revenue from this source, while small organizations with assets of less than \$1 million relied on contributions, gifts, and grants for 48 percent of their revenue.

Total expenses, as reported on Forms 990 and 990-EZ, rose to \$604.6 billion, a 10-percent increase over 1994. On Form 990, expenses for nonprofit charitable organizations are distributed among three functional, operational areas—program services, fundraising, and management and general. Briefly, program service expenses are those associated with activities which further an organization's exempt purpose; fundraising expenses are those incurred in soliciting contributions, gifts, and grants; and management and general expenses include those administrative and overhead costs which are not specifically related to program services or fundraising activities. Within these three broad categories are several "object categories," including salaries and wages, pension plan contributions and other employee benefits, legal fees, and supplies.

Expenses reported on the long Form 990 totaled \$603.0 billion for 1995, with program service-related expenses accounting for \$522.8 billion (87 percent of the total). Management and general expenses amounted to \$73.1 billion (12 percent of the total). Fundraising activities comprised \$5.5 billion, and payments to affiliates accounted for an additional \$1.5 billion. (These latter represent payments to organizations closely related to the reporting organizations, such as support and dues payments by local chapters to State and national agencies.) For Form 990-EZ filers, total salaries and wages, reported at \$346.8 million, were the leading expense item, accounting for 21 percent of the \$1.7 billion in total expenses. These filers do not report expenses by functional program category.

**Figure C**

**Components of Nonprofit Charitable Organization Revenue, by Asset Size, Reporting Year 1995**



<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

**Types of Nonprofit Charitable Organizations**

Figure E presents information on the types of nonprofit charitable organizations exempt under section 501(c)(3) that filed Form 990 or Form 990-EZ (short form) for 1995. The information is based on responses to a question on the return forms that requires each organization to identify the reason why it was not classified as a private foundation. Unlike an organization classified as a public charity, a

private foundation is narrowly supported and controlled, usually by an individual, family, or corporation, and does not solicit funds from the general public. It usually carries on its charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to other nonprofit charitable organizations that directly engage in such activities themselves [3].

# Charities and Other Tax-Exempt Organizations, 1995

## Figure D

### Contributions Received by Nonprofit Charitable Organizations Filing Form 990, by Asset Size, Reporting Year 1995

[Money amounts are in millions of dollars]

Asset size	Total contributions, gifts, and grants <sup>1</sup>		Contributions received through direct support		Contributions received through indirect support <sup>1</sup>		Contributions received through Government grants	
	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>126,923</b>	<b>100.0</b>	<b>64,149</b>	<b>100.0</b>	<b>9,747</b>	<b>100.0</b>	<b>53,027</b>	<b>100.0</b>
Under \$100,000 <sup>2,3</sup> .....	3,272	2.6	1,775	2.8	270	2.8	1,228	2.3
\$100,000 under \$500,000.....	8,484	6.7	3,815	5.9	870	8.9	3,799	7.2
\$500,000 under \$1,000,000.....	5,887	4.6	3,017	4.7	245	2.5	2,625	5.0
\$1,000,000 under \$10,000,000.....	43,960	34.6	20,722	32.3	2,410	24.7	20,827	39.3
\$10,000,000 under \$50,000,000.....	20,766	16.4	11,727	18.3	2,126	21.8	6,914	13.0
\$50,000,000 or more.....	44,553	35.1	23,093	36.0	3,826	39.3	17,634	33.3

<sup>1</sup> Includes contributions received from the public through solicitation campaigns conducted by federated fundraising agencies and contributions received from a parent organization, subordinate, or another organization with the same parent.

<sup>2</sup> Includes returns with zero assets or assets not reported.

<sup>3</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Form 990 for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

## Figure E

### Selected Items, by Type of Nonprofit Charitable Organization, Reporting Year 1995

[Money amounts are in millions of dollars]

Type of organization <sup>1</sup>	Total assets	Total liabilities	Total fund balance or net worth	Revenue			Total expenses	Excess (deficit) of revenue over expenses
				Total revenue	Contributions, gifts, and grants	Program service revenue		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>1,143,079</b>	<b>512,383</b>	<b>630,696</b>	<b>663,371</b>	<b>127,743</b>	<b>443,052</b>	<b>604,645</b>	<b>58,725</b>
Educational institution or school <sup>2</sup> .....	241,993	54,834	187,159	102,840	23,392	60,501	85,664	17,176
Governmental unit.....	4,798	3,171	1,628	2,683	1,081	1,032	2,618	65
Hospital.....	304,302	147,913	156,389	280,466	6,181	261,087	266,165	14,301
Hospital research organization.....	13,952	2,410	11,542	2,769	972	553	2,058	711
Organization supporting a public college.....	18,199	3,777	14,422	7,516	3,712	2,184	5,628	1,888
Organization supporting other charitable organizations.....	291,739	190,863	100,876	66,958	8,293	23,490	57,061	9,897
Organization testing for public safety.....	429	72	358	339	( <sup>3</sup> )	312	295	44
Publicly-supported organization.....	263,892	107,622	156,270	197,664	82,916	93,152	183,332	14,332
Other <sup>4</sup> .....	3,774	1,721	2,053	2,136	1,196	741	1,824	311

<sup>1</sup> Type of organization was determined by responses to a question on the return forms about the reason why an organization is not classified as a private foundation.

<sup>2</sup> Excludes most colleges and universities operated by State and local governments.

<sup>3</sup> Less than \$500,000.

<sup>4</sup> Includes organizations that did not provide an answer regarding type of organization or misrepresented their type of organization on Forms 990 or 990-EZ.

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances. Data are from unpublished Statistics of Income tabulations.

# Charities and Other Tax-Exempt Organizations, 1995

As captured in Figure E, hospitals comprised the leading category of nonprofit charitable organization, again for 1995, in terms of assets and revenue, with 27 percent of total assets and 42 percent of total revenue. The second-leading category in terms of revenue consisted of publicly-supported organizations, those receiving broad financial support from a large number of sources within the general public [4]. Examples of organizations receiving such support include the United Way and its affiliated agencies, the National Wildlife Federation, the American Cancer Society, and the Public Broadcasting Service. Voluntary health agencies, community foundations, cultural organizations, and a wide variety of community-service organizations are also included in this category. The diverse organizations in this category reported \$93.2 billion in program service revenue, an 8-percent increase from 1994.

## Nonprofit Charitable Organizations Classified by NTEE Codes

The National Taxonomy of Exempt Entities (NTEE) is a classification system developed by the National Center for Charitable Statistics, which classifies

organizations by institutional purpose and major programs and activities [5]. The codes are comprised of 26 major groups, which are aggregated into 10 major categories, as shown in Figure F. Within each major program category, there is a wide diversity in the types of organizations conducting the different functions. The organizations were coded on the basis of information provided on their Forms 990 and 990-EZ [6].

Based on the NTEE classification, health was the dominant major category in terms of revenue, accounting for 55 percent of the total. Organizations in the health category also held the majority of the total assets (37 percent). This category includes organizations that promote the wellness of individuals, the general treatment and prevention of disease or illness (including also mental health and illness), and the medical rehabilitation of the physically disabled. Examples are hospitals; nursing or convalescent facilities; health support services, such as blood banks, organ banks, and emergency medical transport services; health care financing activities; substance abuse treatment services; organizations that study ethics or promote the practice of ethical behav-

**Figure F**

### Selected Items for Nonprofit Charitable Organizations Classified by NTEE Category, Reporting Year 1995

[Money amounts are in millions of dollars]

NTEE major category <sup>1</sup>	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Revenue			Total expenses	Excess (deficit) of revenue over expenses
					Total revenue	Contributions, gifts, and grants	Program service revenue		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>180,931</b>	<b>1,143,079</b>	<b>512,383</b>	<b>630,696</b>	<b>663,371</b>	<b>127,743</b>	<b>443,052</b>	<b>604,645</b>	<b>58,725</b>
Arts, culture, and humanities.....	19,492	36,777	5,869	30,908	15,441	7,359	4,418	12,858	2,583
Education <sup>2</sup> .....	27,011	303,352	79,128	224,223	123,035	32,512	66,305	100,836	22,199
Environment, animals.....	6,340	13,127	3,343	9,785	5,425	2,490	1,481	4,587	839
Health.....	29,644	423,400	196,118	227,282	364,682	28,674	314,437	344,780	19,901
Human services.....	71,897	99,216	51,816	47,400	76,565	33,366	36,268	72,716	3,849
International, foreign affairs.....	2,481	5,561	1,671	3,890	6,565	5,442	706	6,393	173
Mutual, membership benefit.....	562	166,795	156,618	10,177	35,990	123	10,981	35,496	494
Public, societal benefit.....	15,746	86,767	16,279	70,488	30,795	14,450	7,820	22,647	8,148
Religion related.....	7,427	7,853	1,463	6,390	4,796	3,260	637	4,275	522
Unknown, unclassified.....	332	231	78	154	76	67	( <sup>3</sup> )	59	17

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that can be aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The codes describe the purposes and activities of the organizations. See Notes and References.

<sup>2</sup> Excludes most colleges and universities operated by State and local governments.

<sup>3</sup> Less than \$500,000.

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances. Data are from unpublished Statistics of Income tabulations.

## Charities and Other Tax-Exempt Organizations, 1995

ior in medical care and research; health associations active in the prevention or treatment of diseases; and medical research. Just over 86 percent of the total revenue for nonprofit charitable organizations, other than private foundations, in this specific classification was derived from program services.

The major category of education includes higher education (excluding most colleges and universities operated by State and local governments), elementary and secondary schools, correspondence schools, libraries, educational testing services, organizations providing opportunities for continuing education outside the framework of formal education, and student services and organizations. Education ranked a distant second in terms of revenue, which totaled \$123.0 billion and accounted for \$303.4 billion in assets—more than one-quarter of the total for nonprofit charitable organizations.

Organizations in the human services major category ranked third in terms of revenue, with \$76.6 billion for 1995. Program service revenue (\$36.3 billion) and contributions, gifts, and grants (\$33.4 billion) together represented 91 percent of the total revenue for these organizations. This major category was comprised of organizations in several classifica-

tions performing a broad range of services focused on specific needs within the community: housing and shelter programs, including housing, construction, management, and services to assist in locating, acquiring, or sustaining housing; job training and placement services; public safety, disaster preparedness, and relief services, including activities related to the effects of disasters and the providing of relief to accident victims; recreation and sports programs provided by organizations for camps, parks, and playgrounds, and amateur sports activities; crime prevention and legal services; and multipurpose organizations providing a broad range of social or human services to individuals and families. (Included in this last category are such organizations as the American Red Cross, the Salvation Army, the Urban League, and YMCA's/YWCA's.)

### **Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4) Through (9)**

The statistics presented in this section are based on Forms 990 and 990-EZ filed by organizations tax-exempt under Code sections 501(c)(4) through (9). Figure G provides general descriptions of the organi-

**Figure G**

### **Types of Tax-Exempt Organizations, Under Internal Revenue Code Sections 501(c)(3)-(9)**

Internal Revenue Code section	Description of organization	General nature of activities
501(c)(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition.	Activities of a nature implied by the description of the class of organization
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
501(c)(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
501(c)(6)	Business leagues, chambers of commerce, and real estate boards	Improving conditions in one or more lines of business
501(c)(7)	Social and recreational clubs	Pleasure, recreational, and social activities
501(c)(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, sickness, accident, or other benefits to members
501(c)(9)	Voluntary employee beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered under 501(c)(10))	Providing for payment of life, sickness, accident, or other benefits to members

# Charities and Other Tax-Exempt Organizations, 1995

zations included under these sections. Unlike the nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3), most of these organizations are not eligible to receive tax-deductible contributions. Financial data for organizations covered by these six Code sections are presented in Tables 2, 3, and 4.

Figure H compares selected data for these organizations for 1995 and 1994. Organizations under three of the Code sections filed an increased number of returns for 1995: labor, agricultural, and horticultural organizations, section 501(c)(5); social and recreational clubs, section 501(c)(7); and fraternal beneficiary societies and associations, section 501(c)(8). Organizations under the other three Code sections filed somewhat fewer returns for 1995 than for 1994.

## Highlights of Financial Data

Voluntary employees' beneficiary associations, Code section 501(c)(9), led other types of organizations in terms of assets (\$66.3 billion). This represented an increase of 18 percent over 1994. The assets of fraternal beneficiary societies and associations rose by 20 percent, to \$52.5 billion. With the exception of social and recreational clubs, section 501(c)(7), the majority of the asset holdings by organizations under these six Code sections was reported by organizations with assets of \$10 million or more; for social and recreational clubs, however, organizations with assets of \$10 million or more represented just 20 percent of the total, while organizations with assets in the \$1 million to \$10 million range accounted for 61 percent (Figure I).

The types of assets held by these six groups of

**Figure H**

### Selected Items for Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Years 1994 and 1995

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns		Total assets		Total liabilities		Total fund balance or net worth	
	1994	1995	1994	1995	1994	1995	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
501(c)(4).....	22,127	21,983	44,185	46,317	31,286	32,484	12,899	13,833
501(c)(5).....	20,412	21,242	18,965	20,326	2,859	3,101	16,106	17,225
501(c)(6).....	25,592	25,460	26,470	27,934	13,740	13,774	12,730	14,160
501(c)(7).....	15,777	15,919	11,733	12,308	3,454	3,625	8,279	8,684
501(c)(8).....	7,818	7,973	43,868	52,460	37,554	45,331	6,314	7,129
501(c)(9).....	10,307	9,818	55,974	66,327	15,292	16,603	40,682	49,724
Internal Revenue Code section	Total revenue		Total expenses		Excess (deficit) of revenue over expenses			
	1994	1995	1994	1995	1994	1995		
	(9)	(10)	(11)	(12)	(13)	(14)		
501(c)(4).....	24,960	28,583	23,469	27,460	1,491	1,124		
501(c)(5).....	13,265	14,120	12,785	12,640	481	1,481		
501(c)(6).....	20,446	20,996	18,376	19,036	2,070	1,960		
501(c)(7).....	6,791	7,116	6,396	6,904	182	212		
501(c)(8).....	8,291	10,600	8,568	10,000	353	599		
501(c)(9).....	71,176	72,010	66,325	65,606	4,852	6,403		

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1995

## Figure I

### Total Assets of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1995

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section--					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>46,317</b>	<b>20,326</b>	<b>27,934</b>	<b>12,309</b>	<b>52,460</b>	<b>66,327</b>
Under \$100,000 <sup>1,2</sup> .....	392	440	536	246	102	80
\$100,000 under \$500,000.....	1,382	1,552	1,613	1,159	948	577
\$500,000 under \$1,000,000.....	1,105	1,080	1,258	861	761	698
\$1,000,000 under \$10,000,000.....	4,970	4,022	6,750	7,460	1,177	9,617
\$10,000,000 under \$50,000,000.....	5,037	2,749	5,095	2,447	1,361	16,402
\$50,000,000 or more.....	33,430	10,483	12,682	136	48,111	38,952
	Percentage of total					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	0.9	2.2	1.9	2.0	0.2	0.1
\$100,000 under \$500,000.....	3.0	7.6	5.8	9.4	1.8	0.9
\$500,000 under \$1,000,000.....	2.4	5.3	4.5	7.0	1.5	1.1
\$1,000,000 under \$10,000,000.....	10.7	19.8	24.2	60.6	2.2	14.5
\$10,000,000 under \$50,000,000.....	10.9	13.5	18.2	18.9	2.6	24.7
\$50,000,000 or more.....	72.2	51.6	45.4	1.1	91.7	58.7

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances. Data are from unpublished Statistics of Income tabulations.

organizations varied considerably. (Detailed data on the components of assets are limited to those organizations that filed the long Form 990; as mentioned earlier, only condensed balance sheets were provided by the smaller-size organizations that filed the short Form 990-EZ.) Investments in securities were the largest single component of assets for the organizations reporting under five of the six Code sections, the exception being social and recreational clubs, section 501(c)(7), where 66 percent of total assets were in land, buildings, and equipment, but only 3 percent in securities (Figure J). Civic leagues and social welfare organizations, section 501(c)(4), also reported \$12.8 billion in receivables, which are included in "Other" in Figure J.

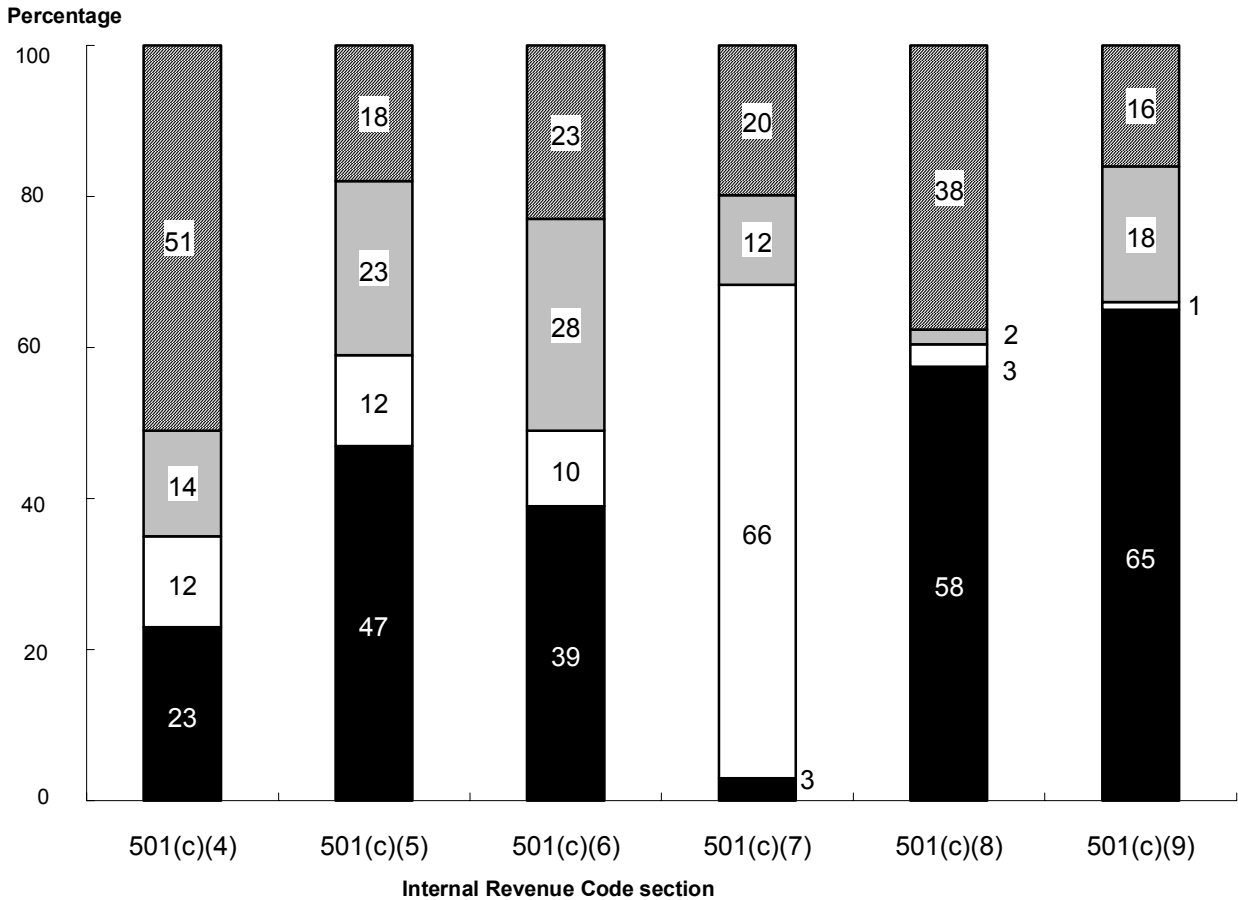
In terms of revenue, voluntary employees' beneficiary associations, section 501(c)(9), were also the largest of the six categories, with \$72.0 billion, rising by just 1 percent from 1994. Most of the revenue (88

percent) was in the form of program service revenue, which is defined for these organizations chiefly as payments received from participants, or employers of participants, for health and welfare benefits coverage (Figure K). Civic leagues and social welfare organizations, section 501(c)(4), ranked a distant second in terms of revenue, with \$28.6 billion, also comprised mainly of program service revenue. Membership dues and assessments were the principal source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5); for business leagues, chambers of commerce, and real estate boards, section 501(c)(6); and for social and recreational clubs, section 501(c)(7).

Figure L shows that organizations with assets of less than \$1 million accounted for a larger percentage of revenue than did comparably-sized nonprofit charitable organizations exempt under section 501(c)(3).

**Figure J**

**Components of Total Assets of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1995**



■ Securities    □ Land, buildings, and equipment (less accumulated depreciation) <sup>1</sup>    □ Cash and savings    ▨ Other <sup>2</sup>

<sup>1</sup> Does not include "investments in land, buildings, and equipment."

<sup>2</sup> Includes miscellaneous receivables, "inventories for sale or use," "prepaid expenses and deferred charges," "investments in land, buildings, and equipment less accumulated depreciation," and "other assets."

NOTES: Data are Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

**Organizations Filing Form 990-EZ**

Form 990-EZ may be filed by organizations exempt under Internal Revenue Code section 501(c) with annual gross receipts of less than \$100,000 and assets under \$250,000. Figure M shows the use of Form 990-EZ by organizations in the subsection codes. Organizations reporting under three Code sections registered usage of more than 30 percent—civic leagues and social welfare organizations,

section 501(c)(4); labor, agricultural, and horticultural organizations, section 501(c)(5); and social and recreational clubs, section 501(c)(7). Form 990-EZ was introduced for Tax Year 1989, and its use has grown steadily each year.

The organizations reporting on Form 990-EZ accounted for small proportions of assets and revenue. In terms of assets, only labor, agricultural, and horticultural organizations, section 501(c)(5), and



# Charities and Other Tax-Exempt Organizations, 1995

## Figure K

### Components of Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1995

[Money amounts are in millions of dollars]

Internal Revenue Code section	Total revenue	Components of revenue				
		Contributions, gifts, and grants	Program service revenue	Membership dues and assessments	Income from investments <sup>1</sup>	Other
	(1)	(2)	(3)	(4)	(5)	(6)
501(c)(4).....	28,583	2,498	21,376	1,728	1,391	1,590
501(c)(5).....	14,120	466	3,616	8,434	790	813
501(c)(6).....	20,996	1,575	7,790	9,083	1,160	1,388
501(c)(7).....	7,116	80	1,249	4,175	174	1,438
501(c)(8).....	10,600	93	9,128	327	664	387
501(c)(9).....	72,010	9	63,097	2,496	3,109	3,299

<sup>1</sup> Includes "interest on savings and temporary cash investments," "dividends and interest from securities," "gross rents," and "other investment income (gross)" from Form 990 and "investment income (gross)" from Form 990-EZ.

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances.

## Figure L

### Total Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, by Asset Size, Reporting Year 1995

[Money amounts are in millions of dollars]

Asset size	Organizations tax-exempt under Internal Revenue Code section--					
	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount					
<b>Total</b> .....	<b>28,583</b>	<b>14,120</b>	<b>20,996</b>	<b>7,116</b>	<b>10,600</b>	<b>72,010</b>
Under \$100,000 <sup>1,2</sup> .....	816	955	1,312	514	208	5,372
\$100,000 under \$500,000.....	969	2,009	2,279	716	532	2,965
\$500,000 under \$1,000,000.....	723	1,320	1,547	514	289	1,539
\$1,000,000 under \$10,000,000.....	3,081	3,772	6,702	4,398	301	17,303
\$10,000,000 under \$50,000,000.....	5,538	1,833	4,370	946	256	19,138
\$50,000,000 or more.....	17,455	4,231	4,784	28	9,013	25,694
	Percentage of total					
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Under \$100,000 <sup>1,2</sup> .....	2.9	6.8	6.3	7.2	2.0	7.5
\$100,000 under \$500,000.....	3.4	14.2	10.9	10.1	5.0	4.1
\$500,000 under \$1,000,000.....	2.5	9.4	7.4	7.2	2.7	2.1
\$1,000,000 under \$10,000,000.....	10.8	26.7	31.9	61.8	2.8	24.0
\$10,000,000 under \$50,000,000.....	19.4	13.0	20.8	13.3	2.4	26.6
\$50,000,000 or more.....	61.1	30.0	22.8	0.4	85.0	35.7

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Estimates should be used with caution because of the small number of sample returns on which they are based.

NOTES: Data are from Forms 990 and 990-EZ. Detail may not add to totals because of rounding and processing tolerances. Data are from unpublished Statistics of Income tabulations.

# Charities and Other Tax-Exempt Organizations, 1995

## Figure M

### Selected Data Items from Form 990-EZ by Selected Internal Revenue Code Sections, Reporting Year 1995

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns			Total assets			Total revenue		
	Total	Form 990-EZ	Forms 990-EZ percentage of total	Total	Form 990-EZ	Forms 990-EZ percentage of total	Total	Form 990-EZ	Forms 990-EZ percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
501(c)(3) <sup>1</sup> .....	180,931	38,141	21.1	1,143,079	1,669	0.1	663,371	1,786	0.3
501(c)(4).....	21,983	9,105	41.4	46,317	384	0.8	28,583	357	1.2
501(c)(5).....	21,242	7,624	35.9	20,326	361	1.8	14,120	399	2.8
501(c)(6).....	25,460	7,165	28.1	27,934	264	0.9	20,996	324	1.5
501(c)(7).....	15,919	5,275	33.1	12,308	283	2.3	7,116	230	3.2
501(c)(8).....	7,973	1,529	19.2	52,460	120	0.2	10,600	63	0.6
501(c)(9).....	9,818	412	4.2	66,327	28	( <sup>2</sup> )	72,010	24	( <sup>2</sup> )

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> Less than 0.05.

NOTE: Organizations with end-of-year total assets under \$250,000 and gross receipts under \$100,000 could elect to file Forms 990-EZ rather than Forms 990.

social and recreational clubs, section 501(c)(7), accounted for more than 1 percent of the total assets held by organizations under the subsection code. In terms of revenue, social and recreation clubs reporting on Form 990-EZ represented 3 percent of the total.

Table 4 presents detailed data on Form 990-EZ filers, by Internal Revenue Code section. For these filers, cash, savings, and investments were the largest component of total assets, with the exception of social and recreational clubs, section 501(c)(7), which reported total assets nearly equally divided between land and buildings on the one hand and cash, savings, and investments on the other. For the relatively few organizations covered under section 501(c)(3), cash, savings, and investments, together, accounted for two-thirds of Form 990-EZ total assets. Membership dues and assessments were the major source of revenue for organizations reporting under most of the seven Code sections. For the fraternal beneficiary societies, section 501(c)(8), membership dues and assessments and program service revenue both represented comparable shares of the total. In contrast, contributions, gifts, and grants comprised nearly half of the total revenue of organizations exempt under section 501(c)(3) filing Form 990-EZ.

The majority of organizations reporting under each of the seven Code sections that were eligible to file Form 990-EZ for 1995 elected to file the short

version of the information return, rather than the long Form 990 [7]. For eligible organizations exempt under five of these subsection codes, 501(c)(3) through 501(c)(7), Form 990-EZ was filed at a rate of 70 percent or higher. The majority of both assets and revenue reported by organizations exempt under the seven subsection codes and having end-of-year assets of under \$250,000 and gross receipts of under \$100,000 were reported on Forms 990-EZ. (Additional financial data for organizations that were eligible to file Form 990-EZ but filed the long Form 990 instead are included with the data for Form 990 filers.)

### Summary

For 1995, for the first time, assets reported by nonprofit charitable organizations (excluding private foundations) tax-exempt under section 501(c)(3) exceeded \$1 trillion. These organizations also reported total revenue of \$663.4 billion. The totals for assets and revenue were the result of double-digit increases over 1994 totals, 15 percent and 13 percent, respectively. The number of returns filed by these organizations was 180,931, which included both the long Form 990 and the short Form 990-EZ. This latter form accounted for 21 percent of the total number of returns filed by these nonprofit charities.

Program service revenue, the fees received for programs conducted in support of the purposes for which the tax exemptions under section 501(c)(3)

## Charities and Other Tax-Exempt Organizations, 1995

were granted, was \$443.1 billion for 1995. It represented two-thirds of total revenue. Contributions, gifts, and grants increased by 15 percent to \$127.7 billion. This source of revenue accounted for nearly one-half of the total revenue of organizations with asset holdings of less than \$1 million, but for a much smaller share of the total revenue of the larger organizations. As reported by organizations using the long Form 990, contributions received through direct public support accounted for the largest proportion of total contributions and gifts, \$64.1 billion, exceeding contributions received through Government grants, \$53.0 billion. Expenses rose by 10 percent to \$604.6 billion.

Using the National Taxonomy of Exempt Entities codes, which classify organizations by institutional purpose and major programs and activities, health care was the predominant major category, accounting for 37 percent of assets and 55 percent of total revenue reported by nonprofit charitable organizations under Code section 501(c)(3).

Organizations exempt under Internal Revenue Code sections 501(c)(4) through (9) are diverse in both their purposes and financial characteristics. Voluntary employees' beneficiary associations, section 501(c)(9), led the organizations under Code sections other than 501(c)(3) in terms of both revenue and assets, with totals of \$72.0 billion and \$66.3 billion, respectively. Program service revenue was the principal source of revenue and consisted of payments for health and welfare benefits. Membership dues and assessments were the principal source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5), business leagues, chambers of commerce, and real estate boards, section 501(c)(6), and social and recreational clubs, section 501(c)(7).

The types of assets held by the organizations varied. Investments in securities were the largest single component of assets for organizations under five of these six Code sections, the exception being social and recreational clubs, section 501(c)(7), two-thirds of whose assets were land, buildings, and equipment.

### **Data Sources and Limitations**

The statistics in this article are based on a sample of the 1995 Forms 990, *Return of Organization Exempt From Income Tax*, and Forms 990-EZ, *Short Form*

### *Return of Organization Exempt From Income Tax.*

Organizations used the 1995 forms when their accounting periods ended any time between December 31, 1995, and November 30, 1996. The sample did not include private foundations, which were required to file separate return forms. Most churches and certain other types of religious organizations were also excluded from the sample because they were not required to file Form 990 or Form 990-EZ. The sample included only those returns with receipts of more than \$25,000, the filing threshold. There were 131 group returns, which are filed by a central or parent organization to consolidate their subsidiaries, included in the study.

The sample design was split into two parts: the first part included returns of organizations exempt under section 501(c)(3), and the second part included organizations exempt under sections 501(c)(4) through (9). Returns of organizations tax-exempt under other Code sections were excluded. The data presented were obtained from returns as originally filed with the Internal Revenue Service. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. However, in most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the data base.

Each part of the sample was classified into strata based on size of total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 11,925 returns was selected from a population of 184,629. Sampling rates ranged from 0.45 percent for organizations reporting smaller amounts for total assets to 100 percent for organizations with total assets of \$10,000,000 or more. For organizations filing under sections 501(c)(4) through (9), a sample of 8,800 returns was selected from a population of 104,726. Sampling rates ranged from 2 percent for organizations reporting smaller amounts for total assets to 100 percent for organizations with assets of \$10,000,000 or more. The filing populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed with tax periods prior to 1995.

Because the data are based on samples, they are subject to sampling error. In order to use these

statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure N shows CV's for selected financial data. A discussion of methods for evaluating the nonsampling error can be found in the general Appendix of this issue.

**Figure N**

**Coefficients of Variation for Selected Items, by Selected Internal Revenue Code Sections, Reporting Year 1995**

Internal Revenue Code section	Total revenue	Total expenses	Total assets	Total liabilities
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
501(c)(3) <sup>1</sup> .....	1.50	1.63	1.29	2.69
501(c)(4).....	1.74	1.78	2.79	3.74
501(c)(5).....	2.42	2.58	2.46	4.06
501(c)(6).....	1.95	2.01	2.52	3.64
501(c)(7).....	2.66	2.71	1.98	2.78
501(c)(8).....	4.29	4.32	4.55	4.91
501(c)(9).....	5.37	5.91	0.87	1.40

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

NOTE: Data are from Forms 990 and 990-EZ.

**Notes and References**

- [1] Data for previous years were published in Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987, and Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2. See also Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1994," *Statistics of Income Bulletin*, Spring 1998, Volume 17, Number 4; and Riley, Margaret, "Unrelated Business Income of Nonprofit Organizations, 1994," *Statistics of Income Bulletin*, Spring 1998, Volume 17, Number 4.
- [2] Data presented in this article are from 1995 Forms 990 and 990-EZ. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990-EZ, was obtained from the Internal Revenue Service Exempt Organizations Business

Master File (December 1995) and does not include private foundations filing Form 990-PF, *Return of Private Foundation*.

- [3] For information on private foundations, see Arnsberger, Paul, "Private Foundations and Charitable Trusts, 1995," in this issue.
- [4] A publicly-supported organization receives at least one-third of its total support from governmental units, from contributions made directly or indirectly by the general public, or from a combination of these sources. It is organized and operated in a manner to attract new and additional public or governmental support on a continuous basis. Certain types of publicly-supported organizations, as defined by Internal Revenue Code section 509(a)(2), have limits on total gross investment income and unrelated business taxable income.
- [5] For information on the National Taxonomy of Exempt Entities classification system, see (1) Hodgkinson, Virginia A.; Weitzman, Murray S., et al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, Jossey-Bass, Inc., 1996; (2) Stevenson, David R.; Pollak, Thomas H.; and Lampkin, Linda M., et al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, The Urban Institute, 1997; and (3) *The National Taxonomy of Exempt Entities Manual*, The Urban Institute, 1997.

The 26 major group areas of the National Taxonomy of Exempt Entities (NTEE) are grouped according to 10 major categories. They are listed below.

- I. Arts, Culture, and Humanities (NTEE area A)
- II. Education (B)
- III. Environment and Animals
  - Environmental Quality, Protection, and Beautification (C)
  - Animal-Related (D)
- IV. Health
  - Health--General and Rehabilitative (E)
  - Mental Health, Crisis Intervention (F)
  - Diseases, Disorders, Medical Disciplines (G)
  - Medical Research (H)

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- V. Human Services
  - Crime, Legal-Related (I)
  - Employment, Job-Related (J)
  - Food, Agriculture, and Nutrition (K)
  - Housing, Shelter (L)
  - Public Safety, Disaster Preparedness, and Relief (M)
  - Recreation, Sports, Leisure, Athletics (N)
  - Youth Development (O)
  - Human Services--Multipurpose and Other (P)

- VI. International, Foreign Affairs (Q)

- VII. Public, Societal Benefit
  - Civil Rights, Social Action, Advocacy (R)
  - Community Improvement, Capacity Building (S)
  - Philanthropy, Voluntarism, and Grantmaking Foundations (T)

- Science and Technology Research Institutes, Services (U)
- Social Science Research Institutes, Services (V)
- Public, Society Benefit--Multipurpose and Other (W)

- VIII. Religion-Related (X)

- IX. Mutual/Membership Benefit (Y)

- X. Unknown, Unclassified (Z)

[6] The Internal Revenue Service has implemented the National Taxonomy of Exempt Entities (NTEE) classification system as one element of its Business Master File of Exempt Organizations.

[7] Some data in this section are from unpublished Statistics of Income tabulations.

# Charities and Other Tax-Exempt Organizations, 1995

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>142,790</b>	<b>41,279</b>	<b>40,125</b>	<b>17,920</b>	<b>33,794</b>	<b>6,574</b>	<b>3,098</b>
<b>Total assets.....</b>	<b>1,141,409,405</b>	<b>1,592,783</b>	<b>10,333,700</b>	<b>12,582,143</b>	<b>105,334,649</b>	<b>143,047,564</b>	<b>868,518,566</b>
Cash.....	20,767,501	510,422	1,478,713	906,009	4,934,474	3,938,348	8,999,535
Savings and temporary cash investments.....	72,832,644	545,744	3,151,843	2,590,967	11,934,194	11,934,948	42,674,947
Accounts receivable (net).....	68,296,837	103,501	684,989	803,935	6,671,267	9,880,122	50,153,023
Pledges receivable (net).....	14,406,395	2,473	198,990	127,652	2,545,956	3,526,547	8,004,777
Grants receivable.....	6,166,354	37,358	253,429	167,991	2,192,751	1,205,767	2,309,058
Receivables due from officers, directors, trustees, and key employees.....	300,673	309	15,013	1,830	41,433	73,513	168,575
Other notes and loans receivable.....	31,157,123	7,485	66,639	204,301	2,572,992	3,690,511	24,615,195
Inventories for sale or use.....	6,278,427	21,065	127,405	118,068	842,369	1,206,659	3,962,861
Prepaid expenses and deferred charges.....	9,964,355	22,524	133,125	114,592	1,011,177	1,615,627	7,067,311
Investments in securities.....	433,132,427	26,182	1,039,790	1,483,611	18,611,041	38,301,858	373,669,945
Investments in land, buildings, and equipment minus accumulated depreciation.....	22,581,578	72,961	560,704	649,334	5,374,418	3,417,229	12,506,932
Other investments.....	108,056,938	85	107,482	435,393	5,431,147	8,640,678	93,442,152
Land, buildings, and equipment minus accumulated depreciation.....	287,702,905	209,176	2,310,477	4,509,872	38,607,693	48,376,368	193,689,320
Other assets.....	59,765,242	33,498	205,101	468,587	4,563,736	7,239,386	47,254,935
<b>Total liabilities.....</b>	<b>512,089,064</b>	<b>649,899</b>	<b>3,761,798</b>	<b>3,863,001</b>	<b>40,122,368</b>	<b>54,329,733</b>	<b>409,362,265</b>
Accounts payable.....	85,865,239	312,187	1,009,562	742,162	9,144,841	12,093,914	62,562,573
Grants payable.....	4,479,676	2,104	69,976	20,769	805,331	1,175,737	2,405,758
Support and revenue designated for future periods.....	13,191,548	72,266	306,531	326,007	2,759,106	3,512,044	6,215,594
Loans from officers, directors, trustees, and key employees.....	638,938	64,083	6,199	48,971	115,271	79,306	325,109
Tax-exempt bond liabilities.....	93,045,352	--	17,681	3,567	1,589,445	9,338,905	82,095,755
Mortgages and other notes payable.....	105,030,032	173,781	1,876,181	2,279,784	21,642,231	19,825,200	59,232,855
Other liabilities.....	209,838,278	25,478	475,668	441,741	4,066,143	8,304,627	196,524,621
<b>Total fund balance or net worth.....</b>	<b>629,320,342</b>	<b>942,883</b>	<b>6,571,903</b>	<b>8,719,143</b>	<b>65,212,280</b>	<b>88,717,831</b>	<b>459,156,301</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1995

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1,2</sup>	\$100,000 under \$500,000 <sup>2</sup>	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue.....</b>	<b>661,584,177</b>	<b>7,509,849</b>	<b>17,492,516</b>	<b>12,056,722</b>	<b>97,695,478</b>	<b>94,588,521</b>	<b>432,241,090</b>
Total contributions, gifts, and grants received .....	126,922,755	3,272,327	8,484,399	5,887,183	43,959,550	20,766,432	44,552,864
Contributions received from direct public support.....	64,148,723	1,774,619	3,815,181	3,016,669	20,721,893	11,726,950	23,093,411
Contributions received from indirect public support.....	9,746,924	269,891	870,225	245,018	2,410,429	2,125,511	3,825,851
Government grants.....	53,027,107	1,227,816	3,798,993	2,625,496	20,827,228	6,913,971	17,633,603
Program service revenue.....	442,609,969	3,197,476	7,587,172	4,929,096	45,834,020	64,544,428	316,517,777
Membership dues and assessments.....	5,948,912	349,920	389,098	394,301	1,306,187	1,090,275	2,419,132
Interest on savings and temporary cash investments.....	6,963,867	31,666	159,111	128,623	1,015,178	1,109,004	4,520,285
Dividends and interest from securities.....	20,138,165	3,368	53,414	98,803	1,111,183	1,893,368	16,978,030
Net rental income (loss).....	1,520,174	6,083	52,909	55,005	406,803	256,854	742,521
Gross rents.....	3,466,435	6,083	69,363	73,415	874,478	543,517	1,899,579
Rental expenses.....	1,946,261	--	16,454	18,411	467,675	286,663	1,157,058
Other investment income (loss).....	3,921,595	2,664	10,612	10,951	130,090	316,236	3,451,042
Total gain (loss) from sales of assets.....	23,003,415	39,602	24,814	38,539	817,014	1,805,780	20,277,666
Gain (loss), sales of securities.....	17,701,722	-49	19,015	25,742	671,261	1,621,729	15,364,026
Gross amount from sales.....	284,777,409	10,094	356,622	194,188	6,798,129	16,213,249	261,205,127
Cost or other basis and sales expense.....	267,075,687	10,142	337,607	168,446	6,126,869	14,591,521	245,841,101
Gain (loss), sales of other assets.....	5,301,693	39,651	5,799	12,797	145,754	184,051	4,913,641
Gross amount from sales.....	125,470,296	43,873	12,214	23,669	637,044	796,019	123,957,477
Cost or other basis and sales expense.....	120,168,604	4,223	6,416	10,872	491,290	611,968	119,043,837
Net income (loss), special events and activities.....	2,100,089	390,759	388,462	233,064	897,811	196,941	-6,948
Gross revenue.....	4,632,616	887,618	1,061,173	549,350	1,440,195	408,825	285,456
Direct expenses.....	2,532,526	496,859	672,710	316,286	542,383	211,884	292,404
Gross profit (loss), sales of inventories.....	3,680,208	144,098	123,069	133,076	757,083	729,312	1,793,570
Gross sales minus returns and allowances.....	8,060,080	352,254	232,198	522,639	1,906,895	1,623,363	3,422,730
Cost of goods sold.....	4,379,871	208,156	109,128	389,563	1,149,812	894,051	1,629,161
Other revenue (loss).....	24,775,023	71,884	219,455	148,082	1,460,560	1,879,892	20,995,151
<b>Total expenses<sup>3</sup> .....</b>	<b>602,984,847</b>	<b>7,533,049</b>	<b>16,829,960</b>	<b>10,983,463</b>	<b>91,969,142</b>	<b>86,509,548</b>	<b>389,159,686</b>
Program services.....	522,784,780	6,342,704	13,986,279	8,950,992	78,933,627	72,618,456	341,952,721
Management and general.....	73,144,522	1,059,274	2,572,278	1,776,980	11,418,908	12,273,183	44,043,900
Fundraising.....	5,519,002	114,332	263,904	253,315	1,369,472	1,222,993	2,294,987
Payments to affiliates.....	1,536,538	16,737	7,498	2,174	247,135	394,916	868,078
<b>Excess (deficit) of revenue over expenses.....</b>	<b>58,599,328</b>	<b>-23,201</b>	<b>662,556</b>	<b>1,073,259</b>	<b>5,726,336</b>	<b>8,078,973</b>	<b>43,081,405</b>

<sup>1</sup> Includes returns with zero assets or assets not reported. Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

<sup>2</sup> Includes organizations with end-of-year total assets under \$250,000 and gross receipts under \$100,000 electing to file Forms 990 rather than Forms 990-EZ.

<sup>3</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures, and certain processing tolerances.

NOTES: Nonprofit charitable organizations exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1995

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	<b>142,790</b>	<b>12,878</b>	<b>13,618</b>	<b>18,295</b>	<b>10,644</b>	<b>6,444</b>	<b>9,406</b>
<b>Total functional expenditures:</b>							
<b>Number of returns</b> .....	<b>142,257</b>	<b>12,654</b>	<b>13,582</b>	<b>18,245</b>	<b>10,602</b>	<b>6,444</b>	<b>9,323</b>
<b>Amount</b> <sup>2</sup> .....	<b>601,448,304</b>	<b>27,108,773</b>	<b>10,835,628</b>	<b>18,473,862</b>	<b>6,674,814</b>	<b>9,907,913</b>	<b>65,578,016</b>
Grants and allocations.....	27,755,403	1,507,791	130,205	493,606	7,222	200,805	589,479
Specific assistance to individuals.....	3,619,205	244,140	4,310	23,531	1,421	22,796	523,865
Benefits paid to or for members.....	36,010,785	8,974,764	1,261,461	456,021	12,053	7,168,386	55,244,401
Compensation of officers or directors.....	6,866,513	193,093	1,009,275	882,738	49,935	76,569	93,306
Other salaries and wages.....	197,702,481	1,983,181	2,078,793	3,683,225	2,274,821	552,945	414,908
Pension plan contributions.....	6,819,890	117,404	316,765	249,746	28,107	54,148	51,752
Other employee benefits.....	24,388,581	286,666	1,110,170	578,736	180,334	240,372	1,488,455
Payroll taxes.....	13,687,451	151,290	279,654	326,938	294,000	78,529	52,610
Accounting fees.....	1,129,076	45,384	61,186	79,302	36,555	22,896	79,266
Legal fees.....	1,526,144	67,878	265,870	381,347	16,563	17,509	102,511
Supplies.....	45,363,275	182,422	123,319	209,539	269,850	54,591	31,770
Telephone.....	2,931,844	97,053	111,366	201,682	45,480	22,244	17,733
Postage and shipping.....	2,662,464	247,583	87,469	335,691	33,699	28,183	41,861
Occupancy.....	16,321,940	439,950	291,002	671,240	689,682	183,569	63,238
Equipment rental and maintenance.....	7,176,266	126,298	74,999	198,321	199,386	39,006	20,132
Printing and publications.....	4,573,020	332,757	171,161	838,482	63,487	49,456	34,187
Travel.....	4,659,405	123,077	254,145	507,829	22,183	30,351	9,101
Conferences, conventions, and meetings.....	2,093,959	96,110	243,253	1,302,034	69,432	45,463	18,701
Interest.....	11,641,289	1,041,101	32,688	73,413	150,887	23,648	11,164
Depreciation and depletion.....	24,279,035	417,745	163,109	349,459	554,926	88,418	44,469
<b>Other expenses</b> .....	<b>159,950,484</b>	<b>10,386,957</b>	<b>2,703,363</b>	<b>6,628,916</b>	<b>1,672,040</b>	<b>902,926</b>	<b>6,644,979</b>

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> The differences between "total functional expenditures" shown in this table and "total expenses" shown in Tables 1 and 3 are due to payments to affiliates, which are not considered functional expenditures, and certain processing tolerances.

NOTE: Detail may not add to totals because of rounding and processing tolerances.



# Charities and Other Tax-Exempt Organizations, 1995

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>142,790</b>	<b>12,878</b>	<b>13,618</b>	<b>18,295</b>	<b>10,644</b>	<b>6,444</b>	<b>9,406</b>
<b>Total assets.....</b>	<b>1,141,409,405</b>	<b>45,932,897</b>	<b>19,964,769</b>	<b>27,670,136</b>	<b>12,025,675</b>	<b>52,339,442</b>	<b>66,298,637</b>
Cash.....	20,767,501	1,396,365	974,120	1,356,248	435,866	259,420	1,965,498
Savings and temporary cash investments .....	72,832,644	5,216,510	3,530,676	6,396,793	967,493	832,591	9,857,592
Accounts receivable (net).....	68,296,837	2,978,484	854,602	1,957,022	769,067	40,033	4,027,589
Pledges receivable (net).....	14,406,395	24,157	19,023	274,309	5,502	242	19,967
Grants receivable.....	6,166,354	156,713	6,258	87,402	888	1,791	52,131
Receivables due from officers, directors, trustees, and key employees .....	300,673	34,617	3,395	6,220	2,921	179	8,528
Other notes and loans receivable.....	31,157,123	9,637,581	257,432	629,946	131,224	1,147,126	89,413
Inventories for sale or use.....	6,278,427	100,058	31,482	148,509	138,586	41,546	1,906
Prepaid expenses and deferred charges.....	9,964,355	320,208	131,191	472,930	124,177	11,014	154,701
Investments in securities.....	433,132,427	10,725,900	9,414,914	10,721,706	331,857	30,127,353	43,418,975
Investments in land, buildings, and equipment minus accumulated depreciation.....	22,581,578	1,363,373	679,411	430,732	930,481	571,424	36,645
Other investments.....	108,056,938	3,706,800	1,168,085	1,396,661	94,582	6,441,116	3,607,642
Land, buildings, and equipment minus accumulated depreciation.....	287,702,905	5,368,634	2,443,847	2,795,507	7,922,755	1,476,126	342,988
Other assets.....	59,765,242	4,903,496	450,330	996,151	170,274	11,389,482	2,715,060
<b>Total liabilities.....</b>	<b>512,089,064</b>	<b>32,420,920</b>	<b>3,070,335</b>	<b>13,756,522</b>	<b>3,594,684</b>	<b>45,318,012</b>	<b>16,601,744</b>
Accounts payable.....	85,865,239	4,834,355	1,219,765	3,018,909	744,387	538,000	7,029,473
Grants payable.....	4,479,676	126,500	2,841	45,742	3,544	35,871	30,208
Support and revenue designated for future periods.....	13,191,548	788,279	137,342	1,533,054	214,608	40,974	166,952
Loans from officers, directors, trustees, and key employees .....	638,938	14,845	149	3,521	16,818	2,850	54
Tax-exempt bond liabilities.....	93,045,352	4,874,200	5,750	19,051	5,824	2,678	--
Mortgages and other notes payable.....	105,030,032	10,999,043	759,733	1,469,703	2,044,573	241,479	165,937
Other liabilities.....	209,838,278	10,783,698	944,755	7,666,542	564,931	44,456,160	9,209,120
<b>Total fund balance or net worth.....</b>	<b>629,320,342</b>	<b>13,511,978</b>	<b>16,894,434</b>	<b>13,913,614</b>	<b>8,430,991</b>	<b>7,021,429</b>	<b>49,696,893</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1995

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue.....</b>	<b>661,584,177</b>	<b>28,226,718</b>	<b>13,721,293</b>	<b>20,671,651</b>	<b>6,885,958</b>	<b>10,536,541</b>	<b>71,985,968</b>
Total contributions, gifts, and grants received .....	126,922,755	2,439,812	446,453	1,542,591	59,032	83,551	709
Contributions received from direct public support.....	64,148,723	1,180,106	210,018	667,074	45,393	65,193	495
Contributions received from indirect public support.....	9,746,924	278,498	147,931	60,442	12,691	9,228	--
Government grants.....	53,027,107	981,208	88,505	815,076	948	9,131	213
Program service revenue.....	442,609,969	21,301,593	3,592,712	7,697,567	1,220,862	9,113,910	63,090,550
Membership dues and assessments.....	5,948,912	1,601,555	8,111,667	8,914,946	4,028,545	313,427	2,489,407
Interest on savings and temporary cash investments.....	6,963,867	409,953	290,224	482,243	61,611	44,650	832,851
Dividends and interest from securities.....	20,138,165	677,975	329,724	544,501	16,948	523,913	1,885,806
Net rental income (loss).....	1,520,174	117,867	29,137	33,079	45,939	27,198	148
Gross rents.....	3,466,435	237,439	121,719	119,007	88,637	46,550	10,015
Rental expenses.....	1,946,261	119,572	92,582	85,928	42,699	19,352	9,867
Other investment income (loss).....	3,921,595	55,540	38,600	5,754	2,795	45,044	378,984
Total gain (loss) from sales of assets.....	23,003,415	131,365	255,674	222,308	20,345	57,184	1,138,523
Gain (loss), sales of securities.....	17,701,722	30,601	255,555	209,201	4,793	43,353	1,119,380
Gross amount from sales.....	284,777,409	5,363,526	5,973,478	20,469,908	73,941	1,137,162	79,928,096
Cost or other basis and sales expense.....	267,075,687	5,332,925	5,717,923	20,260,707	69,148	1,093,809	78,808,716
Gain (loss), sales of other assets.....	5,301,693	100,764	118	13,107	15,552	13,830	19,144
Gross amount from sales.....	125,470,296	182,953	41,701	63,663	44,089	39,245	158,083
Cost or other basis and sales expense.....	120,168,604	82,189	41,583	50,556	28,537	25,414	138,939
Net income (loss), special events and activities.....	2,100,089	141,367	8,263	126,548	48,382	99,682	2,252
Gross revenue.....	4,632,616	723,535	50,572	343,308	129,888	336,653	8,396
Direct expenses.....	2,532,526	582,168	42,310	216,760	81,505	236,970	6,144
Gross profit (loss), sales of inventories.....	3,680,208	79,784	10,196	82,584	1,177,002	148,799	3,154
Gross sales minus returns and allowances.....	8,060,080	310,241	45,165	359,546	2,546,758	360,035	25,554
Cost of goods sold.....	4,379,871	230,457	34,969	276,962	1,369,756	211,235	22,400
Other revenue (loss).....	24,775,023	1,269,905	608,642	1,019,529	204,496	79,181	2,163,585
<b>Total expenses <sup>3</sup> .....</b>	<b>602,984,847</b>	<b>27,132,279</b>	<b>12,254,462</b>	<b>18,733,182</b>	<b>6,684,100</b>	<b>9,941,114</b>	<b>65,584,000</b>
Program services.....	522,784,780	24,402,370	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Management and general.....	73,144,522	2,414,932	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Fundraising.....	5,519,002	280,829	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Payments to affiliates.....	1,536,538	23,505	1,418,833	259,320	9,286	33,201	5,983
<b>Excess (deficit) of revenue over expenses.....</b>	<b>58,599,328</b>	<b>1,094,439</b>	<b>1,466,830</b>	<b>1,938,469</b>	<b>201,857</b>	<b>595,427</b>	<b>6,401,968</b>

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures, and certain processing tolerances.

<sup>3</sup> Not required to be reported.

NOTE: Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1995

**Table 4.--Form 990-EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>38,141</b>	<b>9,105</b>	<b>7,624</b>	<b>7,165</b>	<b>5,275</b>	<b>1,529</b>	<b>412</b>
<b>Total assets.....</b>	<b>1,669,276</b>	<b>383,630</b>	<b>360,913</b>	<b>263,630</b>	<b>282,810</b>	<b>120,095</b>	<b>28,187</b>
Cash, savings, and investments.....	1,131,369	244,672	279,188	238,415	127,456	68,795	27,724
Land and buildings (net).....	390,323	112,974	54,187	8,508	129,483	49,342	--
Other assets.....	147,583	25,983	27,537	16,708	25,872	1,958	463
<b>Total liabilities.....</b>	<b>293,944</b>	<b>62,901</b>	<b>30,521</b>	<b>17,236</b>	<b>30,228</b>	<b>12,766</b>	<b>1,150</b>
<b>Total fund balance or net worth.....</b>	<b>1,375,331</b>	<b>320,728</b>	<b>330,392</b>	<b>246,394</b>	<b>252,583</b>	<b>107,329</b>	<b>27,037</b>
<b>Total revenue.....</b>	<b>1,786,374</b>	<b>356,760</b>	<b>398,988</b>	<b>323,881</b>	<b>230,249</b>	<b>63,153</b>	<b>23,787</b>
Contributions, gifts, and grants.....	820,036	58,107	19,904	32,589	20,526	9,470	8,760
Program service revenue.....	441,842	74,175	23,479	92,234	28,630	14,555	6,574
Dues and assessments.....	198,933	126,894	322,664	167,957	146,331	13,808	6,477
Investment income (loss).....	36,214	10,175	9,816	8,130	3,989	4,094	947
Gain (loss) from sales of assets.....	10,885	173	36	-394	-707	217	--
Gross amount from sales.....	44,966	173	36	5,474	1,621	3,697	--
Cost or other basis and sales expense.....	34,081	--	--	5,868	2,328	3,480	--
Net income (loss), special events and activities.....	179,255	56,217	4,835	14,432	7,280	7,525	1,021
Gross revenue.....	398,805	142,932	12,204	53,630	41,706	22,221	1,787
Direct expenses.....	219,548	86,714	7,369	39,198	34,425	14,696	765
Gross profit (loss), sales of inventories.....	46,911	6,337	-152	-241	15,620	3,697	--
Gross sales minus returns and allowances.....	161,290	18,149	1,076	1,238	37,849	8,190	--
Cost of goods sold.....	114,378	11,812	1,227	1,479	22,229	4,493	--
Other revenue (loss).....	52,293	24,680	18,404	9,174	8,580	9,787	8
<b>Total expenses.....</b>	<b>1,660,648</b>	<b>327,247</b>	<b>385,223</b>	<b>302,429</b>	<b>219,902</b>	<b>59,188</b>	<b>22,430</b>
Grants paid.....	213,673	61,823	57,739	9,374	7,529	12,199	530
Benefits paid to or for members.....	13,231	19,965	18,182	11,364	15,231	4,496	14,100
Salaries and compensation.....	346,775	23,642	99,826	40,850	26,028	3,850	1,253
Professional fees.....	128,993	19,653	20,409	53,194	9,166	394	2,086
Occupancy, rent, and utilities.....	193,434	39,183	23,360	11,262	63,281	14,954	179
Printing, publications, and postage.....	97,539	13,064	13,784	31,018	5,775	2,479	439
Other expenses.....	666,990	149,913	151,923	145,366	92,891	20,816	3,844
<b>Excess (deficit) of revenue over expenses.....</b>	<b>125,724</b>	<b>29,513</b>	<b>13,764</b>	<b>21,452</b>	<b>10,348</b>	<b>3,965</b>	<b>1,357</b>

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

NOTES: Organizations with end-of-year total assets under \$250,000 and gross receipts under \$100,000 could elect to file Forms 990-EZ rather than Forms 990.

Detail may not add to totals because of rounding and processing tolerances. Estimates in this table should be used with caution because of the small number of sample returns on which they are based.

# Nonprofit Charitable Organizations, 1996

Data Release

**N**onprofit charitable organizations exempt from income tax under Internal Revenue Code section 501(c)(3) filed over 192,000 information returns for 1996, and reported nearly \$1.3 trillion in assets. These and other statistics presented in this data release are based on data compiled from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax* [1].

Organizations that are exempt under Code section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational. They may also foster national or international amateur sports competition, prevent cruelty to children or animals, or test for public safety. Their activities are restricted in that they must further one or more of these exempt purposes. Examples of these “charitable” organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing authorities, historical societies, and environmental preservation groups. Each must serve the public good (as opposed to private interests) to qualify for tax-exempt status, and may not distribute net earnings to a private shareholder or individual. In addition, they are restricted in activities that can influence legislation, and cannot participate in any political campaign on behalf of, or in opposition to, any candidate for public office. Such nonprofit charitable organizations are eligible to receive tax-deductible donations under Code section 170.

Of the 654,186 nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 192,059 returns filed for accounting periods that began in 1996 [2]. Those not required to file included religious organizations and organizations with annual gross receipts of less than \$25,000. (Private foundations exempt under section 501(c)(3) of the Internal Revenue Code file a different information return, and are not included in the data [3].) Figure A shows that the number of returns filed for 1996 increased by approximately 6 percent from 1995. The number of

*This data release was written by Paul Arnsberger, an economist with the Special Studies Special Projects Section, under the direction of Michael Alexander, Chief.*

**Figure A**

## Selected Items for Nonprofit Charitable Organizations, Reporting Years 1995 and 1996

[Money amounts in millions of dollars]

Item	1995	1996	Percentage increase, 1995-1996
	(1)	(2)	
Number of returns.....	180,931	192,059	6.2
Form 990.....	142,790	149,902	5.0
Form 990-EZ.....	38,141	42,157	10.5
Total assets.....	1,143,079	1,293,439	13.2
Total liabilities.....	512,383	564,566	10.2
Total fund balance or net worth.....	630,696	728,873	15.6
Total revenue.....	663,371	704,346	6.2
Program service revenue.....	443,052	467,559	5.5
Contributions, gifts, and grants.....	127,743	137,666	7.8
Membership dues and assessments.....	6,148	6,347	3.2
Other.....	86,428	92,774	7.3
Total expenses.....	604,645	637,917	5.5
Excess of revenue over expenses.....	58,725	66,429	13.1

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

Form 990-EZ returns represented nearly 22 percent of total returns filed. This shortened return form is for organizations with gross receipts of less than \$100,000 and assets of less than \$250,000; however, over one-quarter of the organizations meeting these criteria filed the long form.

Total revenue of nonprofit charitable organizations exempt under Code section 501(c)(3) was \$704.3 billion for 1996, an increase of 6.2 percent from 1995. Nonprofit revenue exceeded expenses by \$66.4 billion; this figure represented an increase of 13.1 percent from 1995. Program service revenue—the fees collected by organizations for the programs operated in support of their tax-exempt purposes—was the primary source of revenue for charities. It totaled \$467.6 billion for 1996, which represented two-thirds of total revenue for these organizations. Charities filing returns also received \$137.7 billion dollars in contributions, gifts, and grants for 1996, an increase of 7.8 percent from 1995.

Total assets grew to \$1.3 trillion, an increase of 13.2 percent from 1995. Cash and investments of \$772.4 billion represented approximately 60 percent

# Nonprofit Charitable Organizations, 1996

## Figure B

### Selected Items for Nonprofit Charitable Organizations Classified by NTEE Category, Reporting Year 1996

[Money amounts are in millions of dollars]

NTEE major category <sup>1</sup>	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Revenue			Total expenses	Excess of revenue over expenses
					Total	Contributions, gifts, and grants	Program service revenue		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>192,059</b>	<b>1,293,439</b>	<b>564,566</b>	<b>728,873</b>	<b>704,346</b>	<b>137,666</b>	<b>467,559</b>	<b>637,917</b>	<b>66,429</b>
Arts, culture, and humanities.....	23,602	43,650	6,265	37,385	17,931	9,073	4,321	14,167	3,764
Education <sup>2</sup> .....	30,284	372,569	87,231	285,338	133,518	34,213	70,647	106,885	26,634
Environment, animals.....	6,405	12,930	2,337	10,592	5,285	2,801	1,201	4,064	1,221
Health.....	31,160	469,998	211,993	258,005	385,976	33,636	326,946	364,073	21,903
Human services.....	74,021	116,073	58,333	57,740	85,673	34,582	42,731	80,765	4,908
International, foreign affairs.....	1,345	6,786	1,942	4,844	6,999	5,818	762	6,445	554
Mutual, membership benefit.....	575	191,411	179,135	12,276	36,465	121	13,496	35,832	633
Public, societal benefit.....	15,842	72,290	16,181	56,109	28,703	14,921	6,962	22,453	6,250
Religion-related.....	7,628	7,212	998	6,214	3,635	2,457	466	3,137	498
Unknown, unclassified.....	1,198	519	150	370	161	44	26	96	65

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that are aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The codes describe the purposes and activities of the organizations.

<sup>2</sup> Excludes most colleges and universities operated by State and local Governments.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

of charitable organization assets. (See Table 1 for selected balance sheet and income statement items for Form 990 filers; Table 2 provides detailed functional expenditures for Form 990 filers; and Table 3 shows balance sheet and income statement items for Form 990-EZ filers.)

Figure B presents information on the types of nonprofit charitable organizations based on the National Taxonomy of Exempt Entities (NTEE), a classification system developed by the National Center for Charitable Statistics. The NTEE system classifies organizations by institutional purpose and major programs and activities [4]. It is comprised of 26 major groups, which are then aggregated into 10 categories. The organizations were coded on the basis of information provided on their Forms 990 or 990-EZ.

There were over 74,000 human service organizations in 1996, comprising almost 39 percent of the total number of nonprofit charities filing returns with the IRS. Educational and health-related organizations, while fewer in number, held the majority of assets, a combined \$843 billion. Organizations in the

health category received the most revenue for 1996, nearly \$386 billion. Eighty-five percent of this revenue was generated by program services, by far the largest portion of revenue of any of the 10 major categories.

### Data Sources and Limitations

The statistics in this data release are based on a sample of the 1996 Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Organizations used the 1996 forms when their accounting periods ended during the time period December 1996, through November 1997. These returns comprise the data for Reporting Year 1996 shown in this data release. Most churches and other religious organizations were excluded from the sample because they were not required to file Form 990 or Form 990-EZ. The sample included only those returns with receipts of more than \$25,000, the filing threshold.

The data presented were obtained from returns as originally filed with the Internal Revenue Service.

## Nonprofit Charitable Organizations, 1996

They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. However, in most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the data base.

The sample was classified into strata based on size of total assets, with each stratum sampled at a different rate. A sample of 12,912 returns was selected from a population of 194,580. Sampling rates ranged from 0.47 percent for small asset classes to 100 percent for organizations with assets of \$10,000,000 or more. The populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed for reporting years prior to 1996. These returns were not included in the sample, nor in the estimated population counts.

Because the data are based on samples, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure C shows CV's for selected financial data. A discussion of methods for evaluating the nonsampling error can be found in the general Appendix of this issue.

### Notes and References

[1] Data for 1995 were published in *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18,

Number 3. See also Meckstroth, Alicia and Arnsberger, Paul, "A 20-Year Review of the Nonprofit Sector, 1975-1995," *Statistics of Income Bulletin*, Fall 1998, Volume 18, Number 2, and Riley, Margaret, "Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995," *Statistics of Income Bulletin*, Spring 1999, Volume 18, Number 4.

[2] Data presented in this data release are from 1996 Forms 990 and 990-EZ. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990-EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File, and does not include private foundations filing Form 990-PF, *Return of Private Foundation*. A file containing Business Master File records of exempt organizations is available on Statistics of Income's website, which can be accessed at: [http://www.irs.ustreas.gov/prod/tax\\_stats/index.html](http://www.irs.ustreas.gov/prod/tax_stats/index.html).

[3] Unlike an organization classified as a public charity, a private foundation is narrowly supported and controlled, usually by an individual, family, or corporation, and does not solicit funds from the general public. It usually carries on its charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities. For more information on private foundations, see Whitten, Melissa, "Private Foundations and Charitable Trusts, 1996," *Statistics of Income Bulletin*, Fall 1999, Volume 19, Number 2.

[4] For information on the National Taxonomy of Exempt Entities classification system, see Hodgkinson, Virginia A.; Weitzman, Murray S.; et al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, Jossey-Bass, Inc., 1996; Stevenson, David R.; Pollak, Thomas H.; and Lampkin, Linda M.; et al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, The Urban Institute, 1997; and *The National Taxonomy of Exempt Entities Manual*, The Urban Institute, 1997.

### Figure C

#### Coefficients of Variation for Selected Items, Reporting Year 1996

Item	Coefficient of variation (percentage)
Total revenue.....	1.43
Total expenses.....	1.57
Total assets.....	1.46
Total liabilities.....	3.16

NOTE: Includes data from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3).

# Nonprofit Charitable Organizations, 1996

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>149,902</b>	<b>41,917</b>	<b>41,902</b>	<b>19,206</b>	<b>36,175</b>	<b>7,310</b>	<b>3,393</b>
<b>Total assets.....</b>	<b>1,291,492,056</b>	<b>1,667,623</b>	<b>10,866,086</b>	<b>13,269,617</b>	<b>113,768,982</b>	<b>157,023,946</b>	<b>994,895,804</b>
Cash.....	23,111,810	541,634	1,550,953	1,229,901	5,376,268	4,357,778	10,055,276
Savings and temporary cash investments.....	91,922,686	500,666	3,107,275	2,330,619	12,557,055	13,011,870	60,415,200
Accounts receivable (net).....	74,264,202	119,826	776,716	597,394	6,776,488	10,281,138	55,712,640
Pledges receivable (net).....	17,177,475	17,203	101,280	212,403	3,259,868	3,829,838	9,756,882
Grants receivable.....	6,719,163	56,288	403,312	139,599	2,357,918	1,410,667	2,351,379
Receivables due from officers, directors, trustees, and key employees.....	334,956	*2,434	*16,928	*5,363	75,636	63,571	171,023
Other notes and loans receivable.....	34,021,825	*1,486	*72,509	290,147	2,530,195	3,696,679	27,430,810
Inventories for sale or use.....	6,627,680	18,983	184,808	186,104	840,951	1,136,832	4,260,002
Prepaid expenses and deferred charges.....	10,368,639	22,992	120,488	170,640	969,650	1,765,491	7,319,379
Investments in securities.....	514,790,166	55,271	851,682	1,765,745	20,871,888	43,457,706	447,787,874
Investments in land, buildings, and equipment minus accumulated depreciation.....	23,836,312	56,887	465,587	709,886	5,705,458	3,450,587	13,447,905
Other investments.....	117,404,270	*9,934	176,807	454,956	5,811,010	9,907,280	101,044,282
Land, buildings, and equipment minus accumulated depreciation.....	307,640,180	231,444	2,739,205	4,760,521	41,812,718	52,243,469	205,852,823
Other assets.....	63,272,687	32,572	298,534	416,336	4,823,878	8,411,039	49,290,329
<b>Total liabilities.....</b>	<b>564,324,841</b>	<b>657,420</b>	<b>4,158,336</b>	<b>3,723,252</b>	<b>42,489,450</b>	<b>60,060,006</b>	<b>453,236,376</b>
Accounts payable.....	93,081,857	249,126	1,159,969	670,583	9,728,247	13,264,832	68,009,101
Grants payable.....	4,648,517	5,491	*65,674	*63,889	754,761	1,195,523	2,563,179
Support and revenue designated for future periods.....	17,060,979	87,090	342,259	325,292	3,094,769	4,549,171	8,662,399
Loans from officers, directors, trustees, and key employees.....	844,334	109,023	*85,677	*34,773	183,343	68,791	362,726
Tax-exempt bond liabilities.....	106,213,208	*57	--	*77,333	2,013,621	11,427,707	92,694,490
Mortgages and other notes payable.....	109,272,269	98,459	2,159,141	2,255,763	23,093,406	21,084,334	60,581,166
Other liabilities.....	233,203,675	108,175	345,616	295,619	3,621,302	8,469,648	220,363,315
<b>Total fund balance or net worth.....</b>	<b>727,167,215</b>	<b>1,010,201</b>	<b>6,707,750</b>	<b>9,546,366</b>	<b>71,279,532</b>	<b>96,963,940</b>	<b>541,659,427</b>

Footnotes at end of table.

# Nonprofit Charitable Organizations, 1996

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue</b> .....	<b>702,291,352</b>	<b>8,399,705</b>	<b>18,427,595</b>	<b>11,860,995</b>	<b>102,860,451</b>	<b>102,817,178</b>	<b>457,925,429</b>
Total contributions, gifts, and grants received .....	136,676,988	3,864,702	8,528,534	5,868,791	46,072,297	23,664,986	48,677,678
Contributions received from direct public support.....	69,419,764	2,063,839	3,902,219	3,056,164	21,291,424	13,095,466	26,010,650
Contributions received from indirect public support.....	10,230,304	388,264	346,562	278,616	2,318,760	2,473,630	4,424,473
Government grants.....	57,026,918	1,412,597	4,279,752	2,534,010	22,462,113	8,095,891	18,242,555
Program service revenue .....	467,103,299	3,550,198	8,120,969	4,395,550	48,195,350	68,917,037	333,924,195
Membership dues and assessments.....	6,134,210	251,673	619,788	281,923	1,409,769	1,099,726	2,471,330
Interest on savings and temporary cash investments.....	7,066,787	38,293	124,956	138,386	894,569	1,169,553	4,701,030
Dividends and interest from securities.....	22,265,758	6,580	63,747	116,843	1,123,764	2,000,196	18,954,628
Net rental income (loss).....	1,656,088	*10,748	53,455	57,609	382,226	290,948	861,101
Gross rents.....	3,706,860	*10,748	93,085	78,879	863,304	568,241	2,092,603
Rental expenses.....	2,050,772	--	*39,630	*21,270	481,078	277,293	1,231,502
Other investment income (loss).....	4,682,531	*3,217	*31,839	15,016	308,026	396,796	3,927,635
Total gain (loss) from sales of assets.....	32,128,468	*34,553	78,752	355,435	957,026	2,398,293	28,304,409
Gain (loss), sales of securities.....	21,985,087	*4,205	32,227	91,504	831,393	1,994,025	19,031,733
Gross amount from sales.....	290,959,928	*33,204	424,193	565,784	6,726,602	17,244,360	265,965,785
Cost or other basis and sales expense.....	268,974,840	*28,998	391,966	474,280	5,895,209	15,250,335	246,934,052
Gain (loss), sales of other assets.....	10,143,381	*30,348	46,526	263,931	125,632	404,269	9,272,675
Gross amount from sales.....	77,059,249	*31,026	68,691	317,428	412,075	900,161	75,329,868
Cost or other basis and sales expense.....	66,915,868	*678	*22,165	53,496	286,443	495,893	66,057,193
Net income (loss), special events and activities.....	2,104,517	400,093	441,335	220,576	798,486	214,789	29,237
Gross revenue.....	5,363,037	1,386,924	1,299,289	460,071	1,407,640	466,426	342,689
Direct expenses.....	3,258,520	986,829	857,954	239,495	609,154	251,636	313,452
Gross profit (loss), sales of inventories.....	3,635,680	162,209	221,213	125,399	809,869	699,835	1,617,154
Gross sales minus returns and allowances.....	8,289,237	431,097	467,093	505,004	1,958,615	1,719,890	3,207,539
Cost of goods sold.....	4,653,556	268,886	245,879	379,605	1,148,746	1,020,055	1,590,384
Other revenue (loss).....	18,837,020	77,436	143,003	285,466	1,909,067	1,965,018	14,457,030
<b>Total expenses<sup>2</sup></b> .....	<b>636,064,609</b>	<b>8,842,023</b>	<b>17,560,311</b>	<b>10,973,368</b>	<b>95,875,396</b>	<b>93,841,480</b>	<b>408,972,030</b>
Program services.....	549,856,781	7,406,203	14,605,741	8,683,705	82,093,199	78,939,944	358,127,989
Management and general.....	77,299,078	1,256,815	2,686,892	1,873,890	12,220,786	12,937,222	46,323,473
Fundraising.....	6,036,763	162,307	260,046	300,888	1,364,924	1,324,147	2,624,451
Payments to affiliates.....	2,871,984	*16,698	*7,630	*114,886	196,487	640,167	1,896,117
<b>Excess (deficit) of revenue over expenses</b> .....	<b>66,226,742</b>	<b>-442,318</b>	<b>867,283</b>	<b>887,627</b>	<b>6,985,055</b>	<b>8,975,698</b>	<b>48,953,398</b>

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures, and certain processing tolerances.

NOTES: Nonprofit charitable organizations exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.



# Nonprofit Charitable Organizations, 1996

**Table 2.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Functional Expenditures, by Size of Total Contributions Received**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of contributions received						
		Zero or unreported	\$1 under \$25,000	\$25,000 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Number of returns reporting functional expenditures.....</b>	<b>149,333</b>	<b>25,208</b>	<b>24,124</b>	<b>30,033</b>	<b>42,166</b>	<b>10,449</b>	<b>15,671</b>	<b>1,683</b>
<b>Total functional expenditures <sup>1</sup>.....</b>	<b>633,192,620</b>	<b>109,748,867</b>	<b>42,589,568</b>	<b>37,709,540</b>	<b>78,527,498</b>	<b>48,279,646</b>	<b>166,729,723</b>	<b>149,607,777</b>
Grants and allocations.....	28,633,454	1,812,630	486,027	1,228,729	1,479,033	1,119,062	7,888,796	14,619,178
Specific assistance to individuals.....	38,900,013	21,076,199	14,036,996	181,573	303,162	411,827	924,558	1,965,698
Benefits paid to or for members.....	3,462,361	2,893,935	*121,427	*1,867	*3,592	*49,133	279,003	113,404
Compensation of officers, directors, and trustees.....	7,451,950	1,164,746	649,392	673,287	1,394,007	603,989	2,157,897	808,631
Other salaries and wages.....	208,254,049	23,589,291	10,470,037	13,512,470	29,481,630	17,600,773	63,520,385	50,079,464
Pension plan contributions.....	7,437,547	669,771	237,115	362,898	755,881	512,221	2,045,123	2,854,537
Other employee benefits.....	24,544,595	3,167,005	1,208,790	1,504,875	3,294,574	1,982,907	7,192,687	6,193,757
Payroll taxes.....	14,553,227	1,572,391	846,201	1,061,235	2,146,732	1,265,974	4,426,769	3,233,924
Professional fees.....	465,061	13,431	11,862	66,886	62,325	46,887	157,544	106,126
Accounting fees.....	1,216,316	169,235	100,572	99,730	225,090	131,909	316,448	173,333
Legal fees.....	1,474,800	290,007	84,768	80,699	185,003	145,092	370,348	318,883
Supplies.....	49,198,592	6,119,880	2,257,060	3,493,888	7,596,353	4,849,905	14,337,310	10,544,197
Telephone.....	3,278,725	413,774	170,532	182,231	398,570	231,474	1,013,708	868,436
Postage and shipping.....	2,885,214	303,330	84,118	139,938	303,852	165,525	827,121	1,061,330
Occupancy.....	17,819,462	2,656,122	1,081,997	1,231,687	2,503,640	1,285,139	4,989,590	4,071,286
Equipment rental and maintenance.....	8,002,195	981,140	374,769	505,364	1,152,437	597,866	2,329,664	2,060,957
Printing and publications.....	4,813,201	496,041	186,426	277,339	594,929	311,672	1,592,590	1,354,204
Travel.....	5,050,176	503,294	231,088	279,203	507,567	305,422	1,519,285	1,704,317
Conferences, conventions, and meetings.....	2,413,011	449,140	131,214	243,675	344,922	107,301	650,227	486,532
Interest.....	11,793,161	2,855,798	603,405	837,313	1,529,369	948,601	2,757,888	2,260,787
Depreciation and depletion.....	25,625,049	3,528,982	1,205,104	1,685,413	3,900,111	2,198,363	7,292,419	5,814,657
Other expenses.....	165,920,424	35,022,724	8,010,657	10,059,234	20,364,705	13,408,602	40,140,363	38,914,140

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The differences between "total functional expenditures" shown in this table and "total expenses" shown in Table 1 are due to payments to affiliates, which are not considered functional expenditures, and certain processing tolerances.

NOTES: Nonprofit charitable organizations exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding and processing tolerances.

# Nonprofit Charitable Organizations, 1996

**Table 3.--Form 990-EZ Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size				
		Zero or unreported	\$1 under \$25,000	\$25,000 under \$50,000	\$50,000 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b> .....	<b>42,157</b>	<b>635</b>	<b>21,170</b>	<b>7,833</b>	<b>6,563</b>	<b>5,956</b>
<b>Total assets</b> .....	<b>1,947,149</b>	--	<b>262,667</b>	<b>277,443</b>	<b>473,403</b>	<b>933,637</b>
Cash, savings, and investments.....	1,306,533	--	217,177	242,771	338,513	508,073
Land and buildings (net) .....	430,595	--	9,625	4,779	103,783	312,408
Other assets .....	210,020	--	35,865	29,893	31,107	113,155
<b>Total liabilities</b> .....	<b>241,071</b>	<b>2,903</b>	<b>79,378</b>	<b>11,767</b>	<b>52,220</b>	<b>94,803</b>
<b>Total fund balance or net worth</b> .....	<b>1,706,077</b>	<b>-2,903</b>	<b>183,289</b>	<b>265,675</b>	<b>421,182</b>	<b>838,833</b>
<b>Total revenue</b> .....	<b>2,054,251</b>	<b>28,723</b>	<b>954,107</b>	<b>392,517</b>	<b>341,182</b>	<b>337,723</b>
Contributions, gifts, and grants .....	988,638	13,620	419,072	198,477	188,056	169,412
Program service revenue .....	455,641	8,480	279,045	52,719	57,541	57,857
Membership dues and assessments .....	212,744	6,177	79,329	52,499	32,019	42,721
Investment income (loss) .....	41,744	446	3,559	6,065	11,058	20,615
Gain (loss) from sales of assets .....	7,280	--	4,866	-129	--	2,544
Gross amount from sales .....	31,574	--	12,998	6,591	--	11,985
Cost or other basis and sales expense .....	24,294	--	8,132	6,720	--	9,441
Net income (loss), special events and activities .....	176,004	--	94,068	50,482	27,031	4,423
Gross revenue .....	380,026	--	196,446	102,035	75,272	6,272
Direct expenses .....	204,021	--	102,378	51,553	48,241	1,849
Gross profit (loss), sales of inventories .....	90,931	--	37,534	24,085	20,606	8,707
Gross sales minus returns and allowances .....	195,896	--	99,312	50,646	25,863	20,074
Cost of goods sold .....	104,963	--	61,778	26,561	5,257	11,367
Other revenue (loss) .....	81,263	--	36,632	8,318	4,870	31,443
<b>Total expenses</b> .....	<b>1,851,922</b>	<b>33,892</b>	<b>929,005</b>	<b>330,096</b>	<b>279,089</b>	<b>279,840</b>
Grants paid .....	190,929	128	71,844	52,996	37,535	28,426
Benefits paid to or for members .....	44,016	--	39,909	184	1,508	2,415
Salaries and compensation .....	402,366	13,486	191,077	53,334	59,275	85,194
Professional fees .....	145,072	4,407	77,127	21,615	27,246	14,678
Occupancy, rent, and utilities .....	217,626	3,101	98,837	37,515	37,984	40,189
Printing, publications, and postage .....	112,008	699	46,036	23,593	12,753	28,928
Other expenses .....	739,895	12,069	404,169	140,859	102,788	80,010
<b>Excess (deficit) of revenue over expenses</b> .....	<b>202,327</b>	<b>-5,169</b>	<b>25,101</b>	<b>62,420</b>	<b>62,093</b>	<b>57,882</b>

NOTES: Data exclude private foundations, most churches, and certain other types of religious organizations. Organizations with end-of-year total assets under \$250,000 and gross receipts under \$100,000 could elect to file Forms 990-EZ rather than Forms 990. Detail may not add to totals because of rounding and processing tolerances.

# Charities and Other Tax-Exempt Organizations, 1997

by Paul Arnsberger

**N**onprofit charitable organizations exempt from income tax under Internal Revenue Code section 501(c)(3) filed nearly 199,000 information returns and reported \$1.4 trillion in assets for 1997, increases of 4 percent and 11 percent, respectively, from the previous year. Total revenue rose 7 percent to \$754.6 billion, and total expenses showed a 6-percent increase to \$677.1 billion [1]. These statistics exclude private foundations, most organizations with receipts totaling less than \$25,000, as well as most churches and certain other types of religious organizations.

Data for other organizations receiving tax-exempt status under Code sections 501(c)(4) through (9) are also presented in this article. Such organizations are generally diverse both in function and financial character. For 1997, voluntary employee benefit associations, exempt under Code section 501(c)(9), reported assets of \$94.8 billion and revenue of \$85.4 billion, larger amounts than those registered by organizations classified under each of the Code sections 501(c)(4) through (8).

The statistics for charities and other tax-exempt organizations reported in this article are based on data compiled from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, the short form version of this information return. The latter form may be completed by smaller organizations, those with end-of-year assets of less than \$250,000 and gross receipts of \$25,000 to \$100,000; only condensed income statements and balance sheets are included for filers of Form 990-EZ. Forms 990-EZ accounted for 25 percent of the returns filed by organizations exempt under Code sections 501(c)(3) through (9) for 1997.

## Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

In order to qualify for tax-exempt status, an organization's purpose must be to serve the public good, as opposed to a private interest. Organizations that are exempt under Code section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational. They may also

foster national or international amateur sports competition, prevent cruelty to children or animals, or test for public safety. The activities of nonprofit organizations are limited in that they must further one or more of the purposes for which they were granted tax-exempt status. Examples of these "charitable" organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing organizations, historical societies, and environmental preservation groups. Organizations may not distribute net earnings to a private shareholder or individual. Participation by an exempt organization in activities that can influence legislation, or in a political campaign on behalf of, or in opposition to, any candidate, is also restricted. Generally, contributions to the organization are tax deductible [2].

Of the 580,416 active nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), there were 198,957 returns filed for accounting periods that began in 1997 [3]. Those not required to file included churches and certain other religious organizations, as well as organizations with annual gross receipts totaling less than \$25,000 [4]. Nonprofit private foundations tax-exempt under Code section 501(c)(3) are required to file Form 990-PF, *Return of Private Foundation* [5]. The number of returns filed by nonprofit charitable organizations for 1997 was 4 percent more than for 1996 (Figure A). Form 990-EZ returns represented 22 percent of total returns filed.

## Financial Characteristics of Nonprofit Charitable Organizations

Although 65 percent of the returns filed by section 501(c)(3) organizations were filed by organizations with assets of less than \$500,000, these organizations held only 1 percent of the total assets and received 4 percent of total revenue (Figure B). In comparison, larger organizations, those with assets of \$10 million or more, represented less than 6 percent of the returns filed, but accounted for nearly 90 percent of the total asset holdings and 81 percent of the total revenue reported.

Overall, the total assets of nonprofit charitable organizations grew to \$1.4 trillion, an increase of 11 percent over 1996. Cash, savings, and investments were the primary component of assets for these

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# Charities and Other Tax-Exempt Organizations, 1997

## Figure A

### Selected Items for Nonprofit Charitable Organizations, Reporting Years 1996 and 1997

[Money amounts are in millions of dollars]

Item	1996	1997	Percentage increase, 1996-1997
	(1)	(2)	(3)
Number of returns.....	192,059	198,957	3.6
Forms 990.....	149,902	155,330	3.6
Forms 990-EZ.....	42,157	43,627	3.5
Total assets.....	1,293,439	1,438,977	11.3
Total liabilities.....	564,566	624,978	10.7
Total fund balance or net worth.....	728,873	813,998	11.7
Total revenue.....	704,346	754,616	7.1
Program service revenue.....	467,559	486,407	4.0
Contributions, gifts, and grants.....	137,666	146,171	6.2
Membership dues and assessments.....	6,347	6,823	7.5
Other.....	92,774	115,215	24.2
Total expenses.....	637,917	677,143	6.1
Excess of revenue over expenses.....	66,429	77,473	16.6

NOTE: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations.

organizations, accounting for 61 percent of the total. Land, buildings, and equipment owned by nonprofits (but not for investment purposes) represented 22 percent of total assets [6].

The nonprofit charitable organizations in this study reported total revenue of \$754.6 billion for 1997. Eighty-one percent of this was generated by organizations with assets over \$10 million (only 6 percent of the population). Program service revenue was the major source of revenue for these organizations. This revenue is comprised of the fees collected by organizations in support of their tax-exempt purposes and includes such income as tuition and fees at educational institutions, hospital patient charges (including Medicare and Medicaid payments), admission fees collected by museums or community performance arts groups, YMCA/YWCA activity fees, and payments received for insurance and retirement coverage by selected pension and annuity funds. Overall, program service revenue totaled \$486.4 billion, a 4-percent increase from 1996. Figure C illustrates the types of revenue received by organizations of different sizes. The largest organiza-

## Figure B

### Nonprofit Charitable Organizations, by Size of Assets and Revenue Received, Reporting Year 1997

[Money amounts are in millions of dollars]

Asset size	Returns		Total assets		Total revenue		Total fund balance or net worth	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>198,957</b>	<b>100.0</b>	<b>1,438,977</b>	<b>100.0</b>	<b>754,616</b>	<b>100.0</b>	<b>813,998</b>	<b>100.0</b>
Under \$100,000 <sup>1</sup> .....	79,335	39.9	2,672	0.2	9,662	1.3	1,906	0.2
\$100,000 under \$500,000.....	49,972	25.1	12,395	0.9	19,261	2.6	8,127	1.0
\$500,000 under \$1,000,000.....	19,576	9.8	13,857	1.0	13,520	1.8	10,063	1.2
\$1,000,000 under \$10,000,000.....	38,638	19.4	121,549	8.4	104,335	13.8	77,791	9.6
\$10,000,000 under \$50,000,000.....	7,757	3.9	168,128	11.7	106,195	14.1	107,414	13.2
\$50,000,000 or more.....	3,679	1.8	1,120,375	77.9	501,643	66.5	608,698	74.8
<b>Revenue received</b>								
<b>Total.....</b>	<b>198,957</b>	<b>100.0</b>	<b>1,438,977</b>	<b>100.0</b>	<b>754,616</b>	<b>100.0</b>	<b>813,998</b>	<b>100.0</b>
Under \$100,000 <sup>2</sup> .....	71,970	36.2	10,662	0.7	3,624	0.5	7,922	1.0
\$100,000 under \$500,000.....	64,639	32.5	33,400	2.3	15,286	2.0	24,556	3.0
\$500,000 under \$1,000,000.....	20,152	10.1	26,929	1.9	14,466	1.9	17,822	2.2
\$1,000,000 under \$10,000,000.....	33,561	16.9	179,219	12.5	103,683	13.7	120,461	14.8
\$10,000,000 under \$50,000,000.....	6,263	3.1	234,791	16.3	127,890	16.9	152,586	18.7
\$50,000,000 or more.....	2,372	1.2	953,975	66.3	489,666	64.9	490,652	60.3

<sup>1</sup> Includes returns with zero assets or assets not reported.

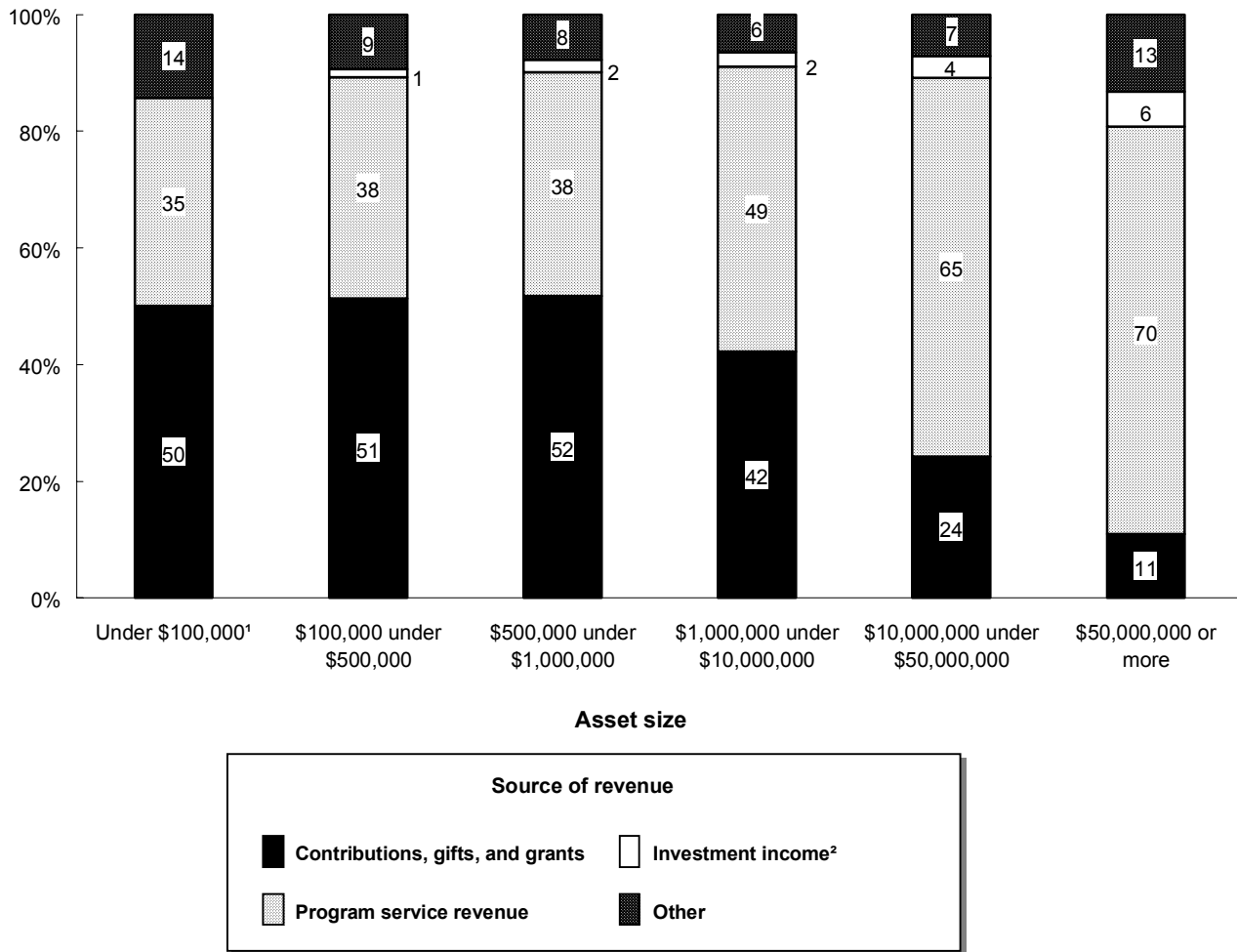
<sup>2</sup> Includes returns with zero revenue or revenue not reported.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1997

**Figure C**

**Sources of Nonprofit Charitable Organization Revenue, by Asset Size, Reporting Year 1997**



<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Includes "interest on savings and temporary cash investments," "dividends and interest from securities," and "other investment income" from Form 990 and "investment income" from Form 990-EZ.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations.

tions, those with assets of \$10 million or more, received 69 percent of their total revenue from program service revenue, a larger percentage than organizations with fewer total assets.

Total expenses, as reported on Forms 990 and 990-EZ, rose to \$677.1 billion, a 6-percent increase over 1996. Salaries, other compensation, and employee benefits, the largest expense category for nonprofit charitable organizations, also increased by 6 percent, to \$277.1 billion. Grants and similar amounts

paid accounted for 13 percent of total expenses, a slightly larger portion than in 1996.

On Form 990 (but not included on Form 990-EZ), expenses for nonprofit charitable organizations are distributed among four areas: program services, fundraising, management and general, and payments to affiliates. Briefly, program service expenses are those associated with activities that further an organization's exempt purpose; fundraising expenses are those incurred in soliciting contributions, gifts, and

## Charities and Other Tax-Exempt Organizations, 1997

grants; and management and general expenses include those administrative and overhead costs which are not specifically related to program services or fundraising activities. Within these three broad areas are specific categories such as salaries and wages, grants and allocations, professional fees, and occupancy. The fourth area includes payments to organizations closely related to the reporting organizations, such as support and dues payments by local chapters to State and national agencies. Program service expenses accounted for the vast majority (87 percent) of total expenses reported by filers of Form 990; management and general expenses totaled 12 percent; and fundraising expenses and payments to affiliates, combined, accounted for slightly more than 1 percent.

### Nonprofit Charitable Organizations Classified by NTEE Codes

The National Taxonomy of Exempt Entities (NTEE) is a classification system developed by the National Center for Charitable Statistics, which classifies organizations by institutional purpose and major programs and activities [7]. The codes are com-

prised of 26 major groups, which are aggregated into 10 program categories, as shown in Figure D. Within each program category, there is a wide diversity in the types of organizations conducting the different functions. The organizations were coded on the basis of information provided on Forms 990 and 990-EZ.

Based on the NTEE classification, health was the dominant program category in terms of revenue, accounting for 52 percent of the total. Organizations in the health category also held the largest portion of total assets (35 percent). This category includes organizations that promote the wellness of individuals, the general treatment and prevention of disease or illness (including mental health and illness), and the medical rehabilitation of the physically disabled. Examples are hospitals; nursing or convalescent facilities; health support services, such as blood banks, organ banks, and emergency medical transport services; health care financing activities; substance abuse treatment services; organizations that study ethics or promote the practice of ethical behavior in medical care and research; health associations active in the prevention or treatment of diseases; and medical research. Just over 85 percent of the total rev-

**Figure D**

### Selected Items for Nonprofit Charitable Organizations Classified by NTEE Category, Reporting Year 1997

[Money amounts are in millions of dollars]

NTEE major category <sup>1</sup>	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Revenue			Total expenses	Excess of revenue over expenses
					Total	Contributions, gifts, and grants	Program service revenue		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>198,957</b>	<b>1,438,977</b>	<b>624,978</b>	<b>813,998</b>	<b>754,616</b>	<b>146,171</b>	<b>486,407</b>	<b>677,143</b>	<b>77,473</b>
Arts, culture, and humanities.....	20,733	46,718	6,811	39,907	18,622	9,017	4,723	14,252	4,370
Education.....	35,359	404,645	87,223	317,422	144,698	38,112	72,619	111,623	33,075
Environment, animals.....	7,176	15,225	2,815	12,409	6,072	3,145	1,352	4,646	1,426
Health.....	31,359	506,640	225,137	281,503	395,165	28,600	337,014	372,806	22,359
Human services.....	74,398	130,586	62,895	67,691	92,549	38,521	44,339	85,981	6,568
International, foreign affairs.....	1,340	7,590	1,882	5,709	7,252	5,903	823	6,648	604
Mutual, membership benefit.....	751	223,257	209,688	13,570	49,286	148	16,420	48,556	730
Public, societal benefit.....	17,148	91,883	26,356	65,527	34,807	19,016	8,039	27,188	7,618
Religion related.....	10,290	12,276	2,099	10,176	6,098	3,698	1,030	5,377	721
Unknown, unclassified.....	403	158	74	84	67	11	49	66	1

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that are aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The codes describe the purposes and activities of the organizations.

NOTE: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations.

## Charities and Other Tax-Exempt Organizations, 1997

enue for nonprofit charitable organizations in this category was derived from their program services.

The program category of education includes higher education, elementary and secondary schools, correspondence schools, libraries, educational testing services, organizations providing opportunities for continuing education outside the framework of formal education, and student services and organizations. Education ranked a distant second in terms of revenue, which totaled \$144.7 billion, and accounted for \$404.6 billion in assets—more than one-quarter of the total for nonprofit charitable organizations.

Over one-third of Forms 990 and 990-EZ filed for 1997 were classified as human service organizations. Program service revenue (\$44.3 billion) and contributions, gifts, and grants received (\$38.5 billion) together represented nearly 90 percent of the total revenue for these organizations. This category was comprised of organizations in several classifications performing a broad range of services focused on specific needs within the community: housing and shelter programs, including housing, construction, management, and services to assist in locating, acquiring, or sustaining housing; job training and placement services; public safety, disaster preparedness,

and relief services, including activities related to the effects of disasters and the providing of relief to accident victims; recreation and sports programs provided by organizations for camps, parks, and playgrounds, and amateur sports activities; crime prevention and legal services; and multipurpose organizations which provide a broad range of social or human services to individuals and families. (Included in this last category are such organizations as the American Red Cross, Salvation Army, Urban League, and YMCA's/YWCA's.)

### Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4)-(9)

The statistics presented in this section are based on Forms 990 and 990-EZ filed by organizations tax-exempt under Code sections 501(c)(4) through (9). Figure E provides general descriptions of organizations included under these sections. Unlike nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3), most contributions to these organizations are not tax-deductible. Financial data for organizations covered by these six Code sections are presented in Tables 2, 3, and 4.

**Figure E**

**Types of Tax-Exempt Organizations Under Internal Revenue Code Sections 501(c)(3)-(9)**

Internal Revenue Code section	Description of organization	General nature of activities
501(c)(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
501(c)(5)	Labor, agriculture, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
501(c)(6)	Business leagues, chambers of commerce, and real estate boards	Improving conditions in one or more lines of business
501(c)(7)	Social and recreational clubs	Pleasure, recreational, and social activities
501(c)(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, sickness, accident, or other benefits to members
501(c)(9)	Voluntary employee beneficiary associations	Providing for payment of life, sickness, accident, or other benefits to members

## Charities and Other Tax-Exempt Organizations, 1997

### Highlights of Financial Data

Voluntary employees' beneficiary associations, Code section 501(c)(9), reported \$94.8 billion in assets for 1997, considerably more than organizations exempt under sections 501(c)(4) through (8) (Figure F). This amount represented an increase of 43 percent from Reporting Year 1995. (A Statistics of Income study on 501(c)(4) through (9) organizations was not conducted for 1996.) Civic leagues and social welfare associations, section 501(c)(4), and fraternal beneficiary societies, section 501(c)(8), reported \$56.2 billion and \$53.4 billion in assets, respectively, for 1997. With the exception of social and recreational clubs, section 501(c)(7), the majority of the asset holdings by organizations under these six Code sections was reported by the largest organizations (those with assets of \$10 million or more); for social and recreational clubs, however, the largest organizations represented just 25 percent of total assets. Social and recreational clubs differed from other types of organizations in the components of their assets as well. While organizations exempt under Code sections (c)(4), (5), (6), (8), and (9) held the majority of their assets in the form of cash, savings, and investments, social and recreational clubs reported 64 percent of their assets as land and buildings.

In terms of revenue, voluntary employees' beneficiary associations, section 501(c)(9), were also the

largest of the six categories, with \$85.4 billion, rising by 19 percent from 1995. Civic leagues and social welfare organizations, section 501(c)(4), ranked a distant second in terms of revenue, with \$35.6 billion, an increase of 25 percent over the 2-year period. Program service revenue was the primary source of income for three types of organizations: civic leagues and social welfare organizations, section 501(c)(4); fraternal beneficiary societies, section 501(c)(8); and voluntary employees' beneficiary associations, section 501(c)(9) (Figure G). These three types of organizations reported at least three-fourths of their revenue from program services. Membership dues and assessments were the principal source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5); business leagues, chambers of commerce, and real estate boards, section 501(c)(6); and social and recreational clubs, section 501(c)(7). Unlike nonprofit charities exempt under 501(c)(3), contributions, gifts, and grants were a minor source of income for those organizations exempt under sections 501(c)(4) through (9).

### Organizations Filing Form 990-EZ

Form 990-EZ may be filed by organizations that are exempt under Internal Revenue Code section 501(c), with annual gross receipts of less than \$100,000 and assets under \$250,000. The form was introduced for Tax Year 1989, and its use has grown steadily each

## Figure F

### Selected Items for Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1997

[Money amounts are in millions of dollars]

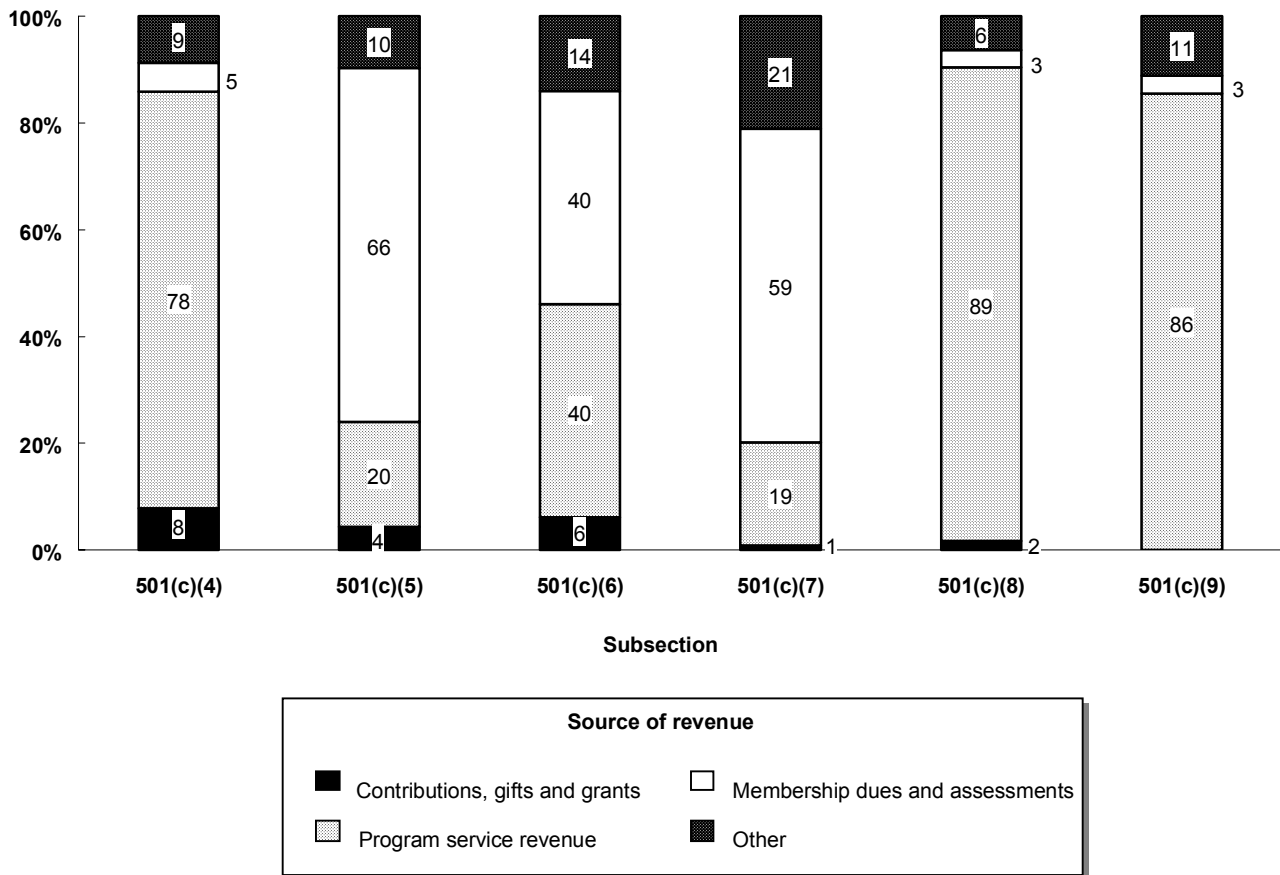
Internal Revenue Code section	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Total expenses	Excess of revenue over expenses
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
501(c)(4).....	22,166	56,240	39,242	16,999	35,646	34,962	684
501(c)(5).....	21,017	18,402	3,073	15,329	14,603	13,504	1,099
501(c)(6).....	26,706	36,666	17,778	18,889	23,374	21,683	1,691
501(c)(7).....	16,745	14,170	4,171	9,999	7,934	7,638	297
501(c)(8).....	7,781	53,370	45,529	7,840	10,211	9,420	791
501(c)(9).....	9,427	94,804	18,733	76,071	85,418	75,210	10,208

NOTE: Data are from Forms 990 and 990-EZ.



**Figure G**

**Sources of Revenue of Organizations Tax-Exempt Under Selected Internal Revenue Code Sections, Reporting Year 1997**



NOTE: Data are from Forms 990 and 990-EZ.

year. Form 990-EZ requires less detailed reporting than the long form, especially on the balance sheet portion of the return.

Table 4 presents detailed data on Form 990-EZ filers, by Internal Revenue Code section. With the exception of voluntary employee beneficiary associations, Forms 990-EZ represented between 22 percent and 39 percent of all information returns filed. (Only 3 percent of organizations exempt under 501(c)(9) filed the short form.) The organizations reporting on Form 990-EZ accounted for very small proportions of total assets. Only labor, agricultural, and horticultural organizations, section 501(c)(5), and social and recreational clubs, section 501(c)(7), accounted for more than 2 percent of the total assets held by organizations under the subsection code. The assets of non-

profit charitable organizations that filed Form 990-EZ represented just one-tenth of a percent of the total assets of organizations exempt under section 501(c)(3). (Data for organizations that were eligible to file Form 990-EZ but filed the longer Form 990 instead are included with the data for filers of Form 990.)

**Summary**

For 1997, assets reported by nonprofit charitable organizations (excluding private foundations) tax-exempt under section 501(c)(3) totaled \$1.4 trillion. These organizations also reported total revenue of \$754.6 billion. The totals for assets and revenue increased 11 percent and 7 percent over 1996, respectively. The number of returns filed by these

organizations was 198,957, which included both the longer Form 990 and the shorter Form 990-EZ.

Program service revenue, the fees received for the programs conducted in support of the purposes for which the tax exemptions under section 501(c)(3) were granted, was \$486.4 billion for 1997. It represented nearly two-thirds of total revenue. Contributions, gifts, and grants increased by 6 percent to \$146.2 billion. This source of revenue accounted for over one-half of the total revenue of organizations with asset holdings of less than \$1 million, but for a much smaller share of the total revenue of the larger organizations. Expenses rose by 6 percent to \$677.1 billion.

Using the National Taxonomy of Exempt Entities codes, which classify organizations by institutional purpose and major programs and activities, health care was the predominant major category, accounting for 35 percent of assets and 52 percent of total revenue reported by nonprofit charitable organizations under Code section 501(c)(3).

Organizations exempt under Internal Revenue Code sections 501(c)(4) through (9) are diverse in both their purposes and financial characteristics. Voluntary employees' beneficiary associations, section 501(c)(9), led these organizations in terms of both assets and revenue, with totals of \$94.8 billion and \$85.4 billion, respectively. Program service revenue was the principal source of revenue and consisted of payments for health and welfare benefits. Membership dues and assessments were the principal source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5); business leagues, chambers of commerce, and real estate boards, section 501(c)(6); and social and recreational clubs, section 501(c)(7).

### **Data Sources and Limitations**

The statistics in this article are based on a sample of the 1997 Forms 990, *Return of Organization Exempt From Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt From Income Tax*. Organizations used the 1997 forms when their accounting periods ended any time between December 31, 1997, and November 30, 1998. The sample did not include private foundations, which were required to file separate return forms. Most churches and certain other types of religious

organizations were also excluded from the sample because they were not required to file Form 990 or Form 990-EZ. The sample included only those returns with receipts of more than \$25,000, the filing threshold.

The sample design was split into two parts: the first part included returns of organizations exempt under section 501(c)(3), and the second part included organizations exempt under sections 501(c)(4) through (9). Returns of organizations tax-exempt under other Code sections were excluded. The data presented were obtained from returns as originally filed with the Internal Revenue Service. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. However, in most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the data base.

Each part of the sample was classified into strata based on size of total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 13,757 returns was selected from a population of 202,620. Sampling rates ranged from 1.05 percent for organizations reporting smaller amounts for total assets to 100 percent for organizations with total assets of \$10,000,000 or more. For organizations filing under sections 501(c)(4) through (9), a sample of 9,513 returns was selected from a population of 105,784. Sampling rates ranged from 2.05 percent for organizations reporting smaller amounts for total assets to 100 percent for organizations with assets of \$10,000,000 or more. The filing populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed with tax periods prior to 1997. These returns were not included in the final sample, nor in the estimated population counts.

Because the data are based on samples, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure H shows CV's for selected financial data. A discussion of methods for evaluating the nonsampling error can be found in the general Appendix of this issue.

**Figure H**

**Coefficients of Variation for Selected Items, by Selected Internal Revenue Code Sections, Reporting Year 1997**

Internal Revenue Code section	Total revenue	Total expenses	Total assets	Total liabilities
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
501(c)(3).....	0.48	0.55	0.06	0.22
501(c)(4).....	0.89	0.90	0.39	0.37
501(c)(5).....	2.26	2.37	1.12	2.14
501(c)(6).....	2.11	2.28	0.67	0.65
501(c)(7).....	2.33	2.40	1.81	2.62
501(c)(8).....	0.85	1.01	0.26	0.11
501(c)(9).....	5.79	6.64	0.29	1.54

NOTE: Includes data from Forms 990 and 990-EZ.

**Notes and References**

- [1] For data on previous years, see Arnsberger, Paul, "Nonprofit Charitable Organizations, 1996," *Statistics of Income Bulletin*, Winter 1999-2000, Volume 19, Number 3; and Hilgert, Cecelia and Whitten, Melissa, "Charities and Other Tax-Exempt Organizations, 1995," *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18, Number 3.
- [2] For more information on the requirements for tax-exemption under 501(c)(3) and other Code sections, see Internal Revenue Service Publication 557, *Tax Exempt Status for Your Organization*.
- [3] Data presented in this article are from 1997 Forms 990 and 990-EZ. The total number of nonprofit charitable organizations, including

those not required to file Form 990 or Form 990-EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File (December 1997) and does not include private foundations filing Form 990-PF, *Return of Private Foundation*.

- [4] The \$25,000 filing threshold is an average of an organization's gross receipts over the previous 3 years.
- [5] For information on private foundations, see Whitten, Melissa, "Private Foundations and Charitable Trusts, 1997," in this issue.
- [6] The Form 990 includes a detailed balance sheet on which organizations classify their assets among a number of different components. The balance sheet on the shorter Form 990-EZ lists only three types of assets: cash, savings, and investments; land and buildings; and other assets. For the sake of consistency, the assets of organizations filing the long form are collapsed into these three categories. Detailed balance sheet data for Form 990 filers are provided in Tables 1 and 3.
- [7] For information on the National Taxonomy of Exempt Entities classification system, see Hodgkinson, Virginia A.; Weitzman, Murray S.; et al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, Jossey-Bass, Inc., 1996; Stevenson, David R.; Pollak, Thomas H.; and Lampkin, Linda M.; et al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, The Urban Institute, 1997; and *The National Taxonomy of Exempt Entities Manual*, The Urban Institute, 1997.

# Charities and Other Tax-Exempt Organizations, 1997

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>155,330</b>	<b>40,670</b>	<b>45,010</b>	<b>19,576</b>	<b>38,638</b>	<b>7,757</b>	<b>3,679</b>
<b>Total assets.....</b>	<b>1,437,156,488</b>	<b>1,614,302</b>	<b>11,632,947</b>	<b>13,856,661</b>	<b>121,549,088</b>	<b>168,128,429</b>	<b>1,120,375,061</b>
Cash.....	24,465,441	573,378	1,965,198	1,137,270	5,912,843	4,835,190	10,041,561
Savings and temporary cash investments.....	91,435,747	465,778	3,049,344	2,742,830	14,430,184	13,667,947	57,079,665
Accounts receivable (net).....	80,949,759	102,920	750,536	764,826	7,760,049	10,616,678	60,954,749
Pledges receivable (net).....	19,827,088	*6,777	105,361	253,558	3,364,969	4,174,439	11,921,982
Grants receivable.....	7,383,115	60,264	453,693	285,674	2,371,839	1,578,052	2,633,593
Receivables due from officers, directors, trustees, and key employees.....	260,744	*6,076	*2,302	*2,687	15,951	45,087	188,641
Other notes and loans receivable.....	36,451,568	7,338	111,207	311,125	2,294,882	3,898,667	29,828,349
Inventories for sale or use.....	7,076,215	21,854	238,464	178,020	1,096,843	1,162,073	4,378,960
Prepaid expenses and deferred charges.....	11,029,500	22,515	101,256	119,496	1,016,212	1,643,821	8,126,200
Investments in securities.....	600,456,665	56,699	992,660	1,795,634	23,241,595	49,101,178	525,268,898
Investments in land, buildings, and equipment minus accumulated depreciation.....	23,318,090	40,359	425,670	717,523	5,194,312	3,568,486	13,371,740
Other investments.....	131,597,110	*5,137	319,600	416,664	6,458,966	11,546,111	112,850,634
Land, buildings, and equipment minus accumulated depreciation.....	322,407,250	215,870	2,833,160	4,681,486	43,207,503	53,209,227	218,260,005
Other assets.....	80,498,190	29,336	284,493	449,868	5,182,938	9,081,472	65,470,083
<b>Total liabilities.....</b>	<b>624,783,249</b>	<b>655,816</b>	<b>4,183,984</b>	<b>3,793,500</b>	<b>43,757,642</b>	<b>60,714,739</b>	<b>511,677,567</b>
Accounts payable.....	101,908,338	268,150	1,277,816	901,446	10,657,806	14,346,197	74,456,923
Grants payable.....	5,431,906	*11,411	84,375	78,624	867,429	1,351,957	3,038,110
Support and revenue designated for future periods.....	18,789,156	37,297	499,729	296,980	3,123,566	5,046,182	9,785,402
Loans from officers, directors, trustees, and key employees.....	360,065	43,808	52,780	*21,699	104,377	43,162	94,238
Tax-exempt bond liabilities.....	115,311,510	*4,561	*19,086	*27,994	2,021,655	10,694,193	102,544,021
Mortgages and other notes payable.....	110,369,082	146,099	1,924,472	2,198,779	22,860,529	20,288,301	62,950,901
Other liabilities.....	272,613,193	144,490	325,727	267,978	4,122,279	8,944,747	258,807,972
<b>Total fund balance or net worth.....</b>	<b>812,373,238</b>	<b>981,997</b>	<b>7,448,962</b>	<b>10,063,160</b>	<b>77,791,446</b>	<b>107,413,690</b>	<b>608,697,494</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1997

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue.....</b>	<b>752,565,172</b>	<b>7,862,616</b>	<b>19,009,451</b>	<b>13,520,488</b>	<b>104,334,532</b>	<b>106,195,158</b>	<b>501,642,926</b>
Total contributions, gifts, and grants received .....	145,193,029	3,956,957	9,777,698	6,996,247	44,018,530	25,724,106	54,719,491
Contributions received from direct public support.....	74,681,875	2,205,525	4,491,422	3,160,833	18,753,619	15,108,306	30,962,171
Contributions received from indirect public support.....	10,945,060	321,585	461,384	382,892	2,449,286	2,371,683	4,958,230
Government grants.....	59,566,093	1,429,847	4,824,892	3,452,523	22,815,625	8,244,117	18,799,089
Program service revenue .....	485,929,931	2,984,838	7,256,114	5,184,823	51,043,990	68,993,698	350,466,467
Membership dues and assessments.....	6,628,165	234,499	653,204	360,284	1,258,605	1,281,847	2,839,727
Interest on savings and temporary cash investments.....	7,746,718	23,548	145,887	155,360	993,884	1,226,716	5,201,323
Dividends and interest from securities.....	24,389,342	4,696	80,951	121,141	1,252,035	2,276,485	20,654,035
Net rental income (loss).....	1,764,717	35,087	69,786	54,010	307,812	272,815	1,025,205
Gross rents.....	3,873,651	35,087	125,850	88,161	696,106	554,358	2,374,090
Rental expenses.....	2,108,934	--	56,063	34,151	388,294	281,542	1,348,884
Other investment income (loss).....	4,860,283	3,836	14,649	22,505	313,925	397,161	4,108,207
Total gain (loss) from sales of assets.....	44,088,300	*20,761	53,915	79,574	1,435,035	3,263,265	39,235,750
Gain (loss), sales of securities.....	30,784,722	*4,623	40,789	70,868	1,248,100	2,953,185	26,467,157
Gross amount from sales.....	382,879,021	*25,428	235,712	566,988	7,457,279	20,359,724	354,233,890
Cost or other basis and sales expense.....	352,094,298	*20,806	194,923	496,120	6,209,178	17,406,539	327,766,733
Gain (loss), sales of other assets.....	13,303,577	*17,398	13,126	8,706	186,935	310,080	12,768,593
Gross amount from sales.....	21,535,181	*40,316	47,362	45,234	799,078	849,004	19,754,188
Cost or other basis and sales expense.....	8,231,603	*24,177	34,236	36,528	612,143	538,924	6,985,596
Net income (loss), special events and activities.....	1,977,605	345,174	355,625	217,588	831,984	225,904	1,329
Gross revenue.....	5,083,540	879,721	788,741	786,224	1,768,295	481,697	378,862
Direct expenses.....	3,105,934	534,545	433,116	568,636	936,311	255,793	377,533
Gross profit (loss), sales of inventories.....	4,224,767	149,890	315,859	158,465	1,113,641	734,149	1,752,762
Gross sales minus returns and allowances.....	9,119,824	311,581	572,962	445,507	2,525,397	1,797,136	3,467,240
Cost of goods sold.....	4,895,057	161,692	257,102	287,043	1,411,756	1,062,987	1,714,478
Other revenue (loss).....	25,762,309	103,328	285,760	170,491	1,765,091	1,799,010	21,638,629
<b>Total expenses<sup>2</sup>.....</b>	<b>675,233,492</b>	<b>8,062,474</b>	<b>18,305,338</b>	<b>12,633,389</b>	<b>96,194,799</b>	<b>95,579,787</b>	<b>444,457,707</b>
Program services.....	584,285,760	6,743,504	15,297,890	10,478,092	81,814,489	80,420,694	389,531,091
Management and general.....	81,135,412	1,057,834	2,707,717	1,808,358	12,236,780	13,366,252	49,958,470
Fundraising.....	6,581,286	211,581	278,324	308,769	1,474,995	1,397,998	2,909,620
Payments to affiliates.....	3,231,178	49,552	21,406	38,170	668,534	394,989	2,058,526
<b>Excess (deficit) of revenue over expenses.....</b>	<b>77,331,678</b>	<b>-199,858</b>	<b>704,113</b>	<b>887,099</b>	<b>8,139,733</b>	<b>10,615,371</b>	<b>57,185,220</b>

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures.

NOTES: Nonprofit charitable organizations exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1997

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns reporting functional expenditures.....</b>	<b>153,977</b>	<b>13,376</b>	<b>13,298</b>	<b>19,475</b>	<b>11,372</b>	<b>6,079</b>	<b>9,066</b>
<b>Total functional expenditures<sup>2</sup>.....</b>	<b>672,002,313</b>	<b>34,606,604</b>	<b>11,567,319</b>	<b>21,098,773</b>	<b>7,413,096</b>	<b>9,335,781</b>	<b>75,100,761</b>
Grants and allocations.....	34,043,929	1,542,426	223,610	517,237	29,027	211,485	545,579
Specific assistance to individuals.....	51,123,794	253,418	93,903	42,586	*6,068	21,456	571,305
Benefits paid to or for members.....	3,972,799	11,228,850	1,565,050	364,827	13,207	6,255,981	62,551,859
Compensation of officers, directors, or trustees.....	8,263,998	230,748	1,036,184	1,074,329	71,951	74,081	241,885
Other salaries and wages.....	221,479,679	2,674,902	2,343,253	4,199,926	2,525,849	606,179	483,937
Pension plan contributions.....	7,124,810	187,011	337,095	287,196	33,625	47,034	88,207
Other employee benefits.....	25,088,702	382,238	450,315	598,972	184,813	246,405	1,534,126
Payroll taxes.....	14,813,820	155,852	294,608	357,656	320,004	78,582	49,628
Professional fees.....	518,556	42,360	65,740	21,669	809	4,198	*5,465
Accounting fees.....	1,255,243	50,122	56,604	100,447	38,441	19,287	81,999
Legal fees.....	1,565,678	77,141	279,168	460,987	18,685	21,555	104,013
Supplies.....	51,965,667	252,793	131,517	253,365	292,526	60,008	54,485
Telephone.....	3,414,154	100,424	124,853	236,502	46,339	23,375	18,031
Postage and shipping.....	2,922,947	252,692	93,917	362,133	33,733	28,219	49,787
Occupancy.....	18,613,546	479,112	318,522	707,581	781,398	181,455	72,390
Equipment rental and maintenance.....	8,100,205	191,294	77,802	221,934	241,551	35,425	22,231
Printing and publications.....	5,245,301	343,601	209,778	911,459	69,669	49,085	44,566
Travel.....	5,252,702	138,678	313,879	623,818	18,301	27,267	12,449
Conferences, conventions, and meetings.....	2,553,774	135,606	241,151	1,475,813	64,536	46,267	21,118
Interest.....	12,153,777	1,166,414	33,181	206,202	175,887	25,814	28,592
Depreciation and depletion.....	26,925,516	448,419	188,471	406,297	632,540	92,017	79,082
Other expenses.....	165,603,833	1,427,244	308,865	766,775	181,408	118,057	844,000

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> The differences between "total functional expenditures" shown in this table and "total expenses" shown in Tables 1 and 3 are due to payments to affiliates, which are not considered functional expenditures.

NOTE: Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1997

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>155,330</b>	<b>13,619</b>	<b>13,364</b>	<b>19,476</b>	<b>11,396</b>	<b>6,101</b>	<b>9,118</b>
<b>Total assets.....</b>	<b>1,437,156,488</b>	<b>55,856,933</b>	<b>18,004,401</b>	<b>36,380,685</b>	<b>13,871,431</b>	<b>53,238,167</b>	<b>94,787,381</b>
Cash.....	24,465,441	1,562,071	1,107,700	1,701,120	587,636	319,978	2,164,058
Savings and temporary cash investments .....	91,435,747	5,444,952	3,480,811	7,035,192	1,124,181	722,813	13,661,904
Accounts receivable (net).....	80,949,759	2,801,946	725,811	2,066,396	818,501	*56,814	4,145,080
Pledges receivable (net).....	19,827,088	8,876	47,411	298,383	*10,999	*2,046	20,282
Grants receivable.....	7,383,115	108,389	19,523	56,317	2,255	*1,200	*217,611
Receivables due from officers, directors, trustees, and key employees .....	260,744	43,833	2,148	27,647	884	87	441
Other notes and loans receivable.....	36,451,568	12,771,882	290,270	2,701,977	153,104	454,703	111,483
Inventories for sale or use.....	7,076,215	157,641	30,639	138,545	170,529	33,053	11,182
Prepaid expenses and deferred charges.....	11,029,500	469,531	130,889	487,862	134,373	267,737	502,967
Investments in securities.....	600,456,665	14,226,322	7,253,872	14,344,648	437,504	27,876,835	61,209,993
Investments in land, buildings, and equipment minus accumulated depreciation.....	23,318,090	1,698,106	351,448	473,937	1,107,664	640,304	64,775
Other investments.....	131,597,110	5,090,304	1,448,140	2,652,444	102,455	7,176,020	8,121,218
Land, buildings, and equipment minus accumulated depreciation.....	322,407,250	5,509,500	2,675,247	3,213,909	9,000,146	1,463,013	411,910
Other assets.....	80,498,190	5,963,580	440,491	1,182,307	221,198	14,223,563	4,144,478
<b>Total liabilities.....</b>	<b>624,783,249</b>	<b>39,191,403</b>	<b>3,034,632</b>	<b>17,760,772</b>	<b>4,149,649</b>	<b>45,523,139</b>	<b>18,732,073</b>
Accounts payable.....	101,908,338	4,676,264	1,269,303	3,850,195	804,957	341,813	7,871,979
Grants payable.....	5,431,906	229,133	12,484	63,899	*1,474	43,230	95,930
Support and revenue designated for future periods.....	18,789,156	1,025,894	292,441	2,318,680	379,425	60,961	157,383
Loans from officers, directors, trustees, and key employees .....	360,065	*13,467	*244	*2,475	36,161	*1,733	*1,430
Tax-exempt bond liabilities.....	115,311,510	5,311,358	*5,520	*25,595	*10,645	*59,199	*63,797
Mortgages and other notes payable.....	110,369,082	13,309,912	728,635	1,647,910	2,355,621	261,249	537,952
Other liabilities.....	272,613,193	14,625,375	726,004	9,852,017	561,366	44,754,953	10,003,602
<b>Total fund balance or net worth.....</b>	<b>812,373,238</b>	<b>16,665,530</b>	<b>14,969,768</b>	<b>18,619,912</b>	<b>9,721,781</b>	<b>7,715,028</b>	<b>76,055,308</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1997

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue.....</b>	<b>752,565,172</b>	<b>35,302,693</b>	<b>14,203,325</b>	<b>23,054,689</b>	<b>7,706,192</b>	<b>10,142,572</b>	<b>85,398,411</b>
Total contributions, gifts, and grants received .....	145,193,029	2,721,605	597,610	1,393,230	50,144	158,637	*10,752
Contributions received from direct public support.....	74,681,875	1,244,149	300,283	560,674	29,829	146,102	*6,552
Contributions received from indirect public support.....	10,945,060	182,406	147,529	107,078	19,009	10,298	*309
Government grants.....	59,566,093	1,295,050	149,798	725,478	*1,307	*2,237	*3,891
Program service revenue.....	485,929,931	27,499,843	2,786,242	9,097,048	1,448,513	8,981,970	73,010,338
Membership dues and assessments.....	6,628,165	1,763,325	9,086,712	9,045,027	4,400,843	313,239	2,857,222
Interest on savings and temporary cash investments.....	7,746,718	469,503	281,402	551,406	69,209	35,995	997,105
Dividends and interest from securities.....	24,389,342	800,976	368,294	706,145	20,587	189,677	2,817,897
Net rental income (loss).....	1,764,717	260,690	139,432	134,421	92,257	37,668	11,994
Gross rents.....	3,873,651	121,751	104,072	84,952	41,529	16,471	12,330
Rental expenses.....	2,108,934	138,939	35,360	49,469	50,728	21,196	-336
Other investment income (loss).....	4,860,283	72,289	48,985	81,605	6,382	20,680	304,385
Total gain (loss) from sales of assets.....	44,088,300	18,736,015	5,226,492	13,430,095	109,338	612,678	100,312,383
Gain (loss), sales of securities.....	30,784,722	17,948,619	5,003,900	12,864,583	89,744	564,693	97,183,650
Gross amount from sales.....	382,879,021	787,395	222,592	565,512	19,594	47,985	3,128,732
Cost or other basis and sales expense.....	352,094,298	136,768	76,924	239,565	45,468	12,112	114,779
Gain (loss), sales of other assets.....	13,303,577	78,713	40,549	121,321	32,785	6,356	71,193
Gross amount from sales.....	21,535,181	58,055	36,375	118,244	12,684	5,757	43,586
Cost or other basis and sales expense.....	8,231,603	845,450	258,967	683,757	32,278	53,742	3,172,318
Net income (loss), special events and activities.....	1,977,605	910,044	65,337	434,846	172,985	371,944	*10,718
Gross revenue.....	5,083,540	751,985	55,520	298,899	125,416	279,799	*7,267
Direct expenses.....	3,105,934	158,058	9,817	135,947	47,569	92,145	*3,451
Gross profit (loss), sales of inventories.....	4,224,767	352,625	48,844	337,181	2,856,561	341,402	*35,753
Gross sales minus returns and allowances.....	9,119,824	237,525	35,139	249,291	1,536,063	205,344	*36,470
Cost of goods sold.....	4,895,057	115,099	13,705	87,890	1,320,498	136,058	*-717
Other revenue (loss).....	25,762,309	717,604	716,229	1,223,165	259,441	139,231	2,225,996
<b>Total expenses<sup>2</sup>.....</b>	<b>675,233,492</b>	<b>34,630,542</b>	<b>13,129,800</b>	<b>21,376,765</b>	<b>7,419,963</b>	<b>9,360,890</b>	<b>75,190,759</b>
Program services.....	584,285,760	31,402,995	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>
Management and general.....	81,135,412	2,966,355	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>
Fundraising.....	6,581,286	237,254	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>	<sup>(3)</sup>
Payments to affiliates.....	3,231,178	23,938	1,562,480	277,991	6,867	25,108	89,998
<b>Excess (deficit) of revenue over expenses.....</b>	<b>77,331,678</b>	<b>672,151</b>	<b>1,073,526</b>	<b>1,677,924</b>	<b>286,229</b>	<b>781,682</b>	<b>10,207,652</b>

<sup>1</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>2</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>3</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures.

<sup>4</sup> Not required to be reported.

NOTE: Detail may not add to totals because of rounding.



# Charities and Other Tax-Exempt Organizations, 1997

**Table 4.--Form 990-EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9) <sup>2</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>43,627</b>	<b>8,547</b>	<b>7,653</b>	<b>7,230</b>	<b>5,349</b>	<b>1,680</b>	<b>309</b>
<b>Total assets.....</b>	<b>1,820,297</b>	<b>383,417</b>	<b>397,738</b>	<b>285,105</b>	<b>299,005</b>	<b>131,400</b>	<b>16,851</b>
Cash, savings, and investments.....	1,248,888	265,696	334,325	265,795	146,677	71,694	15,742
Land and buildings (net) .....	309,914	88,383	40,685	4,675	114,971	54,935	--
Other assets .....	261,493	29,338	22,728	14,634	37,356	4,771	1,109
<b>Total liabilities .....</b>	<b>195,170</b>	<b>50,108</b>	<b>38,243</b>	<b>17,029</b>	<b>21,320</b>	<b>6,223</b>	<b>1,151</b>
<b>Total fund balance or net worth .....</b>	<b>1,625,127</b>	<b>333,309</b>	<b>359,495</b>	<b>268,075</b>	<b>277,684</b>	<b>125,176</b>	<b>15,700</b>
<b>Total revenue .....</b>	<b>2,050,463</b>	<b>343,261</b>	<b>399,884</b>	<b>319,174</b>	<b>228,224</b>	<b>68,603</b>	<b>19,785</b>
Contributions, gifts, and grants .....	977,961	56,486	12,978	32,554	13,741	10,762	4,856
Program service revenue .....	476,793	57,670	22,557	95,852	39,981	18,659	4,448
Dues and assessments .....	195,001	124,430	328,068	157,818	136,811	14,060	5,668
Investment income (loss) .....	44,016	10,231	12,979	9,405	5,167	5,160	597
Gain (loss) from sales of assets .....	65,466	*4,032	*3,303	*2,687	9,257	*69	--
Gross amount from sales .....	50,025	*2,308	*3,047	*2,312	8,817	*14	--
Cost or other basis and sales expense .....	15,441	*1,724	*256	*375	*440	*55	--
Net income (loss), special events and activities .....	407,669	143,851	14,921	64,592	31,499	27,226	661
Gross revenue .....	226,384	83,985	9,050	54,664	23,079	16,839	354
Direct expenses .....	181,283	59,865	*5,871	9,928	8,420	10,387	307
Gross profit (loss), sales of inventories .....	222,731	21,223	*1,747	2,587	36,681	*7,443	--
Gross sales minus returns and allowances .....	117,035	13,502	*1,511	2,029	21,980	*3,931	--
Cost of goods sold .....	105,695	7,721	*236	559	14,701	*3,511	--
Other revenue (loss) .....	54,266	25,134	16,939	12,683	8,964	6,008	3,910
<b>Total expenses.....</b>	<b>1,909,449</b>	<b>331,045</b>	<b>373,987</b>	<b>306,546</b>	<b>217,827</b>	<b>59,493</b>	<b>18,984</b>
Grants paid .....	268,508	83,274	54,398	12,821	6,330	12,128	157
Benefits paid to or for members .....	47,636	19,140	14,894	13,241	8,630	*4,523	12,324
Salaries and compensation .....	371,200	20,547	96,619	35,670	24,865	4,648	2,028
Professional fees .....	163,668	10,614	21,152	50,817	7,774	1,571	685
Occupancy, rent, and utilities .....	217,187	33,843	26,445	11,685	74,295	11,145	224
Printing, publications, and postage .....	101,821	15,010	11,021	34,371	9,626	2,886	141
Other expenses .....	739,420	148,616	149,457	147,940	86,305	22,591	3,425
<b>Excess (deficit) of revenue over expenses .....</b>	<b>141,013</b>	<b>12,216</b>	<b>25,897</b>	<b>12,629</b>	<b>10,397</b>	<b>9,110</b>	<b>801</b>

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

NOTES: Organizations with end-of-year total assets under \$250,000 and gross receipts under \$100,000 could elect to file Forms 990-EZ rather than Forms 990. Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1998

by Paul Arnsberger

**N**onprofit charitable organizations exempt from income tax under Internal Revenue Code section 501(c)(3) filed over 207,000 information returns for Reporting Year 1998, an increase of 4 percent from the previous year. These organizations reported \$1.4 trillion in assets, a decrease of 6 percent from 1997, and \$752.0 billion in revenue, slightly less than the previous year. Decreases in assets, revenue, and certain other items can be attributed to two very large, related organizations that filed returns for 1997, but not for 1998. The Teachers Insurance Annuity Association and the College Retirement Equities Fund (collectively known as TIAA-CREF) are pension organizations whose tax-exemption was revoked under The Taxpayer Relief Act of 1997 [1,2]. If these two organizations are excluded from the 1997 data, the total assets and revenue of 501(c)(3) organizations would have increased by 10 percent and 6 percent, respectively, for 1998 [Figure A]. The statistics in this article exclude private foundations, most organizations with receipts totaling less than \$25,000, as well as most churches and certain other types of religious organizations.

Data for certain other organizations with tax-exempt status under Code sections 501(c)(4) through (9) are also presented in this article. Such organizations are generally diverse both in function and financial character. For 1998, voluntary employee benefit associations, exempt under Code section 501(c)(9),

reported assets of \$109.7 billion and revenue of \$86.7 billion, larger amounts than those registered by organizations classified under each of the Code sections, 501(c)(4) through (8).

The statistics for charities and other tax-exempt organizations reported in this article are based on data

compiled from Form 990, *Return of Organization Exempt from Income Tax*, and Form 990-EZ, the short-form version of this information return. The latter form may be completed by smaller organizations, those with end-of-year assets of less than \$250,000 and gross receipts of \$25,000 to \$100,000. Only condensed income statements and balance sheets are required of filers of Form 990-EZ. Forms 990-EZ accounted for 24 percent of the returns filed by organizations exempt under Code sections 501(c)(3) through (9) for Reporting Year 1998.

## Charitable Organizations Tax-Exempt Under Internal Revenue Code Section 501(c)(3)

In order to qualify for tax-exempt status, the purpose of the organization must be to serve the public good, as opposed to a private interest. Organizations that are exempt under Code section 501(c)(3) are those whose purposes are religious, charitable, scientific, literary, or educational. They may also foster national or international amateur sports competition, prevent cruelty to children or animals, or test for public safety. The activities of nonprofit organizations are limited in that they must further one or more of the purposes for which they were granted tax-exempt status. Examples of these “charitable” organizations include nonprofit hospitals, educational institutions, youth organizations, community fundraising campaigns, public charities, local housing organizations, historical societies, and environmental preservation groups. These organizations may not distribute net earnings to a private shareholder or individual. Participation by an exempt organization in activities that can influence legislation, or in a political campaign on behalf of, or in opposition to, any candidate, is also restricted. Generally, contributions to the organization are tax-deductible to the donor [3].

Of the 607,906 active nonprofit charitable organizations recognized by the Internal Revenue Service (IRS) under Code section 501(c)(3), some 207,272 filed returns for accounting periods that began in 1998 [4]. Those not required to file included churches and certain other religious organizations, as well as organizations with annual gross receipts totaling less than \$25,000 [5]. Nonprofit private foundations tax-exempt under Code section 501(c)(3) are required to file separately, on Form 990-PF, *Return of Private Foundation* [6]. The number of

**Decreases in assets, revenue, and certain other items can be attributed to two very large, related organizations that filed returns for 1997, but not for 1998.**

*Paul Arnsberger is an economist with the Special Studies Special Projects Section. This article was prepared under the direction of Michael Alexander, Chief*

# Charities and Other Tax-Exempt Organizations, 1998

**Figure A**

## Selected Items for Nonprofit Charitable Organizations, Reporting Years 1997 and 1998, Including Adjusted 1997 Data

[Money amounts in millions of dollars]

Item	1997	1998	Percentage change, 1997-1998	1997 adjusted <sup>1</sup>	1998	Percentage change, 1997-1998
	(1)	(2)	(3)	(4)	(5)	(6)
Total assets.....	1,438,977	1,351,541	-6.1	1,224,629	1,351,541	10.4
Total liabilities.....	624,978	459,188	-26.5	416,407	459,188	10.3
Total fund balance or net worth.....	813,998	892,353	9.6	808,222	892,353	10.4
Total revenue.....	754,616	752,044	-0.3	707,043	752,044	6.4
Program service revenue.....	486,407	502,832	3.4	470,520	502,832	6.9
Contributions, gifts, and grants.....	146,171	161,751	10.7	146,171	161,751	10.7
Investment income <sup>2</sup> .....	37,040	28,562	-22.9	27,923	28,562	2.3
Other.....	84,998	58,898	-30.7	62,429	58,898	-5.7
Total expenses.....	677,143	684,566	1.1	629,570	684,566	8.7
Excess of revenue over expenses (net).....	77,473	67,478	-12.9	77,473	67,478	-12.9

<sup>1</sup> The adjusted 1997 data exclude two very large organizations that filed returns for 1997, but not for 1998: The Teachers Insurance Annuity Association (TIAA) and the College Retirement Equities Fund (CREF) are pension organizations whose 1997 assets totaled \$214 billion. Their exempt status was revoked under the Taxpayer Relief Act of 1997.

<sup>2</sup> Includes "interest on savings and temporary cash investments," "dividends and interest from securities," and "other investment income" from Form 990 and "investment income (loss)" from Form 990-EZ.

NOTES: Data are from both Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$25,000, as well as most churches, and certain other types of religious organizations.

returns filed by nonprofit charitable organizations for 1998 was 4 percent more than for 1997 [7]. Form 990-EZ returns represented 22 percent of total returns filed.

### Financial Characteristics of Nonprofit Charitable Organizations

Although 64 percent of the returns filed by section 501(c)(3) organizations were filed by organizations with assets of less than \$500,000, these organizations held only 1 percent of the total assets and reported only 4 percent of total revenue (Figure B). In comparison, larger organizations, those with assets of \$10 million or more, represented less than 6 percent of the returns filed, but accounted for 88 percent of the total asset holdings and 80 percent of the total revenue reported.

The assets of all nonprofit charitable organizations filing Forms 990 and 990-EZ for 1998 totaled \$1.4 trillion. "Cash, savings, and investments" was the primary component of assets for these organizations, accounting for 55 percent of the total. "Land, buildings, and equipment" owned by nonprofits (but not for investment purposes) represented 19 percent of total assets [8]. The total fund balance (also

called "net assets") of Form 990 and 990-EZ filers increased 10 percent to \$892.4 billion for 1998.

The nonprofit charitable organizations in this study reported total revenue of \$752.0 billion for 1998. "Program service revenue" was the major source of revenue for these organizations. This revenue is comprised of the fees collected by organizations in support of their tax-exempt purposes and includes such income as tuition and fees at educational institutions, hospital patient charges (including Medicare and Medicaid payments), admission fees collected by museums or community performing arts groups, YMCA/YWCA activity fees, and payments received for insurance and retirement coverage by selected pension and annuity funds. Overall, program service revenue totaled \$502.8 billion, a 3-percent increase from 1997. (With TIAA-CREF excluded from the 1997 data, program service revenue increased 7 percent.) Figure C illustrates the types of revenue reported by organizations of different sizes. The largest organizations, those with assets of \$10 million or more, received 72 percent of their total revenue from program service revenue, a larger percentage than that for organizations with lesser amounts of total assets.

# Charities and Other Tax-Exempt Organizations, 1998

**Figure B**

## Nonprofit Charitable Organizations, by Size of Total Assets and Total Revenue, Reporting Year 1998

[Money amounts are in millions of dollars]

Size of organization	Returns		Total assets		Total fund balance		Total revenue	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Size of total assets</b>								
<b>Total.....</b>	<b>207,273</b>	<b>100.0</b>	<b>1,351,541</b>	<b>100.0</b>	<b>892,353</b>	<b>100.0</b>	<b>752,044</b>	<b>100.0</b>
Under \$100,000 <sup>1</sup> .....	80,634	38.9	2,713	0.2	1,513	0.2	9,621	1.3
\$100,000 under \$500,000.....	52,450	25.3	12,982	1.0	9,559	1.1	19,493	2.6
\$500,000 under \$1,000,000.....	20,721	10.0	14,801	1.1	10,945	1.2	14,891	2.0
\$1,000,000 under \$10,000,000.....	41,173	19.9	130,764	9.7	84,203	9.4	107,601	14.3
\$10,000,000 under \$50,000,000.....	8,291	4.0	178,589	13.2	113,449	12.7	109,463	14.6
\$50,000,000 or more.....	4,004	1.9	1,011,692	74.9	672,685	75.4	490,974	65.3
<b>Size of total revenue</b>								
<b>Total.....</b>	<b>207,273</b>	<b>100.0</b>	<b>1,351,541</b>	<b>100.0</b>	<b>892,353</b>	<b>100.0</b>	<b>752,044</b>	<b>100.0</b>
Under \$100,000 <sup>2</sup> .....	76,297	36.8	13,414	1.0	9,072	1.0	3,847	0.5
\$100,000 under \$500,000.....	65,182	31.4	35,414	2.6	25,778	2.9	16,021	2.1
\$500,000 under \$1,000,000.....	21,863	10.5	31,523	2.3	20,964	2.3	15,643	2.1
\$1,000,000 under \$10,000,000.....	35,060	16.9	198,708	14.7	135,144	15.1	109,862	14.6
\$10,000,000 under \$50,000,000.....	6,410	3.1	257,822	19.1	167,263	18.7	133,576	17.8
\$50,000,000 or more.....	2,461	1.2	814,660	60.3	534,133	59.9	473,095	62.9

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Includes returns with no revenue or revenue not reported.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$25,000, as well as most churches, and certain other types of religious organizations.

Total expenses, as reported on Forms 990 and 990-EZ, rose slightly to \$684.6 billion for 1998. “Salaries, other compensation, and employee benefits,” the largest expense category for nonprofit charitable organizations, increased by 10 percent, to \$305.7 billion. “Grants and similar amounts paid” decreased by nearly half, from \$85.4 billion for 1997 to \$44.7 billion for 1998. Nearly all of this decrease can be attributed to TIAA-CREF, which reported a total \$46.7 billion in grants for 1997 but did not file for 1998.

On Form 990 (but not on Form 990-EZ), expenses for nonprofit charitable organizations are distributed among four areas: program services, fundraising, management and general, and payments to affiliates. Briefly, program service expenses are those associated with activities that further an organization’s exempt purpose; fundraising expenses are those incurred in soliciting contributions, gifts, and grants; and management and general expenses include those administrative and overhead costs which are not specifically related to program services or fundraising activities. Within these three broad areas are specific categories such as salaries and wages,

grants and allocations, professional fees, and occupancy. The fourth area includes payments to organizations closely related to the reporting organizations, such as support and dues payments by local chapters to State and national agencies. Program service expenses accounted for the vast majority (85 percent) of total expenses reported by filers of Form 990; management and general expenses totaled 12 percent; and fundraising expenses and payments to affiliates, combined, accounted for less than 2 percent.

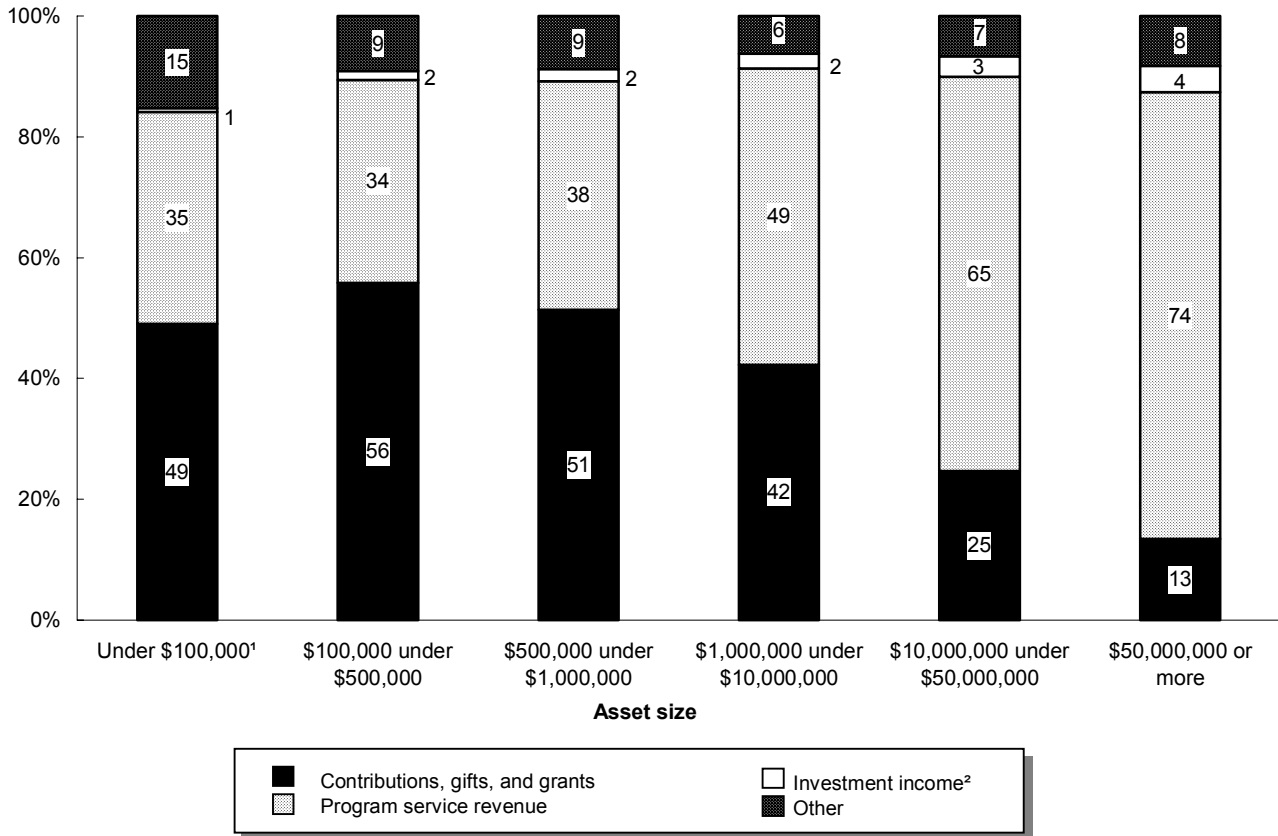
### Nonprofit Charitable Organizations Classified by NTEE Codes

The National Taxonomy of Exempt Entities (NTEE) is a classification system developed by the National Center for Charitable Statistics, which classifies organizations by institutional purpose and major programs and activities [9]. It recognizes 26 major groups, which are aggregated into 10 program categories, as shown in Figure D. Within each program category is a wide diversity in types of organizations conducting the different functions. The organizations were coded for statistics on the basis of information provided on their Forms 990 and 990-EZ.

**Figure C**

**Sources of Nonprofit Charitable Organization Revenue, by Asset Size, Reporting Year 1998**

Percentage of total



<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> Includes "interest on savings and temporary cash investments," "dividends and interest from securities," and "other investment income" from Form 990 and "investment income" from Form 990-EZ.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$25,000, as well as most churches, and certain other types of religious organizations.

Based on the NTEE classification, health was the dominant program category in terms of revenue, accounting for 56 percent of the total. Organizations in the health category also held the largest portion of total assets (41 percent). This category includes organizations that promote the wellness of individuals, the general treatment and prevention of disease or illness (including also mental health and illness), and the medical rehabilitation of people with physical disabilities. Examples are hospitals; nursing or convalescent facilities; health support services, such as

blood banks, organ banks, and emergency medical transport services; health care financing activities; substance abuse treatment services; organizations that study ethics or promote the practice of ethical behavior in medical care and research; health associations active in the prevention or treatment of diseases; and medical research. Eighty-six percent of the total revenue for nonprofit charitable organizations in the health category was derived from program services.

The education program category includes higher

**Figure D**

**Selected Items for Nonprofit Charitable Organizations Classified by NTEE Category, Reporting Year 1998**

[Money amounts are in millions of dollars]

NTEE major category <sup>1</sup>	Number of returns	Total assets	Total fund balance or net worth	Revenue			Total expenses	Excess of revenue over expenses (net)
				Total	Contributions, gifts, and grants	Program service revenue		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> .....	<b>207,273</b>	<b>1,351,541</b>	<b>892,353</b>	<b>752,044</b>	<b>161,751</b>	<b>502,832</b>	<b>684,566</b>	<b>67,478</b>
Arts, culture, and humanities.....	23,336	53,029	45,733	20,125	10,178	5,125	15,800	4,325
Education.....	37,124	441,543	350,313	149,995	43,425	75,835	121,984	28,011
Environment, animals.....	7,671	18,307	15,162	7,467	4,315	1,470	5,700	1,768
Health.....	30,373	554,813	302,669	418,175	28,014	361,008	402,151	16,024
Human services.....	78,311	146,249	77,242	101,453	42,992	48,100	95,079	6,374
International, foreign affairs.....	1,764	7,854	5,641	7,144	6,168	563	6,548	595
Mutual, membership benefit.....	526	13,044	10,966	2,422	324	1,012	1,603	819
Public, societal benefit.....	17,196	103,592	73,674	38,539	21,903	8,805	29,898	8,641
Religion related.....	10,660	12,983	10,842	6,653	4,415	866	5,750	903
Unknown, unclassified.....	312	128	112	70	16	49	53	17

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system that uses 26 major field areas that are aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The codes describe the purposes and activities of the organizations.

NOTES: Data are from Forms 990 and 990-EZ for nonprofit charitable organizations that are tax-exempt under Internal Revenue Code section 501(c)(3) and exclude private foundations, most organizations with receipts less than \$25,000, as well as most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

education, elementary and secondary schools, correspondence schools, libraries, educational testing services, organizations providing opportunities for continuing education outside the framework of formal education, and student services and organizations. Education ranked a distant second in terms of revenue, which totaled \$150.0 billion. This category also accounted for \$441.5 billion in assets—nearly one-third of the total for nonprofit charitable organizations.

Thirty-eight percent of the organizations that filed Forms 990 and 990-EZ for 1998 were classified as human service organizations. Program service revenue (\$48.1 billion) and contributions, gifts, and grants received (\$43.0 billion) together represented nearly all of the total revenue reported by these organizations. This category was comprised of organizations in several classifications performing a broad range of services focused on specific needs within the community: housing and shelter programs, including housing, construction, management, and services to assist in locating, acquiring, or sustaining housing; job training and placement services; public safety, disaster preparedness, and relief services, including activities related to the effects of disasters and the provid-

ing of relief to accident victims; recreation and sports programs provided by organizations for camps, parks, and playgrounds, and amateur sports activities; crime prevention and legal services; and multipurpose organizations which provide a broad range of social or human services to individuals and families. (Included in this last category are such organizations as the American Red Cross, Salvation Army, Urban League, and YMCA's/YWCA's.)

The mutual, membership benefit category, which in the past was dominated by TIAA-CREF—the two organizations that accounted for 96 percent of the category's total assets in 1997—reported large decreases in assets, liabilities, revenue, and expenses for 1998.

**Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4)-(9)**

The statistics presented in this section are based on Forms 990 and 990-EZ filed by organizations tax-exempt under Code sections 501(c)(4) through (9) [10]. Figure E provides general descriptions of the organizations included under these sections. Unlike the nonprofit charitable organizations that are tax-

# Charities and Other Tax-Exempt Organizations, 1998

**Figure E**

## Types of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9)

Internal Revenue Code section	Description of organization	General nature of activities
501(c)(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities, net earnings from which are devoted to charitable, educational, or recreational purposes
501(c)(5)	Labor, agriculture, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
501(c)(6)	Business leagues, chambers of commerce, and real estate boards	Improving conditions in one or more lines of business
501(c)(7)	Social and recreational clubs	Pleasure, recreational, and social activities
501(c)(8)	Fraternal beneficiary societies and associations	Lodges providing for payment of life, sickness, accident, or other benefits to members
501(c)(9)	Voluntary employee beneficiary associations	Providing for payment of life, sickness, accident, or other benefits to members

exempt under Code section 501(c)(3), most contributions to these organizations are not tax-deductible. Financial data for organizations covered by these six Code sections are presented in Tables 2, 3, and 4.

### Highlights of Financial Data

Voluntary employee beneficiary associations, Code section 501(c)(9), reported \$109.7 billion in assets for

1998, considerably more than organizations exempt under sections 501(c)(4) through (8) (Figure F). This amount represented an increase of 16 percent from Reporting Year 1997. Fraternal beneficiary societies, section 501(c)(8), and civic leagues and social welfare associations, section 501(c)(4), reported \$65.2 billion and \$54.7 billion in assets, respectively, for 1998. With the exception of social and recre-

**Figure F**

## Selected Items for Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4)-(9), Reporting Year 1998

[Money amounts are in millions of dollars]

Internal Revenue Code section	Number of returns	Total assets	Total liabilities	Total fund balance or net worth	Total revenue	Total expenses
	(1)	(2)	(3)	(4)	(5)	(6)
501(c)(4).....	21,801	54,647	36,322	18,325	39,346	37,827
501(c)(5).....	20,818	19,801	3,370	16,431	15,222	14,115
501(c)(6).....	27,279	38,829	19,254	19,575	24,012	23,207
501(c)(7).....	16,541	15,149	4,504	10,644	8,348	8,015
501(c)(8).....	7,698	65,193	55,502	9,691	11,693	10,994
501(c)(9).....	9,200	109,726	19,289	90,438	86,746	78,113

NOTE: Data are from Forms 990 and 990-EZ and exclude most organizations with receipts less than \$25,000.

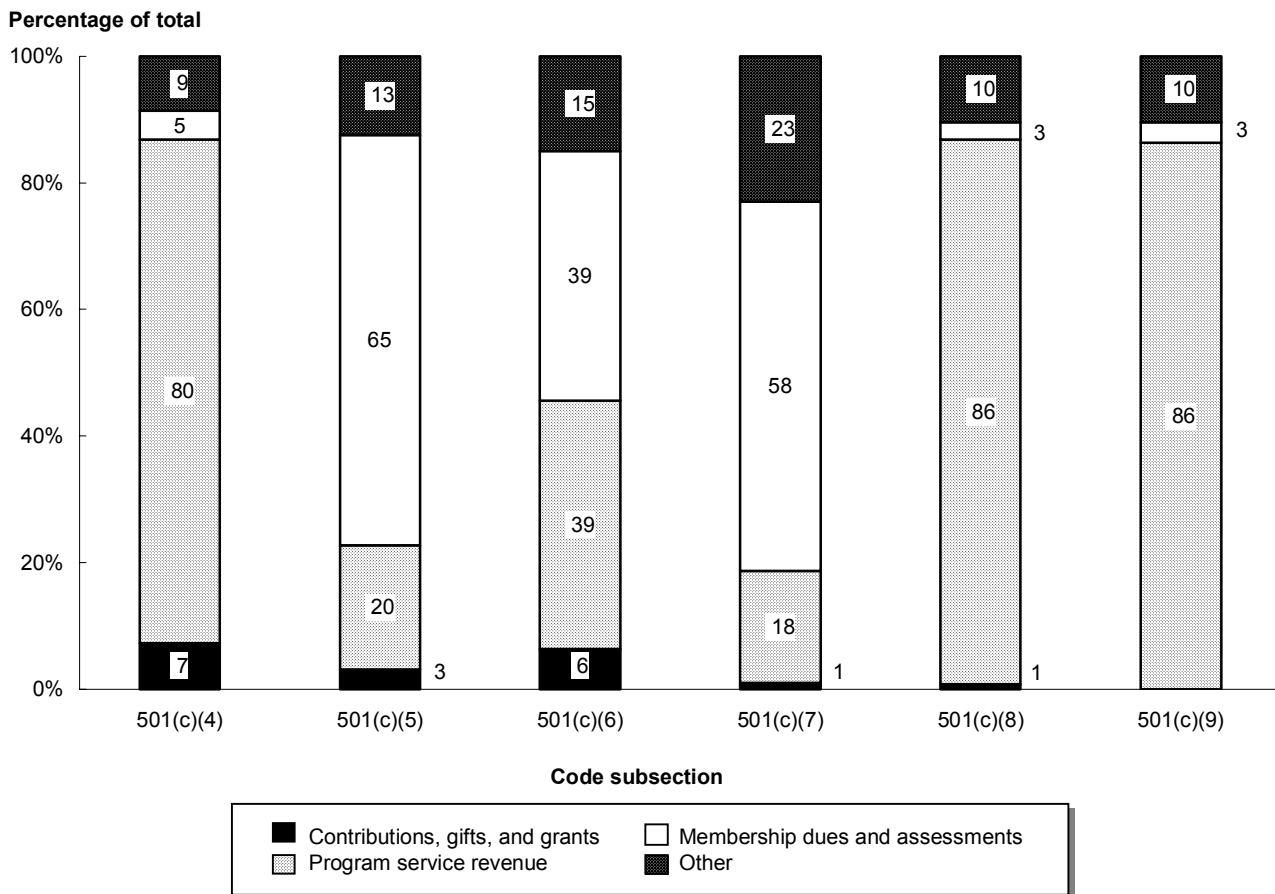
# Charities and Other Tax-Exempt Organizations, 1998

ational clubs, section 501(c)(7), the majority of the asset holdings by organizations under these six Code sections was reported by the largest organizations (those with assets of \$10 million or more); for social and recreational clubs, however, the largest organizations reported just 29 percent of total assets. Social and recreational clubs differed from other types of organizations in the components of their assets as well. While organizations exempt under Code sections (c)(4), (5), (6), (8), and (9) held the majority of their assets in the form of cash, savings, and investments, social and recreational clubs reported 64 percent of their assets as land and buildings.

In terms of revenue, voluntary employee beneficiary associations, section 501(c)(9), were also the largest of the six categories, with \$86.7 billion, a slight increase from 1997. Civic leagues and social welfare organizations, section 501(c)(4), ranked a distant second in terms of revenue, with \$39.3 billion, an increase of 10 percent from the previous year. Program service revenue was the primary source of income for three types of organizations: civic leagues and social welfare organizations, section 501(c)(4); fraternal beneficiary societies, section 501(c)(8); and voluntary employee beneficiary associations, section 501(c)(9) (Figure G). These three types of organiza-

**Figure G**

## Sources of Revenue of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(4)-(9), Reporting Year, 1998



NOTES: Data are from Forms 990 and 990-EZ and exclude most organizations with receipts less than \$25,000. Detail may not add to 100 percent because of rounding.



## Charities and Other Tax-Exempt Organizations, 1998

tions reported at least three-fourths of their revenue from program services. Membership dues and assessments were the principal source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5); and social and recreational clubs, section 501(c)(7). Unlike nonprofit charities exempt under 501(c)(3), contributions, gifts, and grants were a minor source of income for those organizations tax-exempt under sections 501(c)(4) through (9).

### Organizations Filing Form 990-EZ

Form 990-EZ may be filed by organizations that are tax-exempt under Internal Revenue Code section 501(c), with annual gross receipts of less than \$100,000 and assets under \$250,000. The form was introduced for Reporting Year 1989, and its use has grown steadily each year. Form 990-EZ requires less detailed reporting than the long form, especially on the balance sheet portion of the return.

Table 4 presents detailed data on Form 990-EZ filers, by Internal Revenue Code section. With the exception of voluntary employee beneficiary associations, Forms 990-EZ represented between 22 percent and 36 percent of all information returns filed for 1998. (The short form accounted for only 4 percent of the total number of returns filed by organizations exempt under 501(c)(9).) Nonprofit charitable organizations reporting on Form 990-EZ accounted for very small proportions of total assets. Only labor, agricultural, and horticultural organizations, section 501(c)(5), and social and recreational clubs, section 501(c)(7), reported more than 2 percent of their total assets on Form 990-EZ. The assets of nonprofit charitable organizations that filed Form 990-EZ represented just one-tenth of one percent of the total assets of reporting organizations exempt under section 501(c)(3). (Data for organizations that were eligible to file Form 990-EZ but filed the longer Form 990 instead are included with the data for filers of Form 990.)

### Summary

For 1998, nonprofit charitable organizations (excluding private foundations) tax-exempt under section 501(c)(3) reported \$1.4 trillion in total assets and \$752.0 billion in revenue. The number of returns filed by these organizations was 207,272, including both the longer Form 990 and the shorter Form 990-EZ. Two large organizations that were responsible for a

significant amount of nonprofit sector financial activity in 1997 did not file Form 990 returns for 1998.

Program service revenue, the fees received for the programs conducted in support of the purposes for which the tax exemptions under section 501(c)(3) were granted, was \$502.8 billion for Reporting Year 1998. It represented two-thirds of the total revenue reported by charitable organizations. Contributions, gifts, and grants increased by 11 percent to \$161.8 billion. This source of revenue accounted for over one-half of the total revenue of organizations with asset holdings of less than \$1 million, but for a much smaller share of the total revenue of the larger organizations. Expenses rose by 1 percent to \$684.6 billion.

Using the National Taxonomy of Exempt Entities codes (which classify organizations by institutional purpose and major programs and activities), health care was the predominant major category, accounting for 41 percent of the assets and 56 percent of total revenue reported by nonprofit charitable organizations.

Organizations exempt under Internal Revenue Code sections 501(c)(4) through (9) are diverse in both their purposes and financial characteristics. Voluntary employee beneficiary associations, section 501(c)(9), led these organizations in terms of both assets and revenue, with totals of \$109.7 billion and \$86.7 billion, respectively. Program service revenue was the principal source of revenue and consisted of payments for health and welfare benefits. Membership dues and assessments were the principal source of revenue for labor, agricultural, and horticultural organizations, section 501(c)(5); and social and recreational clubs, section 501(c)(7).

### Data Sources and Limitations

The statistics in this article are based on a sample of the 1998 Forms 990, *Return of Organization Exempt From Income Tax*, and Forms 990-EZ, *Short Form Return of Organization Exempt From Income Tax*. Organizations used the 1998 forms when their accounting periods ended any time between December 31, 1998, and November 30, 1999. The sample did not include private foundations, which were required to file separate return forms. Most churches and certain other types of religious organizations were also excluded from the sample because they were not required to file a Form 990 or a Form 990-EZ. The sample included only those returns with receipts of more than \$25,000, the filing threshold.

The sample design was split into two parts: the first part was comprised of returns of organizations exempt under section 501(c)(3), and the second part contained organizations exempt under sections 501(c)(4) through (9). Returns of organizations tax-exempt under other Code sections were excluded. The data presented were obtained from returns as originally filed with the Internal Revenue Service. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. However, in most cases, changes made to the original return as a result of either administrative processing or taxpayer amendment were not incorporated into the data base.

Each part of the sample was classified into strata based on size of total assets, with each stratum sampled at a different rate. For section 501(c)(3) organizations, a sample of 14,653 returns was selected from a population of 211,305. Sampling rates ranged from 1.06 percent for organizations reporting total assets less than \$500,000 to 100 percent for organizations with total assets of \$30,000,000 or more. For organizations filing under sections 501(c)(4) through (9), a sample of 9,795 returns was selected from a population of 105,635. Sampling rates ranged from 2.10 percent for organizations reporting total assets less than \$125,000 to 100 percent for organizations with assets of \$10,000,000 or more. The filing populations for these organizations included some returns of terminated organizations, returns of inactive organizations, duplicate returns, and returns of organizations filed with tax periods prior to 1998. However, these returns were not included in the final sample, nor in the estimated population counts.

Because the data are based on samples, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure H shows CV's for selected financial data. A discussion of methods for evaluating the nonsampling error can be found in the general Appendix of this issue.

**Notes and References**

- [1] Public Law 105-34, Section 1042.
- [2] Because Forms 990 and 990-EZ on which tax-exempt organizations report their financial

**Figure H**

**Coefficients of Variation for Selected Items, by Selected Internal Revenue Code Sections, Reporting Year 1998**

Internal Revenue Code section	Total revenue	Total expenses	Total assets	Total liabilities
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
501(c)(3).....	0.42	0.47	0.07	0.29
501(c)(4).....	0.86	0.89	0.41	0.41
501(c)(5).....	2.08	2.17	1.10	2.11
501(c)(6).....	1.64	1.67	0.66	0.60
501(c)(7).....	2.33	2.42	1.69	2.47
501(c)(8).....	0.70	0.72	0.21	0.09
501(c)(9).....	3.94	4.60	0.24	1.02

NOTE: Data are from Forms 990 and 990-EZ and exclude most organizations with receipts less than \$25,000.

information are public documents, the names of individual organizations can be used in this article.

- [3] For more information on the requirements for tax-exemption under 501(c)(3) and other Code sections, see Internal Revenue Service Publication 557: *Tax-Exempt Status for Your Organization*.
- [4] Data presented in this article are from 1998 Forms 990 and 990-EZ. The total number of nonprofit charitable organizations, including those not required to file Form 990 or Form 990-EZ, was obtained from the Internal Revenue Service Exempt Organizations Business Master File (December 1998) and does not include private foundations filing Form 990-PF, *Return of Private Foundation*.
- [5] The \$25,000 filing threshold is an average of an organization's gross receipts over the previous 3 years.
- [6] For information on private foundations, see Whitten, Melissa, "Private Foundations and Charitable Trusts, 1997," *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2.
- [7] For data on previous years, see Arnsberger Paul, "Nonprofit Charitable Organizations, 1997," *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2; and Arnsberger Paul, "Nonprofit Charitable Organizations, 1996,"

## Charities and Other Tax-Exempt Organizations, 1998

*Statistics of Income Bulletin*, Winter 1999-2000, Volume 19, Number 3.

- [8] The Form 990 includes a detailed balance sheet on which organizations classify their assets among a number of different components. The balance sheet on the shorter Form 990-EZ provides for only three types of assets: cash, savings, and investments; land and buildings; and other assets. For the sake of consistency, the assets of organizations filing the long form are collapsed into these three categories. Detailed balance sheet data for Form 990 filers are provided in Tables 1 and 3. Form 990-EZ data can be found in Table 4.
- [9] For information on the National Taxonomy of Exempt Entities classification system, see

Hodgkinson, Virginia A.; Weitzman, Murray S.; et al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, Jossey-Bass, Inc., 1996; Stevenson, David R.; Pollak, Thomas H.; Lampkin, Linda M.; et al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, The Urban Institute, 1997; and *The National Taxonomy of Exempt Entities Manual*, The Urban Institute, 1997.

- [10] Tax-exempt organizations are described under Sections 501(c)(1) through (21) of the Internal Revenue Code. The statistics in this article are based only on those tax-exempt under Sections 501(c)(3)-(9) because these organizations tend to constitute the bulk of the financial activity for the nonprofit sector.

# Charities and Other Tax-Exempt Organizations, 1998

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>162,559</b>	<b>41,026</b>	<b>47,345</b>	<b>20,721</b>	<b>41,173</b>	<b>8,291</b>	<b>4,004</b>
<b>Total assets.....</b>	<b>1,349,649,141</b>	<b>1,627,597</b>	<b>12,174,969</b>	<b>14,801,074</b>	<b>130,763,755</b>	<b>178,589,339</b>	<b>1,011,692,406</b>
Cash.....	26,468,726	663,496	2,118,720	1,344,577	6,669,959	4,876,129	10,795,843
Savings and temporary cash investments.....	85,802,759	425,037	3,282,615	2,834,605	16,295,007	14,536,552	48,428,943
Accounts receivable (net).....	88,362,490	96,411	790,862	675,782	8,181,560	11,193,755	67,424,120
Pledges receivable (net).....	23,267,931	17,103	118,071	207,732	3,606,216	4,625,836	14,692,974
Grants receivable.....	8,877,250	72,421	501,284	307,982	2,667,564	1,609,279	3,718,721
Receivables due from officers, directors, trustees, and key employees.....	145,062	*4,349	*6,034	*9,600	20,149	29,320	75,609
Other notes and loans receivable.....	36,387,524	5,778	73,031	365,222	2,210,706	3,993,435	29,739,351
Inventories for sale or use.....	8,036,230	27,585	254,565	121,823	1,154,701	1,410,952	5,066,604
Prepaid expenses and deferred charges.....	11,636,203	18,230	88,864	104,661	1,072,984	1,673,417	8,678,046
Investments in securities.....	477,665,786	44,376	851,736	2,082,018	24,818,248	51,899,682	397,969,726
Investments in land, buildings, and equipment minus accumulated depreciation.....	22,788,752	39,411	495,394	889,655	5,479,305	4,442,135	11,442,852
Other investments.....	125,136,760	*4,840	359,170	604,387	7,264,522	12,459,076	104,444,765
Land, buildings, and equipment minus accumulated depreciation.....	350,830,765	184,957	2,924,355	4,792,729	46,153,060	56,050,392	240,725,273
Other assets.....	84,242,899	23,599	310,268	460,300	5,169,772	9,789,379	68,489,579
<b>Total liabilities.....</b>	<b>459,050,478</b>	<b>1,117,897</b>	<b>3,367,970</b>	<b>3,856,220</b>	<b>46,561,207</b>	<b>65,140,109</b>	<b>339,007,074</b>
Accounts payable.....	107,773,244	344,202	1,188,668	860,397	11,142,493	14,935,370	79,302,114
Grants payable.....	6,106,834	*11,948	77,004	81,035	1,003,678	1,200,472	3,732,697
Support and revenue designated for future periods.....	21,021,743	33,410	368,918	321,488	3,207,460	5,290,988	11,799,480
Loans from officers, directors, trustees, and key employees.....	588,290	55,284	96,041	*15,578	63,843	44,923	312,622
Tax-exempt bond liabilities.....	132,106,512	*23,065	*23,198	*24,421	2,437,610	11,820,267	117,777,951
Mortgages and other notes payable.....	118,715,576	566,356	1,150,636	2,283,651	24,021,085	22,347,094	68,346,755
Other liabilities.....	72,738,278	83,633	463,506	269,651	4,685,038	9,500,996	57,735,455
<b>Total fund balance or net worth.....</b>	<b>890,598,662</b>	<b>509,699</b>	<b>8,806,998</b>	<b>10,944,854</b>	<b>84,202,548</b>	<b>113,449,230</b>	<b>672,685,333</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1998

**Table 1.--Form 990 Returns of Nonprofit Charitable Section 501(c)(3) Organizations: Selected Balance Sheet and Income Statement Items, by Asset Size--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Asset size					
		Under \$100,000 <sup>1</sup>	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue.....</b>	<b>749,890,036</b>	<b>7,741,810</b>	<b>19,218,784</b>	<b>14,891,394</b>	<b>107,600,699</b>	<b>109,463,343</b>	<b>490,974,005</b>
Total contributions, gifts, and grants received .....	160,697,814	3,815,386	10,724,177	7,644,240	45,461,311	27,038,239	66,014,462
Contributions received from direct public support.....	83,359,695	2,396,955	4,656,398	3,959,995	18,247,299	15,878,979	38,220,069
Contributions received from indirect public support.....	12,711,938	289,614	541,754	817,317	2,594,349	1,818,937	6,649,969
Government grants.....	64,626,180	1,128,817	5,526,026	2,866,928	24,619,662	9,340,323	21,144,424
Program service revenue.....	502,340,167	2,932,009	6,508,224	5,633,413	52,818,119	71,487,532	362,960,870
Membership dues and assessments.....	6,724,723	240,003	633,393	327,431	1,365,728	1,318,960	2,839,209
Interest on savings and temporary cash investments.....	7,292,057	22,688	153,890	174,634	1,054,815	1,122,127	4,763,904
Dividends and interest from securities.....	18,136,080	5,002	73,035	120,677	1,274,616	2,176,163	14,486,587
Net rental income (loss).....	1,777,791	8,881	87,518	46,079	319,720	278,276	1,037,318
Gross rents.....	3,788,379	8,881	143,153	86,203	746,798	610,506	2,192,838
Rental expenses.....	2,010,588	--	55,635	40,125	427,078	332,230	1,155,521
Other investment income (loss).....	3,088,501	3,632	51,470	19,052	332,906	400,069	2,281,372
Total gain (loss) from sales of assets.....	29,200,138	46,798	21,602	79,298	1,214,057	2,822,040	25,016,344
Gain (loss), sales of securities.....	25,426,759	*202	41,177	71,826	1,079,128	2,433,800	21,800,626
Gross amount from sales.....	408,077,187	*19,218	226,616	519,532	9,212,567	21,238,320	376,860,934
Cost or other basis and sales expense.....	382,650,427	*19,016	185,439	447,706	8,133,439	18,804,520	355,060,308
Gain (loss), sales of other assets.....	3,773,379	46,597	19,575	7,471	134,929	388,240	3,215,717
Gross amount from sales.....	10,337,897	127,472	71,884	36,160	714,059	1,233,766	8,154,556
Cost or other basis and sales expense.....	6,564,518	*80,876	91,459	28,689	579,130	845,526	4,938,838
Net income (loss), special events and activities.....	2,038,807	358,421	297,906	239,180	911,042	229,325	2,933
Gross revenue.....	5,683,756	942,367	879,203	895,405	2,030,206	497,559	439,017
Direct expenses.....	3,644,948	583,946	581,297	656,225	1,119,163	268,234	436,083
Gross profit (loss), sales of inventories.....	4,521,756	193,007	339,893	191,002	1,141,551	787,944	1,868,358
Gross sales minus returns and allowances.....	9,813,546	506,150	714,316	420,297	2,683,368	1,865,875	3,623,541
Cost of goods sold.....	5,291,788	313,142	374,422	229,294	1,541,816	1,077,931	1,755,183
Other revenue (loss).....	14,072,195	115,981	327,674	416,389	1,706,834	1,802,669	9,702,649
<b>Total expenses <sup>2</sup>.....</b>	<b>682,558,036</b>	<b>7,737,831</b>	<b>18,296,067</b>	<b>13,856,082</b>	<b>100,299,623</b>	<b>100,120,860</b>	<b>442,247,573</b>
Program services.....	583,029,740	6,390,920	15,273,539	11,352,010	85,195,975	84,722,828	380,094,467
Management and general.....	87,247,542	1,125,016	2,701,469	1,950,435	12,821,667	13,674,033	54,974,922
Fundraising.....	7,499,125	160,723	314,829	540,814	1,604,900	1,393,442	3,484,417
Payments to affiliates.....	4,785,295	61,170	9,899	12,823	677,080	330,558	3,693,766
<b>Excess of revenue over expenses (net).....</b>	<b>67,332,000</b>	<b>3,979</b>	<b>922,717</b>	<b>1,035,312</b>	<b>7,301,076</b>	<b>9,342,483</b>	<b>48,726,432</b>

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Includes returns with zero assets or assets not reported.

<sup>2</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures.

NOTES: Data exclude private foundations, most organizations with receipts less than \$25,000, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1998

**Table 2.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Total Functional Expenditures, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns reporting functional expenditures.....</b>	<b>161,525</b>	<b>13,724</b>	<b>13,658</b>	<b>2,002</b>	<b>10,872</b>	<b>5,940</b>	<b>8,793</b>
<b>Total functional expenditures <sup>2</sup>.....</b>	<b>677,772,737</b>	<b>37,513,307</b>	<b>12,109,829</b>	<b>22,743,513</b>	<b>7,769,441</b>	<b>10,892,930</b>	<b>78,070,073</b>
Grants and allocations.....	37,740,607	2,093,594	477,987	480,845	16,385	232,398	748,793
Specific assistance to individuals.....	6,680,743	359,616	7,860	43,987	6,714	20,151	819,719
Benefits paid to or for members.....	4,386,994	10,929,303	1,310,833	534,686	15,100	7,683,879	65,336,432
Compensation of officers, directors, or trustees.....	8,992,791	277,830	1,081,980	1,143,903	67,782	85,739	211,015
Other salaries and wages.....	245,680,553	3,143,072	2,520,145	4,465,988	2,730,351	630,773	547,923
Pension plan contributions.....	7,598,968	98,314	378,653	309,595	34,265	52,804	62,630
Other employee benefits.....	27,091,748	420,833	473,508	581,085	201,683	322,546	2,028,063
Payroll taxes.....	15,959,171	161,065	296,206	366,995	336,080	83,003	52,471
Professional fees.....	610,654	35,991	42,494	35,663	4,054	4,236	*4,258
Accounting fees.....	1,371,076	50,712	68,976	109,376	39,014	19,763	82,568
Legal fees.....	1,644,847	84,986	308,739	513,907	17,831	23,978	96,682
Supplies.....	56,241,300	274,751	140,207	233,635	308,128	58,489	62,445
Telephone.....	3,789,295	116,435	133,462	241,384	50,459	23,855	20,415
Postage and shipping.....	3,087,944	263,257	102,088	362,101	34,365	33,854	52,471
Occupancy.....	20,391,535	576,582	349,421	725,360	824,046	166,575	83,807
Equipment rental and maintenance.....	8,917,946	153,071	91,910	224,331	257,197	40,581	24,434
Printing and publications.....	5,413,598	340,493	199,132	906,844	74,372	45,172	37,758
Travel.....	5,815,931	141,602	330,256	634,351	24,639	34,403	12,068
Conferences, conventions, and meetings.....	2,701,985	139,607	283,390	1,644,237	63,993	40,661	19,283
Interest.....	12,781,821	1,387,394	56,169	195,520	171,726	24,765	10,219
Depreciation and depletion.....	29,850,635	578,820	201,674	426,273	662,920	89,195	52,275
Other expenses.....	171,026,238	1,588,592	325,468	856,335	182,829	117,608	770,431

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> The differences between "total functional expenditures" shown in this table and "total expenses" shown in Tables 1 and 3 are due to payments to affiliates, which are not considered functional expenditures.

NOTES: Data exclude most organizations with receipts less than \$25,000. Detail may not add to totals because of rounding.

# Charities and Other Tax-Exempt Organizations, 1998

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>162,559</b>	<b>14,050</b>	<b>13,718</b>	<b>20,007</b>	<b>10,929</b>	<b>5,951</b>	<b>8,827</b>
<b>Total assets.....</b>	<b>1,349,649,141</b>	<b>54,258,584</b>	<b>19,450,318</b>	<b>38,519,778</b>	<b>14,804,713</b>	<b>65,057,509</b>	<b>109,697,631</b>
Cash.....	26,468,726	1,290,744	1,263,899	2,028,061	612,342	478,459	2,171,495
Savings and temporary cash investments .....	85,802,759	5,772,360	3,854,958	7,156,946	1,196,511	1,005,750	20,020,420
Accounts receivable (net).....	88,362,490	3,473,507	883,774	1,854,880	881,487	*64,317	*4,147,332
Pledges receivable (net).....	23,267,931	86,227	*11,511	192,493	8,616	1,823	16,077
Grants receivable.....	8,877,250	101,842	12,204	75,960	*280	*188	96,360
Receivables due from officers, directors, trustees, and key employees .....	145,062	38,234	2,071	7,847	389	*55	*436
Other notes and loans receivable.....	36,387,524	16,346,599	276,657	2,814,871	163,033	809,345	107,576
Inventories for sale or use.....	8,036,230	176,813	28,856	148,948	179,410	37,691	124,015
Prepaid expenses and deferred charges.....	11,636,203	499,705	123,714	527,640	138,123	268,122	138,279
Investments in securities.....	477,665,786	11,224,499	7,905,793	15,149,070	503,076	36,373,145	67,523,340
Investments in land, buildings, and equipment minus accumulated depreciation.....	22,788,752	1,095,776	370,528	532,577	1,197,679	512,089	52,877
Other investments.....	125,136,760	2,122,803	1,484,455	3,353,766	141,474	8,513,560	10,271,112
Land, buildings, and equipment minus accumulated depreciation.....	350,830,765	6,184,577	2,734,706	3,235,544	9,497,971	1,509,119	434,209
Other assets.....	84,242,899	5,844,899	497,191	1,441,174	284,320	15,483,846	4,594,102
<b>Total liabilities.....</b>	<b>459,050,478</b>	<b>36,267,390</b>	<b>3,339,296</b>	<b>19,244,332</b>	<b>4,471,095</b>	<b>55,493,399</b>	<b>19,287,136</b>
Accounts payable.....	107,773,244	5,655,851	1,491,040	3,417,178	879,429	615,591	6,920,727
Grants payable.....	6,106,834	546,674	16,987	41,899	*1,476	45,916	52,707
Support and revenue designated for future periods.....	21,021,743	2,167,806	308,186	2,522,268	457,118	54,169	171,037
Loans from officers, directors, trustees, and key employees .....	588,290	*17,790	*3	*29	24,318	1,585	743
Tax-exempt bond liabilities.....	132,106,512	5,638,717	16,515	23,781	*10,073	45,253	63,970
Mortgages and other notes payable.....	118,715,576	16,871,043	775,016	1,660,939	2,518,986	264,714	136,512
Other liabilities.....	72,738,278	5,369,510	731,549	11,578,239	579,694	54,466,171	11,941,439
<b>Total fund balance or net worth.....</b>	<b>890,598,662</b>	<b>17,991,194</b>	<b>16,111,022</b>	<b>19,275,446</b>	<b>10,333,618</b>	<b>9,564,109</b>	<b>90,410,495</b>

Footnotes at end of table.

# Charities and Other Tax-Exempt Organizations, 1998

**Table 3.--Form 990 Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total revenue.....</b>	<b>749,890,036</b>	<b>39,030,295</b>	<b>14,850,356</b>	<b>23,663,066</b>	<b>8,102,318</b>	<b>11,623,313</b>	<b>86,722,723</b>
Total contributions, gifts, and grants received .....	160,697,814	2,773,598	462,362	1,477,531	74,539	80,528	--
Contributions received from direct public support.....	83,359,695	1,295,865	132,713	594,921	48,459	70,506	--
Contributions received from indirect public support.....	12,711,938	209,746	190,238	78,472	24,876	9,236	--
Government grants.....	64,626,180	1,267,987	139,411	804,137	*1,205	*786	--
Program service revenue.....	502,340,167	31,265,681	2,963,538	9,341,779	1,429,887	10,048,606	74,828,054
Membership dues and assessments.....	6,724,723	1,682,618	9,558,685	9,281,997	4,725,414	296,095	2,839,558
Interest on savings and temporary cash investments.....	7,292,057	459,547	301,511	536,752	73,649	44,393	1,152,840
Dividends and interest from securities.....	18,136,080	437,044	374,706	674,124	21,154	660,311	3,090,164
Net rental income (loss).....	1,777,791	159,332	33,520	44,224	49,034	25,863	61
Gross rents.....	3,788,379	281,032	136,621	140,063	93,985	42,924	11,884
Rental expenses.....	2,010,588	121,700	103,101	95,840	44,952	17,061	11,823
Other investment income (loss).....	3,088,501	81,233	43,962	93,796	7,053	45,880	375,934
Total gain (loss) from sales of assets.....	29,200,138	1,217,711	255,523	522,976	54,199	90,028	2,410,740
Gain (loss), sales of securities.....	25,426,759	1,056,118	241,418	424,613	18,107	67,453	2,255,387
Gross amount from sales.....	408,077,187	7,433,883	6,492,414	7,230,934	154,669	1,800,071	100,468,591
Cost or other basis and sales expense.....	382,650,427	6,377,764	6,250,996	6,806,321	136,563	1,732,618	98,213,204
Gain (loss), sales of other assets.....	3,773,379	161,593	14,105	98,363	36,093	22,575	155,353
Gross amount from sales.....	10,337,897	208,059	66,683	340,794	91,060	47,803	315,809
Cost or other basis and sales expense.....	6,564,518	46,466	52,578	242,431	54,968	25,227	160,456
Net income (loss), special events and activities.....	2,038,807	154,488	17,620	148,847	35,378	90,573	3,024
Gross revenue.....	5,683,756	945,386	83,845	473,439	157,518	310,668	8,991
Direct expenses.....	3,644,948	790,898	66,226	324,592	122,140	220,095	*5,967
Gross profit (loss), sales of inventories.....	4,521,756	151,570	9,183	111,118	1,361,411	127,666	914
Gross sales minus returns and allowances.....	9,813,546	434,838	39,310	329,010	2,934,268	335,630	4,345
Cost of goods sold.....	5,291,788	283,268	30,127	217,892	1,572,857	207,964	*5,259
Other revenue (loss).....	14,072,195	647,472	829,745	1,429,923	270,599	113,368	2,023,264
<b>Total expenses <sup>2</sup>.....</b>	<b>682,558,036</b>	<b>37,535,915</b>	<b>13,761,155</b>	<b>22,888,595</b>	<b>7,782,582</b>	<b>10,931,283</b>	<b>78,093,446</b>
Program services.....	583,029,740	34,028,132	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Management and general.....	87,247,542	3,284,332	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Fundraising.....	7,499,125	200,843	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Payments to affiliates.....	4,785,295	22,608	1,651,325	145,081	13,141	38,353	23,373
<b>Excess of revenue over expenses (net).....</b>	<b>67,332,000</b>	<b>1,494,380</b>	<b>1,089,201</b>	<b>774,471</b>	<b>319,736</b>	<b>692,030</b>	<b>8,629,277</b>

<sup>\*</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> The differences between "total expenses" shown in this table and "total functional expenditures" shown in Table 2 are due to payments to affiliates, which are not considered functional expenditures.

<sup>3</sup> Not required to be reported.

NOTES: Data exclude most organizations with receipts less than \$25,000. Detail may not add to totals because of rounding.



# Charities and Other Tax-Exempt Organizations, 1998

**Table 4.--Form 990-EZ Returns of Organizations Tax-Exempt Under Internal Revenue Code Sections 501(c)(3)-(9): Selected Balance Sheet and Income Statement Items, by Code Section**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Organizations tax-exempt under Internal Revenue Code section--						
	501(c)(3) <sup>1</sup>	501(c)(4)	501(c)(5)	501(c)(6)	501(c)(7)	501(c)(8)	501(c)(9) <sup>2</sup>
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>44,713</b>	<b>7,751</b>	<b>7,100</b>	<b>7,272</b>	<b>5,612</b>	<b>1,747</b>	<b>373</b>
<b>Total assets.....</b>	<b>1,892,255</b>	<b>388,914</b>	<b>351,126</b>	<b>309,150</b>	<b>343,797</b>	<b>135,683</b>	<b>28,437</b>
Cash, savings, and investments.....	1,321,212	250,918	295,849	288,826	170,390	76,586	27,017
Land and buildings (net).....	293,046	113,288	38,094	6,382	126,633	51,243	--
Other assets.....	277,997	24,709	17,183	13,943	46,775	7,853	1,420
<b>Total liabilities.....</b>	<b>137,683</b>	<b>54,821</b>	<b>30,761</b>	<b>10,096</b>	<b>33,062</b>	<b>9,073</b>	<b>1,401</b>
<b>Total fund balance or net worth.....</b>	<b>1,754,572</b>	<b>334,094</b>	<b>320,365</b>	<b>299,055</b>	<b>310,735</b>	<b>126,610</b>	<b>27,036</b>
<b>Total revenue.....</b>	<b>2,153,522</b>	<b>315,466</b>	<b>371,546</b>	<b>349,113</b>	<b>245,940</b>	<b>69,747</b>	<b>22,892</b>
Contributions, gifts, and grants.....	1,053,669	63,534	13,839	44,990	11,069	9,938	4,924
Program service revenue.....	491,892	48,670	23,466	88,216	47,890	17,993	10,347
Dues and assessments.....	226,822	106,542	295,706	177,693	143,225	14,793	2,972
Investment income (loss).....	45,710	9,825	11,364	9,151	4,876	4,565	868
Gain (loss) from sales of assets.....	11,366	1,253	*519	*1,472	*567	*153	--
Gross amount from sales.....	41,395	*6,722	*4,387	*6,486	*7,425	*724	--
Cost or other basis and sales expense.....	30,029	*5,469	*3,868	*5,014	*6,858	*571	--
Net income (loss), special events and activities.....	209,719	55,330	8,668	14,980	11,623	10,947	1,945
Gross revenue.....	476,075	131,583	16,797	59,545	41,024	31,331	2,800
Direct expenses.....	266,356	76,252	8,129	44,565	29,401	20,384	855
Gross profit (loss), sales of inventories.....	76,607	*6,203	651	-54	14,604	*3,065	--
Gross sales minus returns and allowances.....	160,380	*16,945	2,383	2,586	38,922	*7,144	93
Cost of goods sold.....	83,773	*10,742	1,732	2,640	24,317	*4,080	93
Other revenue (loss).....	37,733	24,109	17,332	12,665	12,084	8,294	1,836
<b>Total expenses.....</b>	<b>2,007,838</b>	<b>290,685</b>	<b>354,217</b>	<b>318,703</b>	<b>232,706</b>	<b>62,390</b>	<b>19,218</b>
Grants paid.....	268,735	66,089	57,632	15,036	7,604	14,014	136
Benefits paid to or for members.....	44,532	17,761	12,934	12,892	8,521	3,135	10,125
Salaries and compensation.....	415,566	12,040	95,449	35,560	30,601	4,514	1,114
Professional fees.....	185,797	9,327	18,638	61,739	10,887	1,841	498
Occupancy, rent, and utilities.....	249,846	35,516	25,719	13,418	80,568	12,846	350
Printing, publications, and postage.....	110,186	11,933	8,483	29,318	10,485	3,030	325
Other expenses.....	733,171	138,018	135,362	150,740	84,040	23,009	6,669
<b>Excess of revenue over expenses (net).....</b>	<b>145,684</b>	<b>24,781</b>	<b>17,329</b>	<b>30,410</b>	<b>13,234</b>	<b>7,357</b>	<b>3,674</b>

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes private foundations, most churches, and certain other types of religious organizations.

<sup>2</sup> Estimates in this column should be used with caution because of the small number of sample returns on which they are based.

NOTES: Organizations with end-of-year total assets under \$250,000 and gross receipts under \$100,000 could elect to file Forms 990-EZ rather than Forms 990. Data exclude most organizations with receipts less than \$25,000. Detail may not add to totals because of rounding.



# Private Foundations and Charitable Trusts

## Introduction

Each year, private foundations contribute billions of charitable dollars, primarily in the form of grants to charitable organizations, communities, or individuals. These outlays assist in the operation of programs supporting education, arts and humanities, health, human services, and environmental protection. Nonprofit organizations that conduct charitable programs in these areas often depend on foundation grants as a source of financial support.

Like charities that file Form 990, private foundations are tax-exempt under Internal Revenue Code section 501(c)(3). However, a private foundation, which is required annually to file the information return Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*, differs somewhat from a publicly-supported nonprofit organization, largely due to its narrow sphere of support and control. Usually organized as a corporation, association, or trust, a foundation is generally operated and supported by an individual, family, or corporation. Such organizations are classified as either “operating,” referring to foundations that exercise a significant degree of oversight in the operation of their charitable activities, or “non-operating,” referring to foundations that, for the most part, provide financial support to other organizations, which in turn conduct charitable activities. Such support is usually provided in the form of grants to other exempt organizations.

Due to the centralization of support and control, foundations are subject to more stringent regulation than other section 501(c)(3) organizations. For example, foundations are generally required to pay an excise tax on their “net investment income” – income from such sources as interest, dividends, capital gain net income, and royalties. This tax, in most cases equal to 2 percent of an organization’s net investment income, is approximated by IRS to cover expenses incurred in the oversight of foundation activities, as well as the enforcement of laws governing their exempt status. Secondly, those organizations defined as “nonoperating,” which regularly represent more than 90 percent of private foundations filing Form 990-PF, are subject to an annual charitable payout requirement equal to 5 percent of their net investment assets.

Form 990-PF is also filed by section 4947(a)(1) nonexempt charitable trusts, organizations that re-

semble private foundations in that they operate exclusively for charitable purposes and are narrowly controlled and supported, usually by an individual or family. However, IRS does not formally recognize these organizations as tax-exempt and those portions of their income that are not distributed for charitable activities are reported on a separate tax form.

For 1997, domestic private foundations distributed \$16.4 billion in contributions, gifts, and grants, a 13-percent increase over the prior year, nearly keeping pace with a 15-percent increase in total revenue received. Additionally, foundations reported \$342.7 billion in fair market value of assets, the majority of which was composed of investments in securities. Section 4947(a)(1) charitable trusts represent about 5 percent of Forms 990-PF filed for 1997, and reported \$4.8 billion in fair market value of assets. These organizations reported an 11-percent reduction in charitable contributions paid, despite a nearly 28-percent increase in revenue to \$636.0 million.

Articles and tables included in this section provide extensive information on financial items as reported on Form 990-PF for Reporting Years 1991 through 1997. Aggregate data for all years prior to 1997 include foreign foundations and charitable trusts, except where noted. Foreign organizations receiving certain degrees of support from U.S. sources are required to file Form 990-PF, whether or not they choose to distribute grants within the U.S. Beginning with Tax Year 1997, published data are for domestic foundations only.

Recently, data were collected and published for a panel study of large private foundations. The panel included the largest 100 domestic, nonoperating foundations that appeared in the SOI sample for Reporting Years 1985-1997. Results from the panel study are also presented in this compendium.

## Program Developments

Data for Reporting Years 1999 and 2000 are currently being edited, for the first time, in a Graphical User Interface (GUI) environment application. The “point-and-click” windows environment, in addition to providing a more navigable editing system for the study “editors,” who enter return information and resolve taxpayer reporting and data inconsistencies, allows for various system enhancements to increase data quality, including improved methods of verifying year-to-year data at the time of editing.

# Private Foundations and Charitable Trusts, 1991

Data Release

**F**or 1991, private foundations and charitable trusts reported \$24.9 billion in total revenues and \$10.3 billion in contributions, gifts, and grants paid out, increases from 1990 of 26 percent and 14 percent, respectively. Private foundations are generally larger in terms of asset size and more numerous than charitable trusts. The 41,348 private foundations accounted for 98 percent of the combined total of \$192.6 billion in assets (based on fair market value) for foundations and charitable trusts, while the 2,662 charitable trusts accounted for the remainder.

A private foundation is a nonprofit, tax-exempt organization that is narrowly supported and controlled, usually by an individual, family, or corporation. A charitable trust filing under Internal Revenue Code section 4947(a)(1) is also nonprofit, but is not tax-exempt and is typically supported and controlled by an individual or family. Both private foundations and charitable trusts are required to file an annual information return, Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*.

## Private Foundations

Total private foundation revenues increased by over 26 percent from \$19.5 billion for 1990 to \$24.6 billion for 1991 [1]. The growth in revenues was largely due to net gains (less losses) from sales of assets, which increased to \$8.5 billion, more than double the amount reported for 1990. Other major sources of revenues -- receipts from contributions, gifts, and grants; and dividends and interest from securities -- each grew about 5 percent from 1990 levels to \$7.1 billion and \$6.7 billion, respectively. Charitable contributions, gifts, and grants paid increased by over 14 percent to \$10.1 billion (as reported on a cash basis in Table 1).

Total assets (based on fair market value) grew by 15 percent to \$189.6 billion for 1991 compared to 1990. The largest component of total assets, investments in securities, increased by more than 10 percent to \$139.4 billion. More than 65 percent of these investments were in corporate stock, which continued to dominate total investments in securities just as they had in previous years. The remaining 35 percent was in government obligations and corporate bonds. Investments in government obligations fell by more than 4 percent to \$31.1 billion, while corporate bond investments grew to \$17.4 billion, an increase of nearly 21 percent. (Table 1 also presents book values for these same asset accounts.)

*This data release was written by Sarah E. Nutter, an economist with the Foreign Returns Analysis Section, under the direction of Michael Alexander, Chief, Foreign Special Projects Section.*

## Section 4947(a)(1) Charitable Trusts

Charitable trusts, as defined under Internal Revenue Code section 4947(a)(1), reported nearly \$3.0 billion in total assets for 1991, an increase of nearly 8 percent from 1990. Investments in securities, nearly 68 percent of total assets, grew slightly from \$1.9 billion to \$2.0 billion. This increase was due to a 17-percent growth in the fair market value of corporate stock, which increased to \$1.3 billion for 1991. The increase in corporate stock, which reflected both new acquisitions (reduced by dispositions) and net increases in the fair market value of previous acquisitions, was partially offset by decreases in the value of corporate bonds and government obligations, which fell slightly to \$0.3 billion and \$0.4 billion, respectively. Charitable contributions, gifts, and grants paid, grew by more than 4 percent to \$0.2 billion for 1991 (as reported on a cash basis in Table 2).

Total revenues grew somewhat for 1991, to \$280.4 million, a 4-percent increase from 1990. Like private foundations, the largest amount of growth was due to net gains (less losses) from sales of assets, which increased nearly 89 percent to \$73.7 million. Unlike private foundations, dividends and interest from securities were the primary source of revenues, nearly \$117.0 million for 1991. Receipts from contributions, gifts, and grants made up a relatively small portion of the revenues for charitable trusts, about 14 percent, for 1991.

## Data Sources and Limitations

Tables 1 and 3 provide information for Reporting Year 1991 for private foundations, while Tables 2 and 4 provide similar data for charitable trusts. The statistics are based on a sample of Reporting Year 1991 Forms 990-PF that were filed with the Internal Revenue Service. The IRS required organizations with accounting periods beginning in 1991 (and therefore ending between December 1991 and November 1992) to file a 1991 Form 990-PF. Some part-year returns were included in the sample for organizations that changed their accounting periods, or filed initial or final returns. Approximately 61 percent of the foundations and 55 percent of charitable trusts had full-year accounting periods covering Calendar Year 1991 or part-year accounting periods that ended in December 1991. Additionally, 60 percent of total foundation assets and 57 percent of total trust assets were for the calendar-year accounting period. Therefore, the majority of the financial activity reflected in the statistics was associated with Calendar Year 1991.

The 1991 sample was stratified based on both the size of book value of total assets and the type of organization (either a private foundation or a charitable trust). Foundation returns were selected at rates that ranged from approximately 5 percent (for the more numerous but very

## Private Foundations and Charitable Trusts, 1991

small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets). Charitable trust returns were selected at rates that ranged from 29 to 100 percent. The 5,574 returns in the 1991 sample (4,699 foundations and 875 trusts) were drawn from the estimated population totals shown in Tables 1 through 4.

The population from which the 1991 sample was drawn consisted of Form 990-PF records posted to the IRS Business Master File during 1991 and 1992. Some of the records designated were for organizations that were deemed inactive or terminated. Inactive and terminated organizations are not reflected in the estimates. For the small number of active, large foundations whose returns for the 1991 Reporting Year were not yet filed or were otherwise unavailable for the statistics, data were estimated using other returns having similar characteristics. For the unavailable active trust returns, which were smaller in size than those for foundations, prior-year data were in most instances used as a substitute.

The data presented were obtained from returns as originally filed. The data were subjected to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base.

### Explanation of Selected Terms

*Charitable Trust.*--This type of organization, also referred to as a "nonexempt" charitable trust, was defined in Internal Revenue Code section 4947(a)(1) as an organization (1) that is not considered tax-exempt under section 501(a); (2) that has exclusively charitable interests; and (3) for which donors are allowed to claim a tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the excise tax provisions for private foundations and are required to file a Form 990-PF. ("Publicly supported" nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax* [2].) Nonexempt charitable trusts must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Fiduciary Income Tax Return*.

*Distributable Amount.*--This was the minimum payout amount that was required to be distributed by the end of the year following the year for which the return was filed in order to avoid an excise tax for failure to distribute income currently. The distributable amount was computed as 5 percent of "net investment assets," called the "minimum investment return," minus taxes on both "net investment

income" and "unrelated business income," plus or minus other adjustments, either allowed or required.

*Excess Distributions Carryover.*--The excess distributions carryover equaled the excess of "qualifying distributions" for 1991 over the "distributable amount." "Excess" amounts from the current year could be carried forward to be applied to the distributable amount for the following 5 years.

*Minimum Investment Return.*--This was the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire them and cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the "distributable amount."

*Nonoperating Foundations (and Section 4947(a)(1) Charitable Trusts).*--Nonoperating foundations and trusts generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to those (operating) foundations and trusts engaged in charitable activities, themselves. However, some nonoperating foundations and trusts were actively involved in charitable programs of their own, in addition to making grants to other organizations. Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period.

*Operating Foundations (and Section 4947(a)(1) Charitable Trusts).*--These organizations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. To qualify as an operating foundation or trust for a particular taxable year, the private foundation or trust had to meet both an "income test" and one of three other tests: an "assets test," an "endowment test," or a "support test." (The tests are described below with reference to private foundations but apply in the same manner to the charitable trusts.)

To meet the income test, a private foundation had to spend at least 85 percent of the lesser of its "adjusted net income" or "minimum investment return" on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such programs). The assets test was met if 65 percent or more of the foundation's assets were directly used for the active conduct of charitable activities. The endowment test was met if the foundation normally made distributions for the

## Private Foundations and Charitable Trusts, 1991

active conduct of charitable activities in an amount not less than two-thirds of its “minimum investment return.” The support test was met if the foundation normally received substantially all of its support (other than from “gross investment income”) from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from “gross investment income”) was normally received from any one such qualifying exempt organization; and (b) no more than half of its support was normally received from gross investment income.

*Private Foundation.*--This type of organization is defined in Internal Revenue Code section 501(c)(3) as a nonprofit corporation, association, or trust with a narrow source of funds that operated or supported social, educational, scientific, charitable, religious, or other programs dedicated to improving the general welfare of society. A private foundation is: (1) not a church, school, hospital, or medical research organization; (2) not an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) not an organization that was operated by, or in connection with, any of the above described organizations; and (4) not an organization that conducted tests for public safety. The primary difference between a private foundation and a public charity was the sources of each type of organization’s funding. A foundation usually receives its funds from an individual,

family, or corporation, while a public charity receives its funds primarily from a large number of sources within the general public.

*Qualifying Distributions.*--Qualifying distributions included disbursements for charitable purposes; amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the foundation’s or trust’s obligation to pay out its “distributable amount.”

*Undistributed Income.*--Undistributed income was the portion of the required “distributable amount” still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carryover from prior years.

### Notes and References

- [1] For more information on private foundations and charitable trusts for 1990, see Meckstroth, Alicia, “Private Foundations and Charitable Trusts, 1990,” *Statistics of Income Bulletin*, Winter 1993-94, Volume 13, Number 3.
- [2] For more information on charities and other tax-exempt organizations, see Hilgert, Cecelia, “Charities and Other Tax-Exempt Organizations, 1990,” *Statistics of Income Bulletin*, Fall 1994, Volume 14, Number 2.

# Private Foundations and Charitable Trusts, 1991

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
				Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (less loss) from sales of assets	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>ALL FOUNDATIONS</b>									
<b>Total.....</b>	41,348	40,341	24,610,028	18,999	7,141,936	25,927	6,692,371	16,107	8,533,912
Zero or unreported.....	942	734	47,961	374	23,023	228	15,060	*107	*7,038
\$1 under \$100,000.....	14,823	14,106	478,973	8,028	424,855	5,346	13,303	1,978	13,918
\$100,000 under \$1,000,000.....	15,479	15,413	1,451,145	6,531	1,038,173	11,201	190,032	6,462	86,286
\$1,000,000 under \$10,000,000.....	8,167	8,152	3,943,851	3,290	1,969,373	7,306	970,117	5,873	528,733
\$10,000,000 under \$25,000,000.....	1,079	1,079	2,367,163	437	1,029,134	1,012	616,216	890	432,705
\$25,000,000 under \$50,000,000.....	403	403	1,759,553	160	624,736	387	547,478	372	357,579
\$50,000,000 under \$100,000,000.....	228	228	1,994,811	98	751,484	222	625,285	207	457,087
\$100,000,000 or more.....	226	226	12,566,572	82	1,281,160	224	3,714,880	218	6,650,565
<b>Nonoperating foundations</b>									
<b>Total.....</b>	37,870	36,970	22,738,815	16,597	6,446,135	24,657	6,237,615	15,281	8,152,921
Zero or unreported.....	817	630	44,617	290	19,718	228	15,060	*107	*7,038
\$1 under \$100,000.....	13,161	12,506	445,702	6,832	398,233	5,066	12,688	1,874	13,221
\$100,000 under \$1,000,000.....	14,587	14,537	1,365,098	5,983	974,228	10,844	185,695	6,271	81,276
\$1,000,000 under \$10,000,000.....	7,564	7,556	3,487,643	2,860	1,684,894	6,844	917,952	5,513	512,160
\$10,000,000 under \$25,000,000.....	949	949	2,124,491	344	944,586	901	566,613	780	401,551
\$25,000,000 under \$50,000,000.....	374	374	1,641,119	134	597,820	361	517,430	345	334,983
\$50,000,000 under \$100,000,000.....	211	211	1,851,619	85	705,712	207	580,716	192	428,604
\$100,000,000 or more.....	208	208	11,778,527	68	1,120,945	207	3,441,461	200	6,374,088
<b>Operating foundations</b>									
<b>Total.....</b>	3,478	3,371	1,871,213	2,401	695,802	1,270	454,756	826	380,991
Zero or unreported.....	*125	*104	*3,344	*83	*3,306	--	--	--	--
\$1 under \$100,000.....	1,663	1,600	33,270	1,195	26,622	281	614	*104	*697
\$100,000 under \$1,000,000.....	892	876	86,047	547	63,945	357	4,337	192	5,010
\$1,000,000 under \$10,000,000.....	604	597	456,208	429	284,479	463	52,165	360	16,573
\$10,000,000 under \$25,000,000.....	130	130	242,672	93	84,548	111	49,603	110	31,154
\$25,000,000 under \$50,000,000.....	29	29	118,434	26	26,915	26	30,048	27	22,597
\$50,000,000 under \$100,000,000.....	17	17	143,192	13	45,772	15	44,569	15	28,483
\$100,000,000 or more.....	18	18	788,045	14	160,215	17	273,419	18	276,477
<b>GRANTMAKING FOUNDATIONS</b>									
<b>Total.....</b>	34,461	34,242	23,178,129	15,059	6,326,989	24,026	6,494,599	15,200	8,435,794
Zero or unreported.....	526	505	46,201	228	21,284	207	15,052	*107	*7,038
\$1 under \$100,000.....	10,757	10,559	406,151	5,752	366,755	4,491	10,996	1,728	12,694
\$100,000 under \$1,000,000.....	13,882	13,882	1,296,102	5,524	921,624	10,748	187,390	6,216	76,214
\$1,000,000 under \$10,000,000.....	7,497	7,497	3,559,468	2,885	1,752,277	6,848	924,106	5,571	513,113
\$10,000,000 under \$25,000,000.....	986	986	2,153,811	368	935,251	937	583,333	816	414,265
\$25,000,000 under \$50,000,000.....	383	383	1,666,971	141	604,167	369	526,374	355	344,904
\$50,000,000 under \$100,000,000.....	215	215	1,747,217	88	567,324	211	589,449	198	446,319
\$100,000,000 or more.....	215	215	12,302,209	73	1,158,308	214	3,657,900	208	6,621,248
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	32,923	32,726	22,167,091	14,158	6,021,762	23,382	6,187,060	14,788	8,133,217
Zero or unreported.....	464	443	44,081	*166	*19,198	207	15,052	*107	*7,038
\$1 under \$100,000.....	9,991	9,814	391,341	5,270	353,621	4,335	10,531	1,687	12,662
\$100,000 under \$1,000,000.....	13,500	13,500	1,258,866	5,387	895,605	10,523	183,413	6,083	74,603
\$1,000,000 under \$10,000,000.....	7,258	7,258	3,319,028	2,719	1,560,140	6,666	903,791	5,418	508,211
\$10,000,000 under \$25,000,000.....	928	928	2,072,370	335	914,192	883	558,111	762	394,794
\$25,000,000 under \$50,000,000.....	371	371	1,627,656	132	597,453	359	514,930	343	334,735
\$50,000,000 under \$100,000,000.....	206	206	1,698,798	83	564,374	203	572,804	190	427,090
\$100,000,000 or more.....	206	206	11,754,950	66	1,117,179	205	3,428,428	199	6,374,084
<b>Grantmaking-operating foundations</b>									
<b>Total.....</b>	1,537	1,516	1,011,038	901	305,228	644	307,539	412	302,578
Zero or unreported.....	*62	*62	*2,119	*62	*2,085	--	--	--	--
\$1 under \$100,000.....	766	745	14,810	482	13,135	*156	*465	*42	*32
\$100,000 under \$1,000,000.....	382	382	37,236	137	26,020	225	3,977	*134	*1,611
\$1,000,000 under \$10,000,000.....	239	239	240,440	166	192,137	182	20,315	153	4,902
\$10,000,000 under \$25,000,000.....	58	58	81,441	33	21,059	54	25,221	54	19,471
\$25,000,000 under \$50,000,000.....	12	12	39,314	9	6,714	10	11,444	12	10,168
\$50,000,000 under \$100,000,000.....	9	9	48,419	5	2,950	8	16,645	8	19,229
\$100,000,000 or more.....	9	9	547,259	7	41,129	9	229,472	9	247,164

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>40,267</b>	<b>13,172,916</b>	<b>40,447</b>	<b>11,437,111</b>	<b>36,114</b>	<b>13,243,743</b>	<b>38,104</b>	<b>11,714,917</b>
Zero or unreported.....	796	104,756	630	-56,795	422	23,490	609	99,766
\$1 under \$100,000.....	14,071	491,158	14,362	-12,186	10,972	43,102	12,721	458,573
\$100,000 under \$1,000,000.....	15,312	1,144,312	15,362	306,833	14,805	447,200	14,804	1,080,468
\$1,000,000 under \$10,000,000.....	8,152	2,662,698	8,157	1,281,153	7,997	1,840,371	8,043	2,361,338
\$10,000,000 under \$25,000,000.....	1,078	1,402,599	1,079	964,564	1,073	1,274,040	1,074	1,261,674
\$25,000,000 under \$50,000,000.....	403	1,069,430	403	690,123	397	1,055,128	403	959,984
\$50,000,000 under \$100,000,000.....	228	1,003,794	227	991,017	223	1,181,074	225	867,957
\$100,000,000 or more.....	226	5,294,170	226	7,272,401	225	7,379,338	225	4,625,157
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>36,890</b>	<b>12,044,503</b>	<b>37,086</b>	<b>10,694,311</b>	<b>33,519</b>	<b>12,312,125</b>	<b>35,094</b>	<b>10,818,386</b>
Zero or unreported.....	692	101,473	547	-56,856	401	23,456	526	96,656
\$1 under \$100,000.....	12,471	462,086	12,741	-16,384	9,902	40,778	11,315	436,066
\$100,000 under \$1,000,000.....	14,437	1,072,414	14,504	292,684	14,054	421,193	14,036	1,018,207
\$1,000,000 under \$10,000,000.....	7,549	2,267,315	7,554	1,220,328	7,436	1,751,875	7,482	2,024,201
\$10,000,000 under \$25,000,000.....	948	1,230,452	949	894,039	946	1,175,395	947	1,122,323
\$25,000,000 under \$50,000,000.....	374	983,162	374	657,956	368	994,217	374	895,610
\$50,000,000 under \$100,000,000.....	211	909,521	210	942,098	206	1,104,555	208	810,317
\$100,000,000 or more.....	208	5,018,080	208	6,760,447	207	6,800,657	207	4,415,006
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,378</b>	<b>1,128,413</b>	<b>3,361</b>	<b>742,800</b>	<b>2,595</b>	<b>931,618</b>	<b>3,010</b>	<b>896,531</b>
Zero or unreported.....	*104	*3,283	*83	*61	*21	*34	*83	*3,110
\$1 under \$100,000.....	1,600	29,072	1,621	4,198	1,070	2,324	1,406	22,507
\$100,000 under \$1,000,000.....	876	71,898	859	14,149	751	26,007	768	62,261
\$1,000,000 under \$10,000,000.....	604	395,383	604	60,824	562	88,497	562	337,136
\$10,000,000 under \$25,000,000.....	130	172,147	130	70,525	127	98,645	127	139,351
\$25,000,000 under \$50,000,000.....	29	86,268	29	32,167	29	60,911	29	64,374
\$50,000,000 under \$100,000,000.....	17	94,273	17	48,920	17	76,519	17	57,641
\$100,000,000 or more.....	18	276,090	18	511,955	18	578,681	18	210,151
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>34,461</b>	<b>12,456,102</b>	<b>34,242</b>	<b>10,722,026</b>	<b>32,077</b>	<b>12,894,049</b>	<b>34,461</b>	<b>11,237,442</b>
Zero or unreported.....	526	102,715	422	-56,514	339	23,452	526	98,358
\$1 under \$100,000.....	10,757	434,757	10,712	-28,606	8,877	37,985	10,757	429,172
\$100,000 under \$1,000,000.....	13,882	1,093,313	13,815	202,789	13,633	423,735	13,882	1,048,291
\$1,000,000 under \$10,000,000.....	7,497	2,443,287	7,495	1,116,181	7,440	1,769,152	7,497	2,214,296
\$10,000,000 under \$25,000,000.....	986	1,280,428	986	873,383	984	1,202,952	986	1,166,000
\$25,000,000 under \$50,000,000.....	383	988,598	383	678,373	378	1,020,444	383	900,245
\$50,000,000 under \$100,000,000.....	215	927,827	214	819,389	211	1,136,808	215	838,770
\$100,000,000 or more.....	215	5,185,178	215	7,117,031	215	7,279,521	215	4,542,309
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>32,923</b>	<b>11,852,157</b>	<b>32,725</b>	<b>10,314,933</b>	<b>30,779</b>	<b>12,248,679</b>	<b>32,923</b>	<b>10,729,095</b>
Zero or unreported.....	464	100,647	380	-56,566	318	23,418	464	96,458
\$1 under \$100,000.....	9,991	421,989	9,946	-30,648	8,281	37,028	9,991	416,521
\$100,000 under \$1,000,000.....	13,500	1,050,429	13,433	208,437	13,271	405,365	13,500	1,008,981
\$1,000,000 under \$10,000,000.....	7,258	2,206,572	7,256	1,112,456	7,208	1,729,572	7,258	1,995,647
\$10,000,000 under \$25,000,000.....	928	1,216,564	928	855,805	927	1,159,795	928	1,112,943
\$25,000,000 under \$50,000,000.....	371	964,487	371	663,169	366	991,481	371	883,430
\$50,000,000 under \$100,000,000.....	206	894,848	205	803,950	202	1,101,991	206	809,487
\$100,000,000 or more.....	206	4,996,620	206	6,758,330	206	6,800,031	206	4,405,627
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,537</b>	<b>603,946</b>	<b>1,516</b>	<b>407,092</b>	<b>1,298</b>	<b>645,370</b>	<b>1,537</b>	<b>508,347</b>
Zero or unreported.....	*62	*2,068	*42	*52	*21	*34	*62	*1,899
\$1 under \$100,000.....	766	12,768	766	2,042	596	957	766	12,652
\$100,000 under \$1,000,000.....	382	42,884	382	-5,648	362	18,370	382	39,310
\$1,000,000 under \$10,000,000.....	239	236,714	239	3,725	232	39,580	239	218,649
\$10,000,000 under \$25,000,000.....	58	63,864	58	17,577	57	43,158	58	53,057
\$25,000,000 under \$50,000,000.....	12	24,111	12	15,204	12	28,963	12	16,815
\$50,000,000 under \$100,000,000.....	9	32,979	9	15,440	9	34,817	9	29,283
\$100,000,000 or more.....	9	188,558	9	358,701	9	479,491	9	136,682

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1991

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>1</sup>		Excise tax on net investment income				Total assets (book value)		
	Number of returns	Amount	Total	Domestic organizations		Foreign organizations		Number of returns	Amount
				Number of returns	Amount	Number of returns	Amount		
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>ALL FOUNDATIONS</b>									
<b>Total.....</b>	<b>34,461</b>	<b>10,146,287</b>	<b>170,623</b>	<b>34,620</b>	<b>169,609</b>	<b>50</b>	<b>1,014</b>	<b>40,464</b>	<b>145,384,628</b>
Zero or unreported.....	526	97,319	241	356	241	--	--	*58	*6,747
\$1 under \$100,000.....	10,757	405,795	669	10,096	668	*3	*1	14,823	474,027
\$100,000 under \$1,000,000.....	13,882	990,499	6,985	14,607	6,985	--	--	15,479	5,074,631
\$1,000,000 under \$10,000,000.....	7,497	2,059,661	26,907	7,757	26,857	*33	*50	8,167	20,909,232
\$10,000,000 under \$25,000,000.....	986	1,067,682	18,700	1,015	18,699	1	1	1,079	13,342,736
\$25,000,000 under \$50,000,000.....	383	814,699	14,794	373	14,762	3	31	403	11,087,128
\$50,000,000 under \$100,000,000.....	215	749,487	16,658	211	16,637	3	22	228	12,616,839
\$100,000,000 or more.....	215	3,961,145	85,669	206	84,759	7	910	226	81,873,289
<b>Nonoperating foundations</b>									
<b>Total.....</b>	<b>32,923</b>	<b>9,941,981</b>	<b>166,384</b>	<b>32,637</b>	<b>165,371</b>	<b>47</b>	<b>1,013</b>	<b>37,111</b>	<b>131,942,788</b>
Zero or unreported.....	464	95,497	241	335	241	--	--	*58	*6,747
\$1 under \$100,000.....	9,991	396,918	632	9,247	632	--	--	13,161	424,826
\$100,000 under \$1,000,000.....	13,500	977,339	6,513	13,979	6,513	--	--	14,587	4,757,846
\$1,000,000 under \$10,000,000.....	7,258	1,917,028	25,991	7,374	25,942	*33	*50	7,564	19,236,701
\$10,000,000 under \$25,000,000.....	928	1,055,288	17,825	941	17,824	1	1	949	11,811,027
\$25,000,000 under \$50,000,000.....	371	809,279	14,540	362	14,509	3	31	374	10,279,222
\$50,000,000 under \$100,000,000.....	206	744,020	15,849	199	15,827	3	22	211	11,642,398
\$100,000,000 or more.....	206	3,946,611	84,793	200	83,883	7	910	208	73,784,021
<b>Operating foundations</b>									
<b>Total.....</b>	<b>1,537</b>	<b>204,306</b>	<b>4,239</b>	<b>1,983</b>	<b>4,238</b>	<b>*3</b>	<b>*1</b>	<b>3,353</b>	<b>13,441,840</b>
Zero or unreported.....	*62	*1,822	*1	*21	*1	--	--	--	--
\$1 under \$100,000.....	766	8,876	36	849	36	*3	*1	1,663	49,201
\$100,000 under \$1,000,000.....	382	13,159	472	627	472	--	--	892	316,784
\$1,000,000 under \$10,000,000.....	239	142,634	915	383	915	--	--	604	1,672,531
\$10,000,000 under \$25,000,000.....	58	12,394	875	74	875	--	--	130	1,531,709
\$25,000,000 under \$50,000,000.....	12	5,419	253	11	253	--	--	29	807,906
\$50,000,000 under \$100,000,000.....	9	5,467	809	12	809	--	--	17	974,441
\$100,000,000 or more.....	9	14,534	877	6	877	--	--	18	8,089,269
<b>GRANTMAKING FOUNDATIONS</b>									
<b>Total.....</b>	<b>34,461</b>	<b>10,146,287</b>	<b>167,487</b>	<b>31,210</b>	<b>166,510</b>	<b>45</b>	<b>977</b>	<b>33,972</b>	<b>138,112,515</b>
Zero or unreported.....	526	97,319	241	294	241	--	--	*37	*6,696
\$1 under \$100,000.....	10,757	405,795	578	8,388	578	--	--	10,757	390,611
\$100,000 under \$1,000,000.....	13,882	990,499	6,543	13,475	6,543	--	--	13,882	4,577,791
\$1,000,000 under \$10,000,000.....	7,497	2,059,661	26,084	7,323	26,034	*33	*50	7,497	19,132,936
\$10,000,000 under \$25,000,000.....	986	1,067,682	18,026	960	18,025	1	1	986	12,227,634
\$25,000,000 under \$50,000,000.....	383	814,699	14,598	365	14,567	3	31	383	10,530,564
\$50,000,000 under \$100,000,000.....	215	749,487	16,116	202	16,106	2	10	215	11,781,654
\$100,000,000 or more.....	215	3,961,145	85,300	203	84,415	6	885	215	79,464,629
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	<b>32,923</b>	<b>9,941,981</b>	<b>165,208</b>	<b>30,251</b>	<b>164,231</b>	<b>45</b>	<b>977</b>	<b>32,497</b>	<b>129,788,256</b>
Zero or unreported.....	464	95,497	240	273	240	--	--	*37	*6,696
\$1 under \$100,000.....	9,991	396,918	566	7,938	566	--	--	9,991	366,441
\$100,000 under \$1,000,000.....	13,500	977,339	6,211	13,213	6,211	--	--	13,500	4,416,738
\$1,000,000 under \$10,000,000.....	7,258	1,917,028	25,570	7,147	25,521	*33	*50	7,258	18,512,610
\$10,000,000 under \$25,000,000.....	928	1,055,288	17,575	923	17,575	1	1	928	11,550,533
\$25,000,000 under \$50,000,000.....	371	809,279	14,485	360	14,454	3	31	371	10,198,256
\$50,000,000 under \$100,000,000.....	206	744,020	15,792	196	15,782	2	10	206	11,291,559
\$100,000,000 or more.....	206	3,946,611	84,768	200	83,883	6	885	206	73,445,424
<b>Grantmaking-operating foundations</b>									
<b>Total.....</b>	<b>1,537</b>	<b>204,306</b>	<b>2,279</b>	<b>959</b>	<b>2,279</b>	<b>--</b>	<b>--</b>	<b>1,475</b>	<b>8,324,259</b>
Zero or unreported.....	*62	*1,822	*1	*21	*1	--	--	--	--
\$1 under \$100,000.....	766	8,876	12	450	12	--	--	766	24,170
\$100,000 under \$1,000,000.....	382	13,159	332	262	332	--	--	382	161,053
\$1,000,000 under \$10,000,000.....	239	142,634	514	175	514	--	--	239	620,326
\$10,000,000 under \$25,000,000.....	58	12,394	450	37	450	--	--	58	677,100
\$25,000,000 under \$50,000,000.....	12	5,419	113	5	113	--	--	12	332,308
\$50,000,000 under \$100,000,000.....	9	5,467	324	6	324	--	--	9	490,095
\$100,000,000 or more.....	9	14,534	533	3	533	--	--	9	6,019,205

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Selected asset types							
	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>23,816</b>	<b>105,053,390</b>	<b>12,198</b>	<b>29,420,818</b>	<b>19,224</b>	<b>58,902,986</b>	<b>10,323</b>	<b>16,729,586</b>
Zero or unreported.....		*2,523	*17	*2,507	*21	*17	--	--
\$1 under \$100,000.....	4,402	166,752	1,312	32,612	3,215	114,998	813	19,142
\$100,000 under \$1,000,000.....	10,450	2,592,385	4,582	707,218	8,205	1,340,449	4,188	544,719
\$1,000,000 under \$10,000,000.....	7,085	13,859,851	4,777	4,889,662	6,085	6,570,149	3,948	2,400,040
\$10,000,000 under \$25,000,000.....	1,014	9,402,859	827	3,322,952	909	4,337,210	713	1,742,697
\$25,000,000 under \$50,000,000.....	389	8,495,628	318	2,829,472	364	4,002,972	310	1,663,184
\$50,000,000 under \$100,000,000.....	218	9,668,689	175	2,976,466	212	4,993,114	165	1,699,109
\$100,000,000 or more.....	220	60,864,702	190	14,659,930	213	37,544,077	186	8,660,695
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>22,601</b>	<b>97,145,334</b>	<b>11,585</b>	<b>26,517,918</b>	<b>18,233</b>	<b>54,991,353</b>	<b>9,790</b>	<b>15,636,063</b>
Zero or unreported.....		*2,523	*17	*2,507	*21	*17	--	--
\$1 under \$100,000.....	4,167	160,588	1,225	31,724	3,045	109,722	813	19,142
\$100,000 under \$1,000,000.....	10,067	2,521,230	4,495	685,551	7,892	1,304,764	4,047	530,915
\$1,000,000 under \$10,000,000.....	6,653	13,162,529	4,482	4,635,176	5,724	6,287,271	3,682	2,240,082
\$10,000,000 under \$25,000,000.....	908	8,674,096	730	3,035,796	817	4,046,216	632	1,592,085
\$25,000,000 under \$50,000,000.....	364	8,076,533	298	2,684,389	342	3,804,363	291	1,587,782
\$50,000,000 under \$100,000,000.....	203	9,047,899	164	2,769,458	197	4,680,040	154	1,598,400
\$100,000,000 or more.....	202	55,499,936	173	12,673,318	195	34,758,960	171	8,067,658
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,215</b>	<b>7,908,057</b>	<b>613</b>	<b>2,902,900</b>	<b>991</b>	<b>3,911,633</b>	<b>533</b>	<b>1,093,523</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	236	6,164	*87	*888	170	5,276	--	--
\$100,000 under \$1,000,000.....	383	71,155	*87	*21,667	313	35,685	*141	*13,804
\$1,000,000 under \$10,000,000.....	432	697,322	294	254,485	361	282,878	266	159,958
\$10,000,000 under \$25,000,000.....	106	728,763	97	287,156	92	290,994	81	150,613
\$25,000,000 under \$50,000,000.....	25	419,095	20	145,083	22	198,609	19	75,402
\$50,000,000 under \$100,000,000.....	15	620,791	11	207,008	15	313,074	11	100,709
\$100,000,000 or more.....	18	5,364,766	17	1,986,613	18	2,785,117	15	593,037
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>22,047</b>	<b>101,621,582</b>	<b>11,452</b>	<b>28,488,269</b>	<b>17,889</b>	<b>56,880,903</b>	<b>9,803</b>	<b>16,252,411</b>
Zero or unreported.....		*2,523	*17	*2,507	*21	*17	--	--
\$1 under \$100,000.....	3,797	155,451	1,121	29,837	2,817	107,627	726	17,987
\$100,000 under \$1,000,000.....	9,830	2,491,521	4,392	696,099	7,726	1,273,160	4,051	522,263
\$1,000,000 under \$10,000,000.....	6,651	13,166,535	4,501	4,626,105	5,730	6,245,124	3,736	2,295,305
\$10,000,000 under \$25,000,000.....	943	8,901,481	765	3,145,798	842	4,115,316	656	1,640,367
\$25,000,000 under \$50,000,000.....	371	8,225,216	305	2,724,977	349	3,892,476	295	1,607,764
\$50,000,000 under \$100,000,000.....	208	9,187,412	169	2,830,451	202	4,716,170	158	1,640,791
\$100,000,000 or more.....	210	59,491,443	182	14,432,495	203	36,531,014	180	8,527,934
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>21,441</b>	<b>96,260,230</b>	<b>11,163</b>	<b>26,329,391</b>	<b>17,369</b>	<b>54,364,163</b>	<b>9,556</b>	<b>15,566,676</b>
Zero or unreported.....		*2,523	*17	*2,507	*21	*17	--	--
\$1 under \$100,000.....	3,644	149,894	1,076	29,280	2,689	102,627	726	17,987
\$100,000 under \$1,000,000.....	9,626	2,433,421	4,325	675,702	7,555	1,243,573	3,963	514,146
\$1,000,000 under \$10,000,000.....	6,482	12,925,654	4,399	4,566,916	5,576	6,133,863	3,636	2,224,875
\$10,000,000 under \$25,000,000.....	889	8,504,812	714	2,984,376	800	3,955,219	617	1,565,217
\$25,000,000 under \$50,000,000.....	361	8,028,674	296	2,647,721	340	3,796,790	290	1,584,163
\$50,000,000 under \$100,000,000.....	200	8,898,081	163	2,749,572	194	4,555,879	152	1,592,631
\$100,000,000 or more.....	201	55,317,171	173	12,673,318	194	34,576,196	171	8,067,658
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>606</b>	<b>5,361,352</b>	<b>288</b>	<b>2,158,878</b>	<b>521</b>	<b>2,516,740</b>	<b>247</b>	<b>685,734</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	152	5,557	*45	*557	*128	*5,000	--	--
\$100,000 under \$1,000,000.....	204	58,100	*67	*20,396	171	29,587	*88	*8,116
\$1,000,000 under \$10,000,000.....	168	240,881	*102	*59,189	153	111,261	100	70,431
\$10,000,000 under \$25,000,000.....	54	396,669	51	161,422	42	160,097	39	75,150
\$25,000,000 under \$50,000,000.....	10	196,542	9	77,256	9	95,686	5	23,601
\$50,000,000 under \$100,000,000.....	8	289,331	6	80,880	8	160,291	6	48,160
\$100,000,000 or more.....	9	4,174,272	9	1,759,177	9	1,954,818	9	460,277

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1991

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Net worth		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(45)	(46)	(47)	(48)	(49)	(50)
<b>ALL FOUNDATIONS</b>						
<b>Total.....</b>	<b>40,520</b>	<b>139,220,100</b>	<b>39,024</b>	<b>7,727,768</b>	<b>35,868</b>	<b>7,145,188</b>
Zero or unreported.....	*121	*5,699	439	17,327	419	17,087
\$1 under \$100,000.....	14,823	443,885	13,212	22,501	11,747	21,255
\$100,000 under \$1,000,000.....	15,479	4,898,042	15,338	252,925	14,466	264,334
\$1,000,000 under \$10,000,000.....	8,160	20,268,585	8,109	1,098,366	7,506	1,019,508
\$10,000,000 under \$25,000,000.....	1,079	12,986,184	1,076	721,858	946	655,081
\$25,000,000 under \$50,000,000.....	403	10,706,144	402	611,080	373	567,514
\$50,000,000 under \$100,000,000.....	228	12,301,321	224	680,022	207	629,617
\$100,000,000 or more.....	226	77,610,240	223	4,323,688	205	3,970,792
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>37,125</b>	<b>126,845,440</b>	<b>36,011</b>	<b>7,220,857</b>	<b>35,868</b>	<b>7,145,188</b>
Zero or unreported.....	*79	*5,735	419	17,327	419	17,087
\$1 under \$100,000.....	13,161	398,396	11,872	20,632	11,747	21,255
\$100,000 under \$1,000,000.....	14,587	4,599,927	14,483	241,528	14,466	264,334
\$1,000,000 under \$10,000,000.....	7,557	18,748,350	7,506	1,032,930	7,506	1,019,508
\$10,000,000 under \$25,000,000.....	949	11,536,534	947	667,251	946	655,081
\$25,000,000 under \$50,000,000.....	374	9,971,926	373	576,772	373	567,514
\$50,000,000 under \$100,000,000.....	211	11,424,979	207	644,260	207	629,617
\$100,000,000 or more.....	208	70,159,593	205	4,020,157	205	3,970,792
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,394</b>	<b>12,374,660</b>	<b>3,014</b>	<b>506,911</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*42	*-36	--	--	N/A	N/A
\$1 under \$100,000.....	1,663	45,490	1,341	1,869	N/A	N/A
\$100,000 under \$1,000,000.....	892	298,115	855	11,397	N/A	N/A
\$1,000,000 under \$10,000,000.....	604	1,520,235	604	65,437	N/A	N/A
\$10,000,000 under \$25,000,000.....	130	1,449,651	129	54,607	N/A	N/A
\$25,000,000 under \$50,000,000.....	29	734,218	29	34,308	N/A	N/A
\$50,000,000 under \$100,000,000.....	17	876,342	17	35,763	N/A	N/A
\$100,000,000 or more.....	18	7,450,646	18	303,531	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total.....</b>	<b>33,965</b>	<b>133,192,194</b>	<b>33,646</b>	<b>7,497,495</b>	<b>32,153</b>	<b>7,095,080</b>
Zero or unreported.....	37	5,694	356	17,180	335	16,940
\$1 under \$100,000.....	10,757	366,527	10,144	19,656	9,399	19,168
\$100,000 under \$1,000,000.....	13,882	4,478,093	13,865	238,716	13,466	252,724
\$1,000,000 under \$10,000,000.....	7,490	18,855,391	7,489	1,038,804	7,250	1,000,187
\$10,000,000 under \$25,000,000.....	986	11,959,814	984	685,996	925	644,505
\$25,000,000 under \$50,000,000.....	383	10,259,652	382	586,463	370	563,891
\$50,000,000 under \$100,000,000.....	215	11,559,663	213	660,611	204	627,586
\$100,000,000 or more.....	215	75,707,360	213	4,250,068	204	3,970,078
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>32,490</b>	<b>125,185,717</b>	<b>32,213</b>	<b>7,171,705</b>	<b>32,153</b>	<b>7,095,080</b>
Zero or unreported.....	*37	*5,694	335	17,180	335	16,940
\$1 under \$100,000.....	9,991	343,749	9,440	18,628	9,399	19,168
\$100,000 under \$1,000,000.....	13,500	4,326,600	13,483	231,469	13,466	252,724
\$1,000,000 under \$10,000,000.....	7,251	18,282,493	7,250	1,013,281	7,250	1,000,187
\$10,000,000 under \$25,000,000.....	928	11,296,387	926	656,425	925	644,505
\$25,000,000 under \$50,000,000.....	371	9,957,145	370	573,095	370	563,891
\$50,000,000 under \$100,000,000.....	206	11,138,894	204	642,183	204	627,586
\$100,000,000 or more.....	206	69,834,756	204	4,019,444	204	3,970,078
<b>Grantmaking-operating foundations</b>						
<b>Total.....</b>	<b>1,475</b>	<b>8,006,476</b>	<b>1,433</b>	<b>325,789</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	766	22,778	703	1,027	N/A	N/A
\$100,000 under \$1,000,000.....	*382	*151,493	382	7,247	N/A	N/A
\$1,000,000 under \$10,000,000.....	239	572,898	239	25,523	N/A	N/A
\$10,000,000 under \$25,000,000.....	58	663,427	58	29,571	N/A	N/A
\$25,000,000 under \$50,000,000.....	12	302,508	12	13,369	N/A	N/A
\$50,000,000 under \$100,000,000.....	9	420,769	9	18,428	N/A	N/A
\$100,000,000 or more.....	9	5,872,604	9	230,624	N/A	N/A

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1991		Excess distributions carryover to 1992	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL FOUNDATIONS</b>						
<b>Total.....</b>	<b>38,227</b>	<b>12,095,043</b>	<b>8,674</b>	<b>1,924,671</b>	<b>28,232</b>	<b>14,024,011</b>
Zero or unreported.....	609	99,766	*17	*58	592	318,176
\$1 under \$100,000.....	12,742	460,695	2,260	2,632	10,245	1,314,021
\$100,000 under \$1,000,000.....	14,887	1,092,316	3,401	43,743	11,125	2,610,421
\$1,000,000 under \$10,000,000.....	8,064	2,434,242	2,339	208,869	5,196	4,168,868
\$10,000,000 under \$25,000,000.....	1,074	1,327,408	319	137,679	626	2,045,576
\$25,000,000 under \$50,000,000.....	403	995,969	148	144,996	224	1,222,420
\$50,000,000 under \$100,000,000.....	224	896,396	91	190,569	117	861,794
\$100,000,000 or more.....	223	4,788,250	99	1,196,124	107	1,482,734
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>35,169</b>	<b>10,910,108</b>	<b>8,674</b>	<b>1,924,671</b>	<b>28,232</b>	<b>14,024,011</b>
Zero or unreported.....	526	96,656	*17	*58	592	318,176
\$1 under \$100,000.....	11,335	436,722	2,260	2,632	10,245	1,314,021
\$100,000 under \$1,000,000.....	14,086	1,028,408	3,401	43,743	11,125	2,610,421
\$1,000,000 under \$10,000,000.....	7,489	2,045,398	2,339	208,869	5,196	4,168,868
\$10,000,000 under \$25,000,000.....	947	1,161,589	319	137,679	626	2,045,576
\$25,000,000 under \$50,000,000.....	374	910,005	148	144,996	224	1,222,420
\$50,000,000 under \$100,000,000.....	207	819,348	91	190,569	117	861,794
\$100,000,000 or more.....	205	4,411,982	99	1,196,124	107	1,482,734
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,058</b>	<b>1,184,935</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*83	*3,110	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,406	23,974	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	801	63,908	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	576	388,844	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	127	165,819	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	29	85,963	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	17	77,049	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	18	376,268	N/A	N/A	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total.....</b>	<b>34,458</b>	<b>11,488,148</b>	<b>6,790</b>	<b>1,909,249</b>	<b>26,023</b>	<b>13,600,821</b>
Zero or unreported.....	526	98,358	*17	*58	447	315,852
\$1 under \$100,000.....	10,757	430,607	1,062	1,572	8,887	1,237,664
\$100,000 under \$1,000,000.....	13,882	1,053,909	2,809	39,519	10,629	2,533,299
\$1,000,000 under \$10,000,000.....	7,497	2,238,874	2,252	203,081	5,006	3,983,663
\$10,000,000 under \$25,000,000.....	986	1,208,251	315	136,382	610	1,985,722
\$25,000,000 under \$50,000,000.....	383	925,532	147	143,188	222	1,208,923
\$50,000,000 under \$100,000,000.....	214	850,335	89	189,325	116	861,628
\$100,000,000 or more.....	213	4,682,281	99	1,196,124	106	1,474,070
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>32,920</b>	<b>10,808,122</b>	<b>6,790</b>	<b>1,909,249</b>	<b>26,023</b>	<b>13,600,821</b>
Zero or unreported.....	464	96,458	*17	*58	447	315,852
\$1 under \$100,000.....	9,991	417,125	1,062	1,572	8,887	1,237,664
\$100,000 under \$1,000,000.....	13,500	1,014,059	2,809	39,519	10,629	2,533,299
\$1,000,000 under \$10,000,000.....	7,258	2,014,495	2,252	203,081	5,006	3,983,663
\$10,000,000 under \$25,000,000.....	928	1,147,037	315	136,382	610	1,985,722
\$25,000,000 under \$50,000,000.....	371	897,825	147	143,188	222	1,208,923
\$50,000,000 under \$100,000,000.....	205	818,518	89	189,325	116	861,628
\$100,000,000 or more.....	204	4,402,603	99	1,196,124	106	1,474,070
<b>Grantmaking-operating foundations</b>						
<b>Total.....</b>	<b>1,537</b>	<b>680,025</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	62	1,899	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	766	13,481	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	382	39,850	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	239	224,378	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	58	61,214	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	12	27,707	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	9	31,818	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	9	279,678	N/A	N/A	N/A	N/A

N/A - not applicable.

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1991 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid in the income statement (Table 3) because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1991

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of charitable trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
				Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (less loss) from sales of assets	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>ALL CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,662</b>	<b>2,661</b>	<b>280,385</b>	<b>318</b>	<b>39,330</b>	<b>2,232</b>	<b>116,993</b>	<b>1,677</b>	<b>73,707</b>
Zero or unreported.....	*7	*7	*36	--	--	*7	*36	--	--
\$1 under \$100,000.....	872	872	4,370	117	1,364	620	1,650	381	425
\$100,000 under \$500,000.....	942	942	23,221	106	4,870	820	10,003	624	5,385
\$500,000 under \$1,000,000.....	388	387	31,521	*40	*4,787	356	11,497	285	5,047
\$1,000,000 under \$10,000,000.....	407	407	105,865	45	15,541	384	47,452	348	29,668
\$10,000,000 or more.....	47	47	115,371	10	12,768	45	46,354	40	33,182
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,621</b>	<b>2,620</b>	<b>268,697</b>	<b>293</b>	<b>36,085</b>	<b>2,202</b>	<b>116,341</b>	<b>1,665</b>	<b>73,664</b>
Zero or unreported.....	*7	*7	*36	--	--	*7	*36	--	--
\$1 under \$100,000.....	868	868	4,293	114	1,299	620	1,650	381	425
\$100,000 under \$500,000.....	932	932	23,116	106	4,870	813	9,936	617	5,386
\$500,000 under \$1,000,000.....	364	363	21,183	*20	*1,608	336	11,151	281	5,026
\$1,000,000 under \$10,000,000.....	404	404	105,024	44	15,540	382	47,365	347	29,654
\$10,000,000 or more.....	46	46	115,045	10	12,768	44	46,202	39	33,173
<b>Operating trusts</b>									
<b>Total.....</b>	<b>41</b>	<b>41</b>	<b>11,688</b>	<b>*25</b>	<b>*3,245</b>	<b>*30</b>	<b>*652</b>	<b>*12</b>	<b>*43</b>
\$1 under \$100,000.....	*3	*3	*76	*3	*65	--	--	--	--
\$100,000 under \$500,000.....	*10	*10	*106	--	--	*7	*67	*7	*-1
\$500,000 under \$1,000,000.....	*24	*24	*10,339	*20	*3,179	*20	*345	*3	*21
\$1,000,000 under \$10,000,000.....	3	3	841	1	1	2	88	1	14
\$10,000,000 or more.....	1	1	327	--	--	1	151	1	9
<b>GRANTMAKING CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,462</b>	<b>2,462</b>	<b>246,278</b>	<b>272</b>	<b>28,791</b>	<b>2,079</b>	<b>112,391</b>	<b>1,593</b>	<b>69,363</b>
Zero or unreported.....	*7	*7	*36	--	--	*7	*36	--	--
\$1 under \$100,000.....	762	762	3,812	100	990	548	1,554	343	388
\$100,000 under \$500,000.....	904	904	21,008	102	3,415	786	9,531	600	5,245
\$500,000 under \$1,000,000.....	360	360	21,062	*20	*1,608	333	11,050	278	5,011
\$1,000,000 under \$10,000,000.....	385	385	96,648	41	10,014	363	45,654	335	28,937
\$10,000,000 or more.....	44	44	103,712	9	12,763	42	44,566	37	29,783
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,450</b>	<b>2,450</b>	<b>245,842</b>	<b>271</b>	<b>28,790</b>	<b>2,071</b>	<b>112,173</b>	<b>1,585</b>	<b>69,355</b>
Zero or unreported.....	*7	*7	*36	--	--	*7	*36	--	--
\$1 under \$100,000.....	762	762	3,812	100	990	548	1,554	343	388
\$100,000 under \$500,000.....	894	894	20,902	102	3,415	779	9,464	593	5,245
\$500,000 under \$1,000,000.....	360	360	21,062	*20	*1,608	333	11,050	278	5,011
\$1,000,000 under \$10,000,000.....	384	384	96,645	40	10,013	363	45,654	335	28,937
\$10,000,000 or more.....	43	43	103,385	9	12,763	41	44,414	36	29,773
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>*12</b>	<b>*12</b>	<b>*436</b>	<b>*1</b>	<b>*1</b>	<b>*8</b>	<b>*219</b>	<b>*8</b>	<b>*8</b>
\$100,000 under \$500,000.....	*10	*10	*106	--	--	*7	*67	*7	*-1
\$1,000,000 under \$10,000,000.....	1	1	3	1	1	--	--	--	--
\$10,000,000 or more.....	1	1	327	--	--	1	151	1	9
<b>Nongrantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>171</b>	<b>170</b>	<b>22,854</b>	<b>*22</b>	<b>*7,295</b>	<b>132</b>	<b>4,168</b>	<b>*79</b>	<b>*4,309</b>
\$1 under \$100,000.....	107	107	481	*14	*308	72	96	38	37
\$100,000 under \$500,000.....	*38	*38	*2,213	*3	*1,454	*34	*472	*24	*141
\$500,000 under \$1,000,000.....	*4	*3	*121	--	--	*3	*102	*3	*15
\$1,000,000 under \$10,000,000.....	20	20	8,379	*4	*5,528	19	1,711	*11	*717
\$10,000,000 or more.....	3	3	11,660	1	5	3	1,788	3	3,400

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of charitable trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss ) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,658</b>	<b>197,040</b>	<b>2,640</b>	<b>83,345</b>	<b>2,577</b>	<b>221,156</b>	<b>2,567</b>	<b>169,987</b>
Zero or unreported.....	*7	*995	*7	*-958	*3	*26	*7	*1,064
\$1 under \$100,000.....	868	4,693	858	-324	799	2,964	834	4,215
\$100,000 under \$500,000.....	942	14,577	935	8,644	938	18,559	918	12,820
\$500,000 under \$1,000,000.....	387	22,154	387	9,367	387	19,724	367	14,134
\$1,000,000 under \$10,000,000.....	407	64,910	406	40,955	403	85,170	395	55,622
\$10,000,000 or more.....	47	89,711	47	25,660	46	94,712	46	82,131
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,617</b>	<b>189,677</b>	<b>2,598</b>	<b>79,020</b>	<b>2,537</b>	<b>220,124</b>	<b>2,547</b>	<b>168,490</b>
Zero or unreported.....	*7	*995	*7	*-958	*3	*26	*7	*1,064
\$1 under \$100,000.....	865	4,692	854	-398	796	2,962	830	4,214
\$100,000 under \$500,000.....	932	14,417	925	8,699	928	18,462	908	12,673
\$500,000 under \$1,000,000.....	363	17,147	363	4,035	363	19,241	363	14,131
\$1,000,000 under \$10,000,000.....	404	63,956	403	41,068	401	84,721	393	55,072
\$10,000,000 or more.....	46	88,470	46	26,575	46	94,712	45	81,336
<b>Operating trusts</b>								
<b>Total.....</b>	<b>41</b>	<b>7,363</b>	<b>41</b>	<b>4,325</b>	<b>*39</b>	<b>*1,031</b>	<b>*20</b>	<b>*1,497</b>
\$1 under \$100,000.....	*3	*1	*3	*75	*3	*2	*3	*1
\$100,000 under \$500,000.....	*10	*160	*10	*-54	*10	*98	*10	*148
\$500,000 under \$1,000,000.....	*24	*5,007	*24	*5,332	*24	*483	*3	*2
\$1,000,000 under \$10,000,000.....	3	954	3	-112	2	449	2	550
\$10,000,000 or more.....	1	1,241	1	-915	--	--	1	796
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,462</b>	<b>184,789</b>	<b>2,444</b>	<b>61,488</b>	<b>2,409</b>	<b>209,814</b>	<b>2,462</b>	<b>164,923</b>
Zero or unreported.....	*7	*995	*7	*-958	*3	*26	*7	*1,064
\$1 under \$100,000.....	762	4,571	748	-759	717	2,803	762	4,161
\$100,000 under \$500,000.....	904	14,416	901	6,592	904	17,868	904	12,797
\$500,000 under \$1,000,000.....	360	17,102	360	3,960	360	19,119	360	14,118
\$1,000,000 under \$10,000,000.....	385	63,150	384	33,497	382	81,757	385	54,961
\$10,000,000 or more.....	44	84,555	44	19,156	43	88,242	44	77,823
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,450</b>	<b>183,383</b>	<b>2,431</b>	<b>62,459</b>	<b>2,399</b>	<b>209,716</b>	<b>2,450</b>	<b>163,978</b>
Zero or unreported.....	*7	*995	*7	*-958	*3	*26	*7	*1,064
\$1 under \$100,000.....	762	4,571	748	-759	717	2,803	762	4,161
\$100,000 under \$500,000.....	894	14,256	891	6,646	894	17,770	894	12,649
\$500,000 under \$1,000,000.....	360	17,102	360	3,960	360	19,119	360	14,118
\$1,000,000 under \$10,000,000.....	384	63,146	383	33,499	382	81,757	384	54,959
\$10,000,000 or more.....	43	83,314	43	20,071	43	88,242	43	77,027
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*12</b>	<b>*1,406</b>	<b>*12</b>	<b>*-970</b>	<b>*10</b>	<b>*98</b>	<b>*12</b>	<b>*945</b>
\$100,000 under \$500,000.....	*10	*160	*10	*-54	*10	*98	*10	*148
\$1,000,000 under \$10,000,000.....	1	5	1	-1	--	--	1	1
\$10,000,000 or more.....	1	1,241	1	-915	--	--	1	796
<b>Nongrantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>167</b>	<b>6,293</b>	<b>167</b>	<b>16,561</b>	<b>138</b>	<b>10,408</b>	<b>97</b>	<b>4,512</b>
\$1 under \$100,000.....	103	121	107	361	79	159	69	53
\$100,000 under \$500,000.....	*38	*161	*34	*2,053	*34	*692	*14	*24
\$500,000 under \$1,000,000.....	*3	*46	*3	*75	*3	*122	*3	*14
\$1,000,000 under \$10,000,000.....	20	810	20	7,569	19	2,965	*9	*113
\$10,000,000 or more.....	3	5,156	3	6,503	3	6,470	2	4,309

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of charitable trust, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>1</sup>		Excise tax on net investment income				Total assets (book value)		
			Domestic organizations		Foreign organizations				
	Number of returns	Amount	Total	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>ALL CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,462</b>	<b>158,210</b>	<b>3,630</b>	<b>2,530</b>	<b>3,624</b>	<b>*3</b>	<b>*6</b>	<b>2,656</b>	<b>2,265,205</b>
Zero or unreported.....	*7	*1,055	--	--	--	--	--	--	--
\$1 under \$100,000.....	762	3,878	48	782	48	--	--	872	32,396
\$100,000 under \$500,000.....	904	11,997	312	918	312	--	--	942	186,319
\$500,000 under \$1,000,000.....	360	13,509	332	383	332	--	--	388	222,523
\$1,000,000 under \$10,000,000.....	385	52,661	1,435	399	1,428	*3	*6	407	875,801
\$10,000,000 or more.....	44	75,110	1,504	45	1,504	--	--	47	948,166
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,450</b>	<b>157,531</b>	<b>3,614</b>	<b>2,491</b>	<b>3,607</b>	<b>*3</b>	<b>*6</b>	<b>2,614</b>	<b>2,226,136</b>
Zero or unreported.....	*7	*1,055	--	--	--	--	--	--	--
\$1 under \$100,000.....	762	3,878	48	778	48	--	--	868	32,321
\$100,000 under \$500,000.....	894	11,855	310	907	310	--	--	932	184,837
\$500,000 under \$1,000,000.....	360	13,509	322	360	322	--	--	364	203,659
\$1,000,000 under \$10,000,000.....	384	52,660	1,429	397	1,423	*3	*6	404	863,895
\$10,000,000 or more.....	43	74,573	1,504	45	1,504	--	--	46	941,425
<b>Operating trusts</b>									
<b>Total.....</b>	<b>*12</b>	<b>*680</b>	<b>*16</b>	<b>*39</b>	<b>*16</b>	<b>--</b>	<b>--</b>	<b>41</b>	<b>39,069</b>
\$1 under \$100,000.....	--	--	--	--	--	--	--	*3	*75
\$100,000 under \$500,000.....	*10	*142	*1	*10	*1	--	--	*10	*1,482
\$500,000 under \$1,000,000.....	--	--	*10	*24	*10	--	--	*24	*18,863
\$1,000,000 under \$10,000,000.....	1	1	5	2	5	--	--	3	11,907
\$10,000,000 or more.....	1	536	--	--	--	--	--	1	6,742
<b>GRANTMAKING CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,462</b>	<b>158,210</b>	<b>3,414</b>	<b>2,370</b>	<b>3,408</b>	<b>*3</b>	<b>*6</b>	<b>2,455</b>	<b>2,108,201</b>
Zero or unreported.....	*7	*1,055	--	--	--	--	--	--	--
\$1 under \$100,000.....	762	3,878	45	706	45	--	--	762	29,603
\$100,000 under \$500,000.....	904	11,997	298	884	298	--	--	904	175,616
\$500,000 under \$1,000,000.....	360	13,509	320	356	320	--	--	360	201,491
\$1,000,000 under \$10,000,000.....	385	52,661	1,372	378	1,365	*3	*6	385	828,952
\$10,000,000 or more.....	44	75,110	1,379	43	1,379	--	--	44	872,540
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,450</b>	<b>157,531</b>	<b>3,413</b>	<b>2,360</b>	<b>3,406</b>	<b>*3</b>	<b>*6</b>	<b>2,443</b>	<b>2,095,584</b>
Zero or unreported.....	*7	*1,055	--	--	--	--	--	--	--
\$1 under \$100,000.....	762	3,878	45	706	45	--	--	762	29,603
\$100,000 under \$500,000.....	894	11,855	296	873	296	--	--	894	174,134
\$500,000 under \$1,000,000.....	360	13,509	320	356	320	--	--	360	201,491
\$1,000,000 under \$10,000,000.....	384	52,660	1,372	378	1,365	*3	*6	384	824,558
\$10,000,000 or more.....	43	74,573	1,379	43	1,379	--	--	43	865,798
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>*12</b>	<b>*680</b>	<b>*1</b>	<b>*10</b>	<b>*1</b>	<b>--</b>	<b>--</b>	<b>*12</b>	<b>*12,618</b>
\$100,000 under \$500,000.....	*10	*142	*1	*10	*1	--	--	*10	*1,482
\$1,000,000 under \$10,000,000.....	1	1	--	--	--	--	--	1	4,394
\$10,000,000 or more.....	1	536	--	--	--	--	--	1	6,742
<b>Nongrantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>--</b>	<b>--</b>	<b>201</b>	<b>131</b>	<b>201</b>	<b>--</b>	<b>--</b>	<b>171</b>	<b>130,552</b>
\$1 under \$100,000.....	--	--	3	72	3	--	--	107	2,718
\$100,000 under \$500,000.....	--	--	*14	*34	*14	--	--	*38	*10,703
\$500,000 under \$1,000,000.....	--	--	*2	*3	*2	--	--	*4	*2,168
\$1,000,000 under \$10,000,000.....	--	--	57	19	57	--	--	20	39,337
\$10,000,000 or more.....	--	--	124	2	124	--	--	3	75,626

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1991

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of charitable trust, size of fair market value of total assets	Selected asset types							
	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>1,745</b>	<b>1,462,889</b>	<b>884</b>	<b>374,911</b>	<b>1,391</b>	<b>798,849</b>	<b>762</b>	<b>289,129</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	432	16,573	172	4,516	267	8,645	130	3,412
\$100,000 under \$500,000.....	600	95,798	275	21,982	486	51,987	254	21,829
\$500,000 under \$1,000,000.....	298	123,212	168	29,178	260	77,216	164	16,818
\$1,000,000 under \$10,000,000.....	373	608,305	239	181,346	336	318,569	185	108,390
\$10,000,000 or more.....	42	619,001	29	137,889	41	342,432	29	138,680
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>1,735</b>	<b>1,454,735</b>	<b>878</b>	<b>372,629</b>	<b>1,381</b>	<b>793,906</b>	<b>752</b>	<b>288,201</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	432	16,573	172	4,516	267	8,645	130	3,412
\$100,000 under \$500,000.....	597	95,399	275	21,982	483	51,762	250	21,654
\$500,000 under \$1,000,000.....	295	121,186	165	28,917	257	75,847	160	16,422
\$1,000,000 under \$10,000,000.....	371	605,044	237	179,324	334	317,616	183	108,105
\$10,000,000 or more.....	41	616,533	29	137,889	40	340,036	28	138,608
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*10</b>	<b>*8,154</b>	<b>*5</b>	<b>*2,282</b>	<b>*10</b>	<b>*4,943</b>	<b>*10</b>	<b>*928</b>
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*3	*400	--	--	*3	*225	*3	*175
\$500,000 under \$1,000,000.....	*3	*2,026	*3	*260	*3	*1,369	*3	*396
\$1,000,000 under \$10,000,000.....	2	3,261	2	2,022	2	953	2	285
\$10,000,000 or more.....	1	2,468	--	--	1	2,396	1	72
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>1,656</b>	<b>1,362,385</b>	<b>834</b>	<b>346,452</b>	<b>1,316</b>	<b>739,509</b>	<b>730</b>	<b>276,423</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	401	16,032	161	4,328	246	8,362	120	3,342
\$100,000 under \$500,000.....	569	88,765	252	18,748	459	48,531	247	21,486
\$500,000 under \$1,000,000.....	291	120,095	165	28,917	254	75,556	157	15,621
\$1,000,000 under \$10,000,000.....	355	581,896	229	173,237	319	304,056	179	104,603
\$10,000,000 or more.....	39	555,596	27	121,221	38	303,004	27	131,372
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>1,651</b>	<b>1,359,517</b>	<b>834</b>	<b>346,452</b>	<b>1,312</b>	<b>736,888</b>	<b>725</b>	<b>276,177</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	401	16,032	161	4,328	246	8,362	120	3,342
\$100,000 under \$500,000.....	566	88,366	252	18,748	456	48,306	243	21,311
\$500,000 under \$1,000,000.....	291	120,095	165	28,917	254	75,556	157	15,621
\$1,000,000 under \$10,000,000.....	355	581,896	229	173,237	319	304,056	179	104,603
\$10,000,000 or more.....	38	553,128	27	121,221	37	300,608	26	131,300
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*4</b>	<b>*2,867</b>	<b>--</b>	<b>--</b>	<b>*4</b>	<b>*2,621</b>	<b>*4</b>	<b>*247</b>
\$100,000 under \$500,000.....	*3	*400	--	--	*3	*225	*3	*175
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	2,468	--	--	1	2,396	1	72
<b>Nongrantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>84</b>	<b>95,218</b>	<b>44</b>	<b>26,176</b>	<b>69</b>	<b>57,017</b>	<b>27</b>	<b>12,024</b>
\$1 under \$100,000.....	31	541	*10	*188	*21	*283	*10	*70
\$100,000 under \$500,000.....	*31	*7,033	*24	*3,234	*27	*3,456	*7	*343
\$500,000 under \$1,000,000.....	*3	*1,092	--	--	*3	*290	*3	*801
\$1,000,000 under \$10,000,000.....	*16	*23,148	*8	*6,087	*15	*13,560	*4	*3,502
\$10,000,000 or more.....	3	63,404	2	16,668	3	39,428	2	7,308

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of charitable trust, size of fair market value of total assets	Total assets (fair market value)		Selected asset types							
			Investments in securities (fair market value)							
			Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)
<b>ALL CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,656</b>	<b>2,991,026</b>	<b>1,745</b>	<b>2,023,826</b>	<b>884</b>	<b>415,058</b>	<b>1,391</b>	<b>1,287,003</b>	<b>762</b>	<b>321,765</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	872	36,044	432	18,054	172	4,747	267	9,663	130	3,644
\$100,000 under \$500,000.....	942	235,219	600	126,568	275	27,168	486	75,062	254	24,338
\$500,000 under \$1,000,000.....	388	278,013	298	161,358	168	30,748	260	111,352	164	19,257
\$1,000,000 under \$10,000,000.....	407	1,119,867	373	806,473	239	201,469	336	486,500	185	118,504
\$10,000,000 or more.....	47	1,321,882	42	911,372	29	150,925	41	604,425	29	156,022
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,614</b>	<b>2,939,385</b>	<b>1,735</b>	<b>2,012,362</b>	<b>878</b>	<b>412,694</b>	<b>1,381</b>	<b>1,278,852</b>	<b>752</b>	<b>320,816</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	868	35,970	432	18,054	172	4,747	267	9,663	130	3,644
\$100,000 under \$500,000.....	932	233,704	597	126,199	275	27,168	483	74,858	250	24,173
\$500,000 under \$1,000,000.....	364	259,004	295	159,187	165	30,476	257	109,886	160	18,824
\$1,000,000 under \$10,000,000.....	404	1,105,437	371	803,040	237	199,378	334	485,465	183	118,197
\$10,000,000 or more.....	46	1,305,271	41	905,883	29	150,925	40	598,980	28	155,978
<b>Operating trusts</b>										
<b>Total.....</b>	<b>41</b>	<b>51,641</b>	<b>*10</b>	<b>*11,464</b>	<b>*5</b>	<b>*2,363</b>	<b>*10</b>	<b>*8,151</b>	<b>*10</b>	<b>*949</b>
\$1 under \$100,000.....	*3	*75	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*10	*1,516	*3	*370	--	--	*3	*204	*3	*165
\$500,000 under \$1,000,000.....	*24	*19,009	*3	*2,171	*3	*272	*3	*1,466	*3	*433
\$1,000,000 under \$10,000,000.....	3	14,430	2	3,433	2	2,091	2	1,035	2	307
\$10,000,000 or more.....	1	16,612	1	5,489	--	--	1	5,445	1	44
<b>GRANTMAKING CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,455</b>	<b>2,790,672</b>	<b>1,656</b>	<b>1,885,749</b>	<b>834</b>	<b>384,802</b>	<b>1,316</b>	<b>1,194,182</b>	<b>730</b>	<b>306,765</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	762	33,028	401	17,445	161	4,546	246	9,328	120	3,571
\$100,000 under \$500,000.....	904	222,992	569	118,035	252	23,579	459	70,602	247	23,854
\$500,000 under \$1,000,000.....	360	256,547	291	157,331	165	30,476	254	108,946	157	17,909
\$1,000,000 under \$10,000,000.....	385	1,061,120	355	774,132	229	192,853	319	466,972	179	114,307
\$10,000,000 or more.....	44	1,216,985	39	818,806	27	133,347	38	538,335	27	147,124
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,443</b>	<b>2,768,151</b>	<b>1,651</b>	<b>1,879,890</b>	<b>834</b>	<b>384,802</b>	<b>1,312</b>	<b>1,188,532</b>	<b>725</b>	<b>306,556</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	762	33,028	401	17,445	161	4,546	246	9,328	120	3,571
\$100,000 under \$500,000.....	894	221,476	566	117,666	252	23,579	456	70,397	243	23,689
\$500,000 under \$1,000,000.....	360	256,547	291	157,331	165	30,476	254	108,946	157	17,909
\$1,000,000 under \$10,000,000.....	384	1,056,726	355	774,132	229	192,853	319	466,972	179	114,307
\$10,000,000 or more.....	43	1,200,373	38	813,317	27	133,347	37	532,890	26	147,080
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>*12</b>	<b>*22,521</b>	<b>*4</b>	<b>*5,859</b>	<b>--</b>	<b>--</b>	<b>*4</b>	<b>*5,649</b>	<b>*4</b>	<b>*210</b>
\$100,000 under \$500,000.....	*10	*1,516	*3	*370	--	--	*3	*204	*3	*165
\$1,000,000 under \$10,000,000.....	1	4,394	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	16,612	1	5,489	--	--	1	5,445	1	44
<b>Nongrantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>171</b>	<b>171,234</b>	<b>84</b>	<b>132,472</b>	<b>44</b>	<b>27,892</b>	<b>69</b>	<b>90,319</b>	<b>27</b>	<b>14,260</b>
\$1 under \$100,000.....	107	2,942	*31	*609	*10	*201	*21	*335	*10	*74
\$100,000 under \$500,000.....	*38	*12,228	*31	*8,533	*24	*3,589	*27	*4,461	*7	*484
\$500,000 under \$1,000,000.....	*4	*2,457	*3	*1,855	--	--	*3	*940	*3	*915
\$1,000,000 under \$10,000,000.....	20	48,710	*16	*28,908	*8	*6,525	*15	*18,493	*4	*3,890
\$10,000,000 or more.....	3	104,897	3	92,566	2	17,577	3	66,091	2	8,898

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of charitable trust, size of fair market value of total assets	Net worth		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(45)	(46)	(47)	(48)	(49)	(50)
<b>ALL CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,656</b>	<b>2,254,318</b>	<b>2,658</b>	<b>137,271</b>	<b>2,611</b>	<b>123,534</b>
Zero or unreported.....	--	--	*7	*21	*7	*21
\$1 under \$100,000.....	872	32,367	872	1,745	865	1,702
\$100,000 under \$500,000.....	942	185,812	938	10,943	928	10,610
\$500,000 under \$1,000,000.....	388	218,727	387	12,764	363	11,877
\$1,000,000 under \$10,000,000.....	407	873,275	407	52,591	404	50,589
\$10,000,000 or more.....	47	944,136	47	59,207	44	48,735
<b>Nonoperating trusts</b>						
<b>Total.....</b>	<b>2,614</b>	<b>2,220,767</b>	<b>2,617</b>	<b>135,668</b>	<b>2,611</b>	<b>123,534</b>
Zero or unreported.....	--	--	*7	*21	*7	*21
\$1 under \$100,000.....	868	32,293	868	1,743	865	1,702
\$100,000 under \$500,000.....	932	184,330	928	10,867	928	10,610
\$500,000 under \$1,000,000.....	364	203,575	363	12,266	363	11,877
\$1,000,000 under \$10,000,000.....	404	861,377	404	52,261	404	50,589
\$10,000,000 or more.....	46	939,193	46	58,510	44	48,735
<b>Operating trusts</b>						
<b>Total.....</b>	<b>41</b>	<b>33,552</b>	<b>41</b>	<b>1,603</b>	<b>N/A</b>	<b>N/A</b>
\$1 under \$100,000.....	*3	*75	*3	*2	N/A	N/A
\$100,000 under \$500,000.....	*10	*1,482	*10	*76	N/A	N/A
\$500,000 under \$1,000,000.....	*24	*15,153	*24	*498	N/A	N/A
\$1,000,000 under \$10,000,000.....	3	11,899	3	331	N/A	N/A
\$10,000,000 or more.....	1	4,943	1	697	N/A	N/A
<b>GRANTMAKING CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,455</b>	<b>2,101,312</b>	<b>2,462</b>	<b>129,017</b>	<b>2,449</b>	<b>120,444</b>
Zero or unreported.....	--	--	*7	*21	*7	*21
\$1 under \$100,000.....	762	29,594	762	1,614	762	1,578
\$100,000 under \$500,000.....	904	175,109	904	10,451	894	10,131
\$500,000 under \$1,000,000.....	360	201,406	360	12,175	360	11,858
\$1,000,000 under \$10,000,000.....	385	826,626	385	50,070	384	48,384
\$10,000,000 or more.....	44	868,577	44	54,686	42	48,472
<b>Grantmaking-nonoperating trusts</b>						
<b>Total.....</b>	<b>2,443</b>	<b>2,090,493</b>	<b>2,450</b>	<b>128,243</b>	<b>2,449</b>	<b>120,444</b>
Zero or unreported.....	--	--	*7	*21	*7	*21
\$1 under \$100,000.....	762	29,594	762	1,614	762	1,578
\$100,000 under \$500,000.....	894	173,627	894	10,375	894	10,131
\$500,000 under \$1,000,000.....	360	201,406	360	12,175	360	11,858
\$1,000,000 under \$10,000,000.....	384	822,232	384	50,068	384	48,384
\$10,000,000 or more.....	43	863,634	43	53,989	42	48,472
<b>Grantmaking-operating trusts</b>						
<b>Total.....</b>	<b>*12</b>	<b>*10,819</b>	<b>*12</b>	<b>*775</b>	<b>N/A</b>	<b>N/A</b>
\$100,000 under \$500,000.....	*10	*1,482	*10	*76	N/A	N/A
\$1,000,000 under \$10,000,000.....	1	4,394	1	2	N/A	N/A
\$10,000,000 or more.....	1	4,943	1	697	N/A	N/A
<b>Nongrantmaking-nonoperating trusts</b>						
<b>Total.....</b>	<b>171</b>	<b>130,274</b>	<b>167</b>	<b>7,426</b>	<b>163</b>	<b>3,090</b>
\$1 under \$100,000.....	107	2,699	107	129	103	124
\$100,000 under \$500,000.....	*38	*10,703	*34	*492	*34	*479
\$500,000 under \$1,000,000.....	*4	*2,168	*3	*91	*3	*19
\$1,000,000 under \$10,000,000.....	20	39,145	20	2,192	20	2,205
\$10,000,000 or more.....	3	75,559	3	4,521	2	264

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of charitable trust, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1991		Excess distributions carryover to 1992	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,571</b>	<b>171,808</b>	<b>650</b>	<b>23,441</b>	<b>1,965</b>	<b>181,954</b>
Zero or unreported.....	*7	*1,064	--	--	*7	*8,582
\$1 under \$100,000.....	837	4,471	133	150	735	10,563
\$100,000 under \$500,000.....	918	12,820	264	1,709	664	12,078
\$500,000 under \$1,000,000.....	367	14,134	92	1,233	271	24,163
\$1,000,000 under \$10,000,000.....	396	57,122	147	10,680	256	46,741
\$10,000,000 or more.....	46	82,196	13	9,669	32	79,827
<b>Nonoperating trusts</b>						
<b>Total.....</b>	<b>2,551</b>	<b>170,291</b>	<b>650</b>	<b>23,441</b>	<b>1,965</b>	<b>181,954</b>
Zero or unreported.....	*7	*1,064	--	--	*7	*8,582
\$1 under \$100,000.....	834	4,469	133	150	735	10,563
\$100,000 under \$500,000.....	908	12,673	264	1,709	664	12,078
\$500,000 under \$1,000,000.....	363	14,131	92	1,233	271	24,163
\$1,000,000 under \$10,000,000.....	394	56,573	147	10,680	256	46,741
\$10,000,000 or more.....	45	81,381	13	9,669	32	79,827
<b>Operating trusts</b>						
<b>Total.....</b>	<b>*20</b>	<b>*1,517</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
\$1 under \$100,000.....	*3	*1	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*10	*148	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	*3	*2	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	2	550	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	816	N/A	N/A	N/A	N/A
<b>GRANTMAKING CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,462</b>	<b>166,481</b>	<b>576</b>	<b>21,579</b>	<b>1,872</b>	<b>164,040</b>
Zero or unreported.....	*7	*1,064	--	--	*7	*8,582
\$1 under \$100,000.....	762	4,408	103	112	659	9,250
\$100,000 under \$500,000.....	904	12,797	237	1,524	657	12,043
\$500,000 under \$1,000,000.....	360	14,118	92	1,233	267	24,152
\$1,000,000 under \$10,000,000.....	385	56,252	133	9,067	251	45,033
\$10,000,000 or more.....	44	77,843	12	9,642	31	64,981
<b>Grantmaking-nonoperating trusts</b>						
<b>Total.....</b>	<b>2,450</b>	<b>165,516</b>	<b>576</b>	<b>21,579</b>	<b>1,872</b>	<b>164,040</b>
Zero or unreported.....	*7	*1,064	--	--	*7	*8,582
\$1 under \$100,000.....	762	4,408	103	112	659	9,250
\$100,000 under \$500,000.....	894	12,649	237	1,524	657	12,043
\$500,000 under \$1,000,000.....	360	14,118	92	1,233	267	24,152
\$1,000,000 under \$10,000,000.....	384	56,251	133	9,067	251	45,033
\$10,000,000 or more.....	43	77,027	12	9,642	31	64,981
<b>Grantmaking-operating trusts</b>						
<b>Total.....</b>	<b>*12</b>	<b>*965</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
\$100,000 under \$500,000.....	*10	*148	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	1	1	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	816	N/A	N/A	N/A	N/A
<b>Nongrantmaking-nonoperating trusts</b>						
<b>Total.....</b>	<b>101</b>	<b>4,775</b>	<b>74</b>	<b>1,861</b>	<b>92</b>	<b>17,914</b>
\$1 under \$100,000.....	72	62	*31	*38	76	1,313
\$100,000 under \$500,000.....	*14	*24	*27	*185	*7	*35
\$500,000 under \$1,000,000.....	*3	*14	--	--	*3	*11
\$1,000,000 under \$10,000,000.....	*10	*322	*15	*1,613	*5	*1,708
\$10,000,000 or more.....	2	4,354	1	26	1	14,846

N/A - not applicable.

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1991 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid in the income statement (Table 4) because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1991

**Table 3.--All Private Foundations: Balance Sheets and Income Statements, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Size of fair market value of total assets								
	Total	Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>41,348</b>	<b>942</b>	<b>14,823</b>	<b>15,479</b>	<b>8,167</b>	<b>1,079</b>	<b>403</b>	<b>228</b>	<b>226</b>
<b>Total revenue.....</b>	<b>24,610,028</b>	<b>47,961</b>	<b>478,973</b>	<b>1,451,145</b>	<b>3,943,851</b>	<b>2,367,163</b>	<b>1,759,553</b>	<b>1,994,811</b>	<b>12,566,572</b>
Contributions, gifts, and grants received.....	7,141,936	23,023	424,855	1,038,173	1,969,373	1,029,134	624,736	751,484	1,281,160
Interest on savings and temporary cash investments.....	1,232,315	2,648	13,516	95,840	265,913	157,436	105,046	108,521	483,395
Dividends and interest from securities.....	6,692,371	15,060	13,303	190,032	970,117	616,216	547,478	625,285	3,714,880
Gross rents.....	222,065	--	*536	14,847	53,173	20,798	27,098	9,582	96,030
Net gain (less loss) from sales of assets.....	8,533,912	*7,038	13,918	86,286	528,733	432,705	357,579	457,087	6,650,565
Gross profit (less loss) from business activities.....	43,926	--	581	1,937	5,989	8,044	20,947	3,326	3,102
Other income.....	743,500	*191	12,263	24,029	150,553	102,829	76,669	39,526	337,440
<b>Total expenses.....</b>	<b>13,172,916</b>	<b>104,756</b>	<b>491,158</b>	<b>1,144,312</b>	<b>2,662,698</b>	<b>1,402,599</b>	<b>1,069,430</b>	<b>1,003,794</b>	<b>5,294,170</b>
Contributions, gifts, and grants paid.....	10,363,963	97,845	409,881	990,365	2,096,506	1,077,004	807,843	760,993	4,123,526
Compensation of officers.....	274,438	*209	9,065	16,752	63,069	38,297	30,785	24,558	91,703
Other salaries and wages.....	521,556	*330	16,366	22,378	104,840	68,852	54,528	37,224	217,037
Pension plans and employee benefits.....	144,908	--	1,324	1,635	16,080	14,556	13,077	11,850	86,386
Legal fees.....	69,370	*601	1,393	9,102	17,468	8,862	5,440	5,821	20,683
Accounting fees.....	63,814	1,245	4,046	11,991	21,047	7,614	4,890	4,832	8,150
Other professional fees.....	365,176	*1,328	1,931	12,380	62,512	37,261	32,154	34,132	183,479
Interest.....	64,969	*3	1,274	7,476	25,112	5,510	8,216	1,888	15,491
Taxes.....	261,826	145	3,090	10,735	45,096	27,217	21,660	21,977	131,907
Depreciation and depletion.....	129,581	*306	1,835	7,423	27,071	18,366	20,294	10,760	43,527
Occupancy.....	153,015	*242	3,733	11,200	31,668	18,917	12,802	10,855	63,599
Travel, conferences, and meetings.....	74,638	*98	6,762	4,574	8,606	4,525	3,944	5,166	40,963
Printing and publications.....	39,135	*56	3,823	1,977	4,991	2,834	1,719	2,237	21,498
Other expenses.....	646,520	2,347	26,634	36,324	138,632	72,783	52,077	71,502	246,221
<b>Excess of revenue (less loss) over expenses.....</b>	<b>11,437,111</b>	<b>-56,795</b>	<b>-12,186</b>	<b>306,833</b>	<b>1,281,153</b>	<b>964,564</b>	<b>690,123</b>	<b>991,017</b>	<b>7,272,401</b>
Excess of revenue, total.....	12,901,702	*1,081	62,934	529,738	1,751,472	1,166,573	832,045	1,091,047	7,466,812
Loss, total.....	-1,464,591	-57,876	-75,119	-222,905	-470,319	-202,009	-141,922	-100,029	-194,411
<b>Total assets (fair market value).....</b>	<b>189,571,401</b>	<b>--</b>	<b>451,747</b>	<b>5,651,617</b>	<b>25,051,539</b>	<b>16,677,101</b>	<b>13,859,754</b>	<b>15,651,882</b>	<b>112,227,760</b>
Cash, total.....	15,218,742	--	241,288	1,471,453	3,529,282	1,626,364	969,980	1,181,627	6,198,747
Non-interest bearing accounts.....	2,677,155	--	81,349	264,056	495,064	160,027	74,767	69,057	1,532,834
Savings and temporary cash investments..	12,541,586	--	159,938	1,207,398	3,034,218	1,466,337	895,213	1,112,570	4,665,913
Accounts receivable, net.....	479,614	--	2,624	22,596	60,578	79,669	26,241	51,690	236,216
Pledges receivable, net.....	69,768	--	*667	*3,245	*50,923	*13,134	*900	853	46
Grants receivable.....	84,160	--	*101	*33	*25,111	23,191	*4,740	12,278	18,705
Receivables due from disqualified persons....	28,655	--	*240	*688	*22,628	*374	*246	3,730	749
Other notes and loans receivable.....	1,467,107	--	2,138	133,237	267,985	117,860	99,021	85,171	761,696
Inventories.....	26,356	--	*1,961	*3,133	5,463	3,184	1,455	2,005	9,156
Prepaid expenses and deferred charges.....	140,114	--	268	6,216	8,103	14,618	15,149	53,408	42,351
Investments, total.....	165,061,101	--	173,177	3,644,000	19,588,120	13,830,534	12,276,208	13,779,585	101,769,476
Securities, total.....	139,387,608	--	143,390	3,070,106	17,461,021	12,340,359	10,817,555	12,309,970	83,245,208
Government obligations.....	31,088,414	--	32,645	742,525	5,208,752	3,552,839	2,968,760	3,167,914	15,414,979
Corporate stock.....	90,866,798	--	93,351	1,769,417	9,705,175	6,936,329	6,068,111	7,370,699	58,923,716
Corporate bonds.....	17,432,396	--	17,394	558,163	2,547,095	1,851,192	1,780,684	1,771,356	8,906,513
Land, buildings and equipment (less accumulated depreciation).....	3,456,283	--	*2,185	89,266	510,175	265,314	402,418	242,790	1,944,136
Mortgage loans.....	787,888	--	*4,669	69,406	170,296	94,577	83,074	63,661	302,206
Other investments.....	21,429,321	--	22,933	415,223	1,446,629	1,130,285	973,161	1,163,165	16,277,926
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	3,482,203	--	11,233	243,946	971,530	691,090	320,160	231,898	1,012,347
Other assets.....	3,513,577	--	18,051	123,068	521,815	277,080	145,654	249,636	2,178,273

Note at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 3.--All Private Foundations: Balance Sheets and Income Statements, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Size of fair market value of total assets								
	Total	Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value)</b> .....	<b>145,384,628</b>	<b>*6,747</b>	<b>474,027</b>	<b>5,074,631</b>	<b>20,909,232</b>	<b>13,342,736</b>	<b>11,087,128</b>	<b>12,616,839</b>	<b>81,873,289</b>
Cash, total.....	15,196,229	3,080	241,149	1,470,945	3,524,097	1,623,344	969,520	1,181,575	6,182,518
Non-interest bearing accounts.....	2,672,455	*317	81,307	261,031	494,729	160,672	72,486	69,053	1,532,861
Savings and temporary cash investments..	12,523,774	*2,764	159,842	1,209,914	3,029,368	1,462,672	897,034	1,112,522	4,649,658
Accounts receivable, net.....	473,422	--	2,624	22,848	60,609	73,925	26,283	50,860	236,274
Pledges receivable, net.....	69,768	--	*667	*3,245	*50,923	*13,134	*900	853	46
Grants receivable.....	86,496	--	*101	*2,033	*25,448	23,191	*4,740	12,278	18,705
Receivables due from disqualified persons....	28,655	--	*240	*688	*22,628	*374	*246	3,730	749
Other notes and loans receivable.....	1,427,577	--	2,138	133,003	277,838	117,415	97,180	91,217	708,787
Inventories.....	21,705	--	*2,433	*3,106	4,763	3,184	1,450	2,005	4,765
Prepaid expenses and deferred charges.....	126,846	--	268	6,263	8,735	14,630	8,256	53,443	35,250
Investments, total.....	122,306,622	3,606	196,605	3,108,758	15,756,760	10,659,668	9,601,473	10,757,668	72,222,084
Securities, total.....	105,053,390	*2,523	166,752	2,592,385	13,859,851	9,402,859	8,495,628	9,668,689	60,864,702
Government obligations.....	29,420,818	*2,507	32,612	707,218	4,889,662	3,322,952	2,829,472	2,976,466	14,659,930
Corporate stock.....	58,902,986	*17	114,998	1,340,449	6,570,149	4,337,210	4,002,972	4,993,114	37,544,077
Corporate bonds.....	16,729,586	--	19,142	544,719	2,400,040	1,742,697	1,663,184	1,699,109	8,660,695
Land, buildings and equipment (less accumulated depreciation).....	2,569,433	*1,083	*1,837	65,290	393,138	210,977	218,548	119,742	1,558,817
Mortgage loans.....	761,969	--	*3,505	67,324	156,178	98,932	82,220	67,026	286,783
Other investments.....	13,921,830	--	24,511	383,758	1,347,593	946,900	805,077	902,210	9,511,781
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	2,845,565	*44	11,678	219,629	756,080	542,800	245,935	220,962	848,437
Other assets.....	2,801,738	*17	16,124	104,109	421,351	271,071	131,146	242,247	1,615,674
<b>Total liabilities (book value)</b> .....	<b>6,164,528</b>	<b>*1,048</b>	<b>30,141</b>	<b>176,588</b>	<b>640,647</b>	<b>356,551</b>	<b>380,984</b>	<b>315,518</b>	<b>4,263,050</b>
<b>Net worth (book value)</b> .....	<b>139,220,100</b>	<b>*5,699</b>	<b>443,885</b>	<b>4,898,042</b>	<b>20,268,585</b>	<b>12,986,184</b>	<b>10,706,144</b>	<b>12,301,321</b>	<b>77,610,240</b>
<b>Total assets, beginning-of-year (book value)</b> .....	<b>128,291,608</b>	<b>379,356</b>	<b>493,291</b>	<b>4,748,181</b>	<b>19,452,674</b>	<b>12,241,400</b>	<b>10,260,044</b>	<b>11,479,890</b>	<b>69,236,771</b>
<b>Investments in securities, beginning-of-year (book value)</b> .....	<b>92,806,403</b>	<b>365,133</b>	<b>164,703</b>	<b>2,269,690</b>	<b>12,479,951</b>	<b>8,366,446</b>	<b>7,661,084</b>	<b>8,576,066</b>	<b>52,923,329</b>
Government obligations.....	28,445,158	*14,642	39,549	637,113	4,603,797	3,171,917	2,729,577	2,744,990	14,503,571
Corporate stock.....	49,464,855	*187,339	110,024	1,161,057	5,720,177	3,651,641	3,415,416	4,329,880	30,889,321
Corporate bonds.....	14,896,390	*163,152	15,130	471,520	2,155,977	1,542,888	1,516,091	1,501,196	7,530,436

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1991

**Table 4.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Balance Sheets and Income Statements, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Size of fair market value of total assets						
	Total	Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>2,662</b>	<b>*7</b>	<b>872</b>	<b>942</b>	<b>388</b>	<b>407</b>	<b>47</b>
<b>Total revenue.....</b>	<b>280,385</b>	<b>*36</b>	<b>4,370</b>	<b>23,221</b>	<b>*31,521</b>	<b>105,865</b>	<b>115,371</b>
Contributions, gifts, and grants received.....	39,330	--	1,364	4,870	4,787	15,541	12,768
Interest on savings and temporary cash investments.....	20,652	--	362	1,839	2,230	7,595	8,625
Dividends and interest from securities.....	116,993	*36	1,650	10,003	11,497	47,452	46,354
Gross rents.....	4,437	--	*19	621	*259	1,748	1,790
Net gain (less loss) from sales of assets.....	73,707	--	425	5,385	5,047	29,668	33,182
Gross profit (less loss) from business activities.....	*1	--	*1	--	--	--	--
Other income.....	25,265	--	548	503	7,701	3,860	12,653
<b>Total expenses.....</b>	<b>197,040</b>	<b>*995</b>	<b>4,693</b>	<b>14,577</b>	<b>22,154</b>	<b>64,910</b>	<b>89,711</b>
Contributions, gifts, and grants paid.....	157,398	*959	3,878	11,513	13,515	52,553	74,980
Compensation of officers.....	15,141	*2	365	1,884	3,095	5,716	4,079
Other salaries and wages.....	2,078	--	*35	*5	*1,452	355	230
Pension plans and employee benefits.....	646	--	--	--	571	*44	31
Legal fees.....	1,950	*22	26	79	440	787	597
Accounting fees.....	1,526	*9	128	242	276	509	362
Other professional fees.....	3,830	--	48	257	864	1,047	1,615
Interest.....	258	--	--	--	6	139	114
Taxes.....	4,579	*2	90	322	528	1,639	1,997
Depreciation and depletion.....	896	--	*10	*48	279	420	140
Occupancy.....	365	--	*5	*9	93	181	77
Travel, conferences, and meetings.....	343	--	*5	*1	156	39	142
Printing and publications.....	145	--	12	10	95	24	4
Other expenses.....	7,885	--	92	206	786	1,457	5,344
<b>Excess of revenue (less loss) over expenses.....</b>	<b>83,345</b>	<b>*-958</b>	<b>-324</b>	<b>8,644</b>	<b>9,367</b>	<b>40,955</b>	<b>25,660</b>
Excess of revenue, total.....	121,796	--	1,264	10,169	10,975	46,603	52,785
Loss, total.....	-38,451	*-958	-1,588	-1,524	-1,608	-5,648	-27,125
<b>Total assets (fair market value).....</b>	<b>2,991,026</b>	<b>--</b>	<b>36,044</b>	<b>235,219</b>	<b>278,013</b>	<b>1,119,867</b>	<b>1,321,882</b>
Cash, total.....	234,796	--	5,121	29,589	20,454	82,354	97,278
Non-interest bearing accounts.....	22,319	--	704	6,809	1,365	7,355	6,086
Savings and temporary cash investments.....	212,477	--	4,417	22,780	19,089	74,999	91,192
Accounts receivable, net.....	4,433	--	--	*145	*3,816	236	236
Pledges receivable, net.....	*38	--	--	--	--	*38	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*92	--	*2	--	*89	--	--
Other notes and loans receivable.....	36,774	--	*456	*2,458	*47	6,258	27,555
Inventories.....	*23,094	--	*4	--	*80	*393	22,617
Prepaid expenses and deferred charges.....	834	--	*1	*9	*663	59	102
Investments, total.....	2,501,952	--	26,523	177,786	225,825	974,825	1,096,993
Securities, total.....	2,023,826	--	18,054	126,568	161,358	806,473	911,372
Government obligations.....	415,058	--	4,747	27,168	30,748	201,469	150,925
Corporate stock.....	1,287,003	--	9,663	75,062	111,352	486,500	604,425
Corporate bonds.....	321,765	--	3,644	24,338	19,257	118,504	156,022
Land, buildings and equipment (less accumulated depreciation).....	41,465	--	--	*2,196	*1,004	19,866	18,398
Mortgage loans.....	18,526	--	*8	*846	*3,091	14,296	285
Other investments.....	418,135	--	8,460	48,176	60,372	134,190	166,937
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	51,181	--	--	*779	*7,291	14,093	29,019
Other assets.....	137,833	--	3,937	24,453	19,748	41,611	48,083

Note at end of table.

# Private Foundations and Charitable Trusts, 1991

**Table 4.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Balance Sheets and Income Statements, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Size of fair market value of total assets						
	Total	Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>2,265,205</b>	--	<b>32,396</b>	<b>186,319</b>	<b>222,523</b>	<b>875,801</b>	<b>948,166</b>
Cash, total.....	234,225	--	5,122	29,289	20,433	82,128	97,252
Non-interest bearing accounts.....	22,337	--	704	6,777	1,365	7,405	6,086
Savings and temporary cash investments.....	211,888	--	4,418	22,512	19,068	74,724	91,166
Accounts receivable, net.....	4,571	--	--	*145	*3,816	374	236
Pledges receivable, net.....	*38	--	--	--	--	*38	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*92	--	*2	--	*89	--	--
Other notes and loans receivable.....	37,119	--	456	*2,458	*47	6,603	27,555
Inventories.....	*13,066	--	*4	--	*80	--	12,983
Prepaid expenses and deferred charges.....	836	--	*1	*9	663	61	102
Investments, total.....	1,857,389	--	23,573	135,228	177,432	743,699	777,456
Securities, total.....	1,462,889	--	16,573	95,798	123,212	608,305	619,001
Government obligations.....	374,911	--	4,516	21,982	29,178	181,346	137,889
Corporate stock.....	798,849	--	8,645	51,987	77,216	318,569	342,432
Corporate bonds.....	289,129	--	3,412	21,829	16,818	108,390	138,680
Land, buildings and equipment (less accumulated depreciation).....	19,064	--	--	*1,458	*1,379	10,642	5,585
Mortgage loans.....	18,155	--	*9	*846	*3,091	13,925	284
Other investments.....	357,280	--	6,991	37,126	49,751	110,827	152,586
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	30,388	--	--	*193	*4,746	9,169	16,280
Other assets.....	<b>87,482</b>	--	<b>3,237</b>	<b>18,997</b>	<b>15,216</b>	<b>33,729</b>	<b>16,303</b>
<b>Total liabilities (book value).....</b>	<b>10,886</b>	--	<b>*28</b>	<b>507</b>	<b>*3,795</b>	<b>2,526</b>	<b>4,030</b>
<b>Net worth (book value).....</b>	<b>2,254,318</b>	--	<b>32,367</b>	<b>185,812</b>	<b>218,727</b>	<b>873,275</b>	<b>944,136</b>
<b>Total assets, beginning-of-year (book value).....</b>	<b>2,181,933</b>	<b>*1,068</b>	<b>32,810</b>	<b>174,966</b>	<b>210,813</b>	<b>833,148</b>	<b>929,129</b>
<b>Investments in securities,</b>							
<b>beginning-of-year (book value).....</b>	<b>1,345,277</b>	<b>*107</b>	<b>15,675</b>	<b>87,644</b>	<b>118,471</b>	<b>564,885</b>	<b>558,495</b>
Government obligations.....	389,678	--	4,497	23,306	34,043	170,861	156,972
Corporate stock.....	683,276	*107	8,100	47,509	68,101	289,965	269,493
Corporate bonds.....	272,323	--	3,078	16,828	16,327	104,060	132,030

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

NOTE: Detail may not add to totals because of rounding.



# Private Foundations and Charitable Trusts, 1992

## Data Release

**F**or 1992, private foundations and charitable trusts reported \$23.9 billion in total revenues and \$11.5 billion in contributions, gifts, and grants paid out. Private foundations are generally larger in terms of asset size and more numerous than charitable trusts. The 42,428 private foundations accounted for 98 percent of the combined total of \$195.3 billion in assets (based on fair market value), while the 2,932 charitable trusts accounted for the remaining 2 percent.

A private foundation is a nonprofit, tax-exempt charitable organization that is narrowly supported and controlled, usually by an individual, family, or corporation. A charitable trust filing under Internal Revenue Code section 4947(a)(1) is also nonprofit, but is not tax-exempt and is typically supported and controlled by an individual or family. Both private foundations and charitable trusts are required to file and make public an annual information return, Form 990-PF, *Return of Private Foundation* (or *Section 4947(a)(1) Charitable Trust Treated as a Private Foundation*). The statistics contained in this data release are based on the data from these forms.

### Private Foundations

Total private foundation revenues fell by 4 percent from \$24.8 billion for 1991 to \$23.6 billion for 1992 [1]. This decrease was largely due to one organization's sale of some of its assets in 1991 [2]. If this organization was excluded, total revenue for 1991 and 1992 would equal \$20.6 billion and \$23.0 billion, respectively. This would have represented a nearly 12-percent increase, instead of the actual 4-percent drop, from 1991 to 1992.

Because of the effect of this one organization's activities, one of the major sources of foundation revenue -- net gains (less losses) from sales of assets -- dropped 21 percent, from \$8.5 billion to \$6.7 billion. By excluding this organization from the data for 1991 and 1992, net gains (less losses) from sales of assets would have increased by 36 percent from \$4.8 billion to \$6.5 billion. This same foundation also accounted for net gains (less losses) from sales of assets more than doubling from 1990 to 1991 [3].

Total assets (based on fair market value) grew by 1 percent to \$192.2 billion for 1992 compared to the previous year. The largest component of total assets, investments in securities, increased by nearly 4 percent to \$144.4 billion. Nearly 66 percent of these investments were in corporate stock, which continued to dominate total investments in securities. The remaining 34 percent of invest-

ments in securities was in Government obligations and corporate bonds. Investments in Government obligations, alone, fell by 2 percent to \$30.5 billion for 1992, while investments in corporate bonds increased by 7 percent to \$18.7 billion. (Tables 1 and 3 present both fair market and book values for these asset accounts.)

### Section 4947(a)(1) Charitable Trusts

Charitable trusts, as defined under Internal Revenue Code section 4947(a)(1), reported slightly more than \$3.1 billion in total assets (fair market value) for 1992, an increase of 5 percent from 1991. Investments in securities, nearly 70 percent of total assets, grew from \$2.0 billion to \$2.2 billion. This increase was due to a 7-percent growth in corporate stock (fair market value), which increased to \$1.4 billion. Charitable contributions, gifts, and grants paid, fell by 2 percent to \$155 million (as reported on a cash basis in Table 2).

Total revenues grew significantly for 1992, to \$346.8 million, nearly 24 percent. The largest increase was for net gains (less losses) from sales of assets, up by over 70 percent, to \$126.1 million. Unlike private foundations, net gains (less losses) from sales of assets was the primary source of revenue for charitable trusts. Dividends and interest from securities accounted for \$120.1 million of revenues for 1992, followed by contributions, gifts, and grants of \$63.3 million (an increase of over 60 percent from the previous year).

### Data Sources and Limitations

Tables 1 and 3 provide information for Reporting Year 1992 for private foundations, while Tables 2 and 4 provide similar data for charitable trusts. The statistics are based on a sample of Reporting Year 1992 Forms 990-PF that were filed with the Internal Revenue Service (IRS). These returns were filed by organizations with accounting periods beginning in 1992 (and therefore ending between December 1992 and November 1993). Some part-year returns were included in the sample for organizations that changed their accounting periods, or filed initial or final returns. Approximately 62 percent of the foundations and 57 percent of charitable trusts had full-year accounting periods covering Calendar Year 1992, or part-year accounting periods that ended in December 1992. Additionally, 60 percent of total foundation assets and 55 percent of total trust assets were for the calendar-year accounting period. Therefore, the majority of the financial activities reflected in the statistics can be associated with Calendar Year 1992.

The 1992 sample was stratified based on both the size of book value of total assets and the type of organization (either a private foundation or a charitable trust). Foundation returns were selected at rates that ranged from

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## Private Foundations and Charitable Trusts, 1992

approximately 5 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets). Charitable trust returns were selected at rates that ranged from 31 to 100 percent. The 5,761 returns in the 1992 sample (4,929 foundations and 832 trusts) were drawn from the estimated population totals shown in Tables 1 through 4. The magnitude of sampling error, measured by the coefficient of variation, for selected financial data is shown in Figure A.

The population from which this sample was drawn consisted of 1992 Form 990-PF records posted to the IRS

Figure A

### Coefficients of Variation for Selected Items, by Type of Organization, Reporting Year 1992

Item	Private foundations	Charitable trusts
Total assets (fair market value).....	0.39	0.57
Total revenue.....	1.87	1.24
Total expenses.....	2.06	2.06
Contributions, gifts, and grants paid.....	2.25	2.61

Business Master File during 1992 and 1993. Some of the records designated were for organizations deemed inactive or terminated. Inactive and terminated organizations are not reflected in the estimates. For the small number of active, large foundations and trusts whose returns for the 1992 Reporting Year were not yet filed or were otherwise unavailable for the statistics, data were estimated using prior-year returns.

The data presented were obtained from returns as originally filed. The data were subjected to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base.

### Explanation of Selected Terms

*Charitable Trust* -- This type of organization, also referred to as a "nonexempt" charitable trust, is defined in Internal Revenue Code section 4947(a)(1) as an organization (1) that is not considered tax-exempt under section 501(a); (2) that has exclusively charitable interests; and (3) for which donors are allowed to claim a tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the same excise tax provisions that apply to private foundations and are

required to file the same Form 990-PF. ("Publicly supported" nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*, and are, therefore, not included in the statistics [4].) Nonexempt charitable trusts must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

*Distributable Amount* -- This was the minimum payout amount that was required to be distributed by the end of the year following the year for which the return was filed. Failure to distribute income within this time period resulted in a 15-percent excise tax on the undistributed portion. The distributable amount was computed as 5 percent of "net investment assets," called the "minimum investment return," minus taxes on both "net investment income" and "unrelated business income," plus or minus other adjustments, either allowed or required.

*Excess Distributions Carryover* -- The excess carryover equaled the excess of "qualifying distributions" for 1992 over the "distributable amount." "Excess" amounts from the current year could be carried forward to be applied to the distributable amount for the following 5 years.

*Minimum Investment Return* -- This was the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire them and cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the "distributable amount."

*Nonoperating Foundations (and Section 4947(a)(1) Charitable Trusts)* -- Nonoperating foundations and trusts generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to those (operating) foundations and trusts which engaged in charitable activities, themselves. However, some nonoperating foundations and trusts were actively involved in charitable programs of their own, in addition to making grants to other organizations. Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period.

*Operating Foundations (and Section 4947(a)(1) Charitable Trusts)* -- These organizations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes that were applicable to

## Private Foundations and Charitable Trusts, 1992

their nonoperating counterparts. To qualify as an operating foundation or trust for a particular taxable year, the private foundation or trust had to meet both an "income test" and one of three other tests: an "assets test," an "endowment test," or a "support test." (The tests are described below with reference to private foundations, but apply in the same manner to charitable trusts.)

To meet the income test, a private foundation had to spend at least 85 percent of the lesser of its "adjusted net income" or "minimum investment return" on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such programs). The assets test was met if 65 percent or more of the foundation's assets were directly used for the active conduct of charitable activities. The endowment test was met if the foundation normally made distributions for the active conduct of charitable activities in an amount not less than two-thirds of its "minimum investment return." The support test was met if the foundation normally received substantially all of its support (other than from "gross investment income") from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from "gross investment income") was normally received from any one such qualifying exempt organization; and (b) no more than 50 percent of its support was normally received from gross investment income.

*Private Foundation* -- This type of organization is defined in Internal Revenue Code section 501(c)(3) as a nonprofit corporation, association, or trust with a narrow source of funds that operated or supported social, educational, scientific, charitable, religious, or other programs dedicated to improving the general welfare of society. A private foundation is *not*: (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization that was operated by, or in connection with, any of the above described organizations; and (4) an organization that conducts tests for public safety. The primary difference between a private foundation and a public charity is the sources of each type of organization's funding. A founda-

tion usually receives its funds from an individual, a family, or a corporation, while a public charity receives its funds primarily from a large number of sources within the general public.

*Qualifying Distributions* -- Qualifying distributions include disbursements for charitable purposes; amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the foundation's or trust's obligation to pay out its "distributable amount."

*Undistributed Income* -- Undistributed income was the portion of the required "distributable amount" still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carried over from prior years.

### Notes and References

- [1] For more information on private foundations and charitable trusts for 1991, see "Private Foundations and Charitable Trusts, 1991," *Statistics of Income Bulletin*, Winter 1994-95, Volume 14, Number 3.
- [2] This organization, the Wellcome Foundation, is a private foundation funded by a British pharmaceutical company. For 1991, the foundation began the year with \$10.6 billion in total assets (fair market value) and later sold \$3.6 billion of its stock holdings. For 1992, its assets dropped to \$5.0 billion and its total revenue dropped to \$574 million.
- [3] For detailed information on private foundations and charitable trusts for 1990, see Meckstroth, Alicia, "Private Foundations and Charitable Trusts, 1990," *Statistics of Income Bulletin*, Winter 1993-94, Volume 13, Number 3.
- [4] For more information on charities and other tax-exempt organizations, see Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1991," *Statistics of Income Bulletin*, Summer 1995, Volume 15, Number 1.

# Private Foundations and Charitable Trusts, 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (less loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>ALL FOUNDATIONS</b>									
<b>Total.....</b>	<b>42,428</b>	<b>41,413</b>	<b>23,566,388</b>	<b>19,280</b>	<b>7,902,873</b>	<b>27,283</b>	<b>6,631,079</b>	<b>17,999</b>	<b>6,733,267</b>
Zero or unreported.....	1,137	932	91,606	548	87,286	333	2,971	206	-2,526
\$1 under \$100,000.....	14,733	13,990	386,638	7,718	342,929	5,396	10,190	2,269	13,960
\$100,000 under \$1,000,000.....	15,941	15,897	1,367,283	6,698	925,103	11,945	197,436	7,282	113,900
\$1,000,000 under \$10,000,000.....	8,531	8,511	4,036,788	3,450	1,851,583	7,619	925,386	6,384	758,618
\$10,000,000 under \$25,000,000.....	1,180	1,179	2,613,958	501	1,037,506	1,110	635,331	1,015	583,392
\$25,000,000 under \$50,000,000.....	428	428	2,236,590	172	908,538	412	533,788	395	494,953
\$50,000,000 under \$100,000,000.....	237	237	1,910,967	98	653,443	232	599,811	223	492,769
\$100,000,000 or more.....	239	239	10,922,557	95	2,096,484	236	3,726,166	226	4,278,202
<b>Nonoperating foundations</b>									
<b>Total.....</b>	<b>38,620</b>	<b>37,735</b>	<b>21,354,907</b>	<b>16,734</b>	<b>7,153,118</b>	<b>25,848</b>	<b>6,197,344</b>	<b>17,149</b>	<b>6,248,271</b>
Zero or unreported.....	1,028	822	89,911	459	85,717	313	2,936	206	-2,526
\$1 under \$100,000.....	12,915	12,295	329,627	6,447	292,364	5,036	9,582	2,122	12,914
\$100,000 under \$1,000,000.....	14,909	14,865	1,266,801	6,153	844,694	11,491	191,479	7,102	111,341
\$1,000,000 under \$10,000,000.....	7,883	7,869	3,474,842	2,965	1,544,236	7,189	882,221	6,028	725,154
\$10,000,000 under \$25,000,000.....	1,053	1,052	2,326,864	403	947,873	1,003	588,923	911	554,331
\$25,000,000 under \$50,000,000.....	395	395	2,005,445	145	863,479	383	509,232	365	446,374
\$50,000,000 under \$100,000,000.....	218	218	1,784,815	84	638,064	215	555,832	207	457,276
\$100,000,000 or more.....	220	220	10,076,603	79	1,936,690	218	3,457,139	208	3,943,407
<b>Operating foundations</b>									
<b>Total.....</b>	<b>3,808</b>	<b>3,678</b>	<b>2,211,481</b>	<b>2,546</b>	<b>749,755</b>	<b>1,435</b>	<b>433,736</b>	<b>850</b>	<b>484,996</b>
Zero or unreported.....	*109	*109	*1,695	*89	*1,569	*21	*35	--	--
\$1 under \$100,000.....	1,818	1,695	57,012	1,271	50,564	359	608	*147	*1,045
\$100,000 under \$1,000,000.....	1,033	1,033	100,482	545	80,409	454	5,957	180	2,559
\$1,000,000 under \$10,000,000.....	649	642	561,946	485	307,348	430	43,165	355	33,463
\$10,000,000 under \$25,000,000.....	128	128	287,094	99	89,633	108	46,408	104	29,061
\$25,000,000 under \$50,000,000.....	33	33	231,146	27	45,059	29	24,556	30	48,579
\$50,000,000 unde \$100,000,000.....	19	19	126,152	14	15,379	17	43,979	16	35,493
\$100,000,000 or more.....	19	19	845,954	16	159,794	18	269,027	18	334,795
<b>GRANTMAKING FOUNDATIONS</b>									
<b>Total.....</b>	<b>35,197</b>	<b>35,067</b>	<b>21,956,869</b>	<b>14,963</b>	<b>7,114,121</b>	<b>25,282</b>	<b>6,430,457</b>	<b>16,987</b>	<b>6,506,152</b>
Zero or unreported.....	719	678	88,648	356	86,711	332	1,581	206	-2,526
\$1 under \$100,000.....	10,534	10,448	298,998	5,309	262,468	4,554	9,176	1,975	13,143
\$100,000 under \$1,000,000.....	14,149	14,146	1,174,991	5,559	781,747	11,284	191,370	6,942	98,141
\$1,000,000 under \$10,000,000.....	7,853	7,853	3,551,366	2,984	1,596,183	7,237	889,966	6,112	691,336
\$10,000,000 under \$25,000,000.....	1,087	1,087	2,288,089	428	872,952	1,038	603,647	948	562,302
\$25,000,000 under \$50,000,000.....	404	404	2,105,372	154	865,960	391	512,581	375	472,979
\$50,000,000 under \$100,000,000.....	225	225	1,816,787	89	640,998	222	568,286	215	468,871
\$100,000,000 or more.....	226	226	10,632,617	84	2,007,103	224	3,653,852	215	4,201,907
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	<b>33,421</b>	<b>33,291</b>	<b>20,731,358</b>	<b>13,876</b>	<b>6,733,371</b>	<b>24,479</b>	<b>6,152,985</b>	<b>16,506</b>	<b>6,177,071</b>
Zero or unreported.....	654	613	87,150	291	85,256	312	1,546	206	-2,526
\$1 under \$100,000.....	9,668	9,583	275,351	4,720	241,585	4,338	8,706	1,889	12,240
\$100,000 under \$1,000,000.....	13,635	13,632	1,112,689	5,357	733,892	10,976	186,094	6,787	96,308
\$1,000,000 under \$10,000,000.....	7,608	7,608	3,274,404	2,816	1,431,734	7,056	874,374	5,950	675,538
\$10,000,000 under \$25,000,000.....	1,036	1,036	2,194,975	390	829,111	992	582,827	902	550,572
\$25,000,000 under \$50,000,000.....	387	387	1,951,346	142	837,489	377	501,090	359	446,307
\$50,000,000 under \$100,000,000.....	216	216	1,775,163	83	638,052	213	551,963	207	457,276
\$100,000,000 or more.....	218	218	10,060,281	77	1,936,253	216	3,446,386	207	3,941,356
<b>Grantmaking operating foundations</b>									
<b>Total.....</b>	<b>1,776</b>	<b>1,776</b>	<b>1,225,511</b>	<b>1,087</b>	<b>380,750</b>	<b>802</b>	<b>277,472</b>	<b>481</b>	<b>329,080</b>
Zero or unreported.....	*65	*65	*1,499	*65	*1,455	*21	*35	--	--
\$1 under \$100,000.....	866	866	23,647	589	20,882	215	470	*85	*902
\$100,000 under \$1,000,000.....	514	514	62,302	203	47,855	308	5,276	*156	*1,832
\$1,000,000 under \$10,000,000.....	245	245	276,963	168	164,449	182	15,592	162	15,798
\$10,000,000 under \$25,000,000.....	52	52	93,114	38	43,842	46	20,820	46	11,729
\$25,000,000 under \$50,000,000.....	17	17	154,026	12	28,470	14	11,491	16	26,672
\$50,000,000 unde \$100,000,000.....	9	9	41,624	6	2,946	9	16,323	8	11,595
\$100,000,000 or more.....	8	8	572,336	7	70,850	8	207,465	8	260,551

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>41,240</b>	<b>14,498,073</b>	<b>41,456</b>	<b>9,068,314</b>	<b>36,639</b>	<b>14,252,246</b>	<b>39,182</b>	<b>12,693,054</b>
Zero or unreported.....	1,055	150,822	826	-59,216	411	8,721	887	119,676
\$1 under \$100,000.....	13,866	433,092	14,172	-46,454	10,661	40,528	12,624	405,464
\$100,000 under \$1,000,000.....	15,741	1,001,959	15,854	365,324	15,125	423,146	15,223	941,064
\$1,000,000 under \$10,000,000.....	8,497	2,570,423	8,522	1,466,365	8,387	1,990,549	8,374	2,241,681
\$10,000,000 under \$25,000,000.....	1,177	1,757,848	1,179	856,110	1,162	1,494,124	1,173	1,406,462
\$25,000,000 under \$50,000,000.....	427	1,159,315	428	1,077,275	422	1,102,995	426	1,016,266
\$50,000,000 under \$100,000,000.....	237	1,148,059	236	762,908	233	1,275,898	236	998,052
\$100,000,000 or more.....	239	6,276,556	239	4,646,001	237	7,916,285	238	5,564,388
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>37,627</b>	<b>13,189,477</b>	<b>37,853</b>	<b>8,165,429</b>	<b>33,873</b>	<b>13,246,548</b>	<b>35,883</b>	<b>11,653,581</b>
Zero or unreported.....	946	147,233	781	-57,322	387	8,496	799	116,244
\$1 under \$100,000.....	12,192	379,102	12,477	-49,476	9,549	38,066	11,161	359,688
\$100,000 under \$1,000,000.....	14,759	921,039	14,838	345,762	14,299	398,665	14,275	869,969
\$1,000,000 under \$10,000,000.....	7,848	2,151,058	7,874	1,323,784	7,774	1,911,160	7,769	1,948,154
\$10,000,000 under \$25,000,000.....	1,050	1,539,158	1,052	787,706	1,040	1,402,178	1,050	1,217,543
\$25,000,000 under \$50,000,000.....	394	989,162	395	1,016,282	391	1,029,845	393	873,461
\$50,000,000 under \$100,000,000.....	218	1,064,336	217	720,478	214	1,169,999	217	934,994
\$100,000,000 or more.....	220	5,998,389	220	4,078,214	219	7,288,140	219	5,333,529
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,613</b>	<b>1,308,596</b>	<b>3,603</b>	<b>902,885</b>	<b>2,766</b>	<b>1,005,698</b>	<b>3,299</b>	<b>1,039,473</b>
Zero or unreported.....	*109	*3,588	*44	*-1,894	*24	*225	*89	*3,432
\$1 under \$100,000.....	1,674	53,990	1,695	3,022	1,113	2,462	1,462	45,776
\$100,000 under \$1,000,000.....	982	80,921	1,016	19,561	826	24,482	948	71,095
\$1,000,000 under \$10,000,000.....	649	419,365	649	142,581	613	79,389	605	293,527
\$10,000,000 under \$25,000,000.....	128	218,690	128	68,404	123	91,946	124	188,920
\$25,000,000 under \$50,000,000.....	33	170,153	33	60,993	31	73,150	33	142,805
\$50,000,000 unde \$100,000,000.....	19	83,722	19	42,430	19	105,899	19	63,058
\$100,000,000 or more.....	19	278,167	19	567,787	18	628,144	19	230,858
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>35,194</b>	<b>13,719,663</b>	<b>34,873</b>	<b>8,237,205</b>	<b>32,625</b>	<b>13,776,197</b>	<b>35,197</b>	<b>12,127,592</b>
Zero or unreported.....	719	149,142	575	-60,493	345	8,651	719	118,391
\$1 under \$100,000.....	10,534	355,579	10,428	-56,581	8,693	37,618	10,534	348,890
\$100,000 under \$1,000,000.....	14,146	954,016	14,078	220,975	13,868	397,872	14,149	911,705
\$1,000,000 under \$10,000,000.....	7,853	2,347,134	7,851	1,204,233	7,797	1,882,086	7,853	2,086,961
\$10,000,000 under \$25,000,000.....	1,087	1,598,956	1,087	689,132	1,077	1,425,773	1,087	1,269,707
\$25,000,000 under \$50,000,000.....	404	1,084,326	404	1,021,045	399	1,065,526	404	967,628
\$50,000,000 under \$100,000,000.....	225	1,077,123	224	739,664	222	1,205,388	225	955,154
\$100,000,000 or more.....	226	6,153,387	226	4,479,230	225	7,753,284	226	5,469,156
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>33,418</b>	<b>13,010,162</b>	<b>33,159</b>	<b>7,721,196</b>	<b>31,168</b>	<b>13,133,777</b>	<b>33,421</b>	<b>11,564,025</b>
Zero or unreported.....	654	146,615	551	-59,465	321	8,425	654	116,045
\$1 under \$100,000.....	9,668	335,445	9,583	-60,094	8,059	35,835	9,668	330,134
\$100,000 under \$1,000,000.....	13,632	894,935	13,564	217,754	13,388	375,227	13,635	858,143
\$1,000,000 under \$10,000,000.....	7,608	2,103,748	7,606	1,170,655	7,558	1,846,912	7,608	1,924,193
\$10,000,000 under \$25,000,000.....	1,036	1,527,413	1,036	667,561	1,027	1,392,547	1,036	1,209,827
\$25,000,000 under \$50,000,000.....	387	968,444	387	982,902	384	1,022,961	387	864,193
\$50,000,000 under \$100,000,000.....	216	1,049,696	215	725,467	213	1,169,838	216	931,236
\$100,000,000 or more.....	218	5,983,865	218	4,076,415	217	7,282,032	218	5,330,255
<b>Grantmaking operating foundations</b>								
<b>Total.....</b>	<b>1,776</b>	<b>709,501</b>	<b>1,714</b>	<b>516,010</b>	<b>1,458</b>	<b>642,420</b>	<b>1,776</b>	<b>563,567</b>
Zero or unreported.....	*65	*2,526	*24	*-1,028	*24	*225	*65	*2,347
\$1 under \$100,000.....	866	20,134	845	3,512	633	1,783	866	18,756
\$100,000 under \$1,000,000.....	514	59,081	514	3,221	480	22,644	514	53,562
\$1,000,000 under \$10,000,000.....	245	243,386	245	33,577	239	35,175	245	162,769
\$10,000,000 under \$25,000,000.....	52	71,543	52	21,571	50	33,226	52	59,880
\$25,000,000 under \$50,000,000.....	17	115,883	17	38,144	15	42,565	17	103,434
\$50,000,000 unde \$100,000,000.....	9	27,427	9	14,197	9	35,550	9	23,918
\$100,000,000 or more.....	8	169,521	8	402,815	8	471,252	8	138,901

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>1</sup>		Excise tax on net investment income				
	Number of returns	Amount	Total	Domestic organizations		Foreign organizations	
				Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>ALL FOUNDATIONS</b>							
<b>Total.....</b>	<b>35,197</b>	<b>10,910,358</b>	<b>194,157</b>	<b>42,383</b>	<b>187,363</b>	<b>27</b>	<b>164</b>
Zero or unreported.....	719	117,712	139	1,136	137	*1	*3
\$1 under \$100,000.....	10,534	319,895	573	14,733	573	--	--
\$100,000 under \$1,000,000.....	14,149	842,996	6,635	15,941	6,635	--	--
\$1,000,000 under \$10,000,000.....	7,853	1,915,881	30,703	8,518	30,695	*14	*8
\$10,000,000 under \$25,000,000.....	1,087	1,156,907	21,643	1,174	21,609	3	(?)
\$25,000,000 under \$50,000,000.....	404	848,349	15,910	418	15,846	7	49
\$50,000,000 under \$100,000,000.....	225	855,669	19,100	231	19,093	1	(?)
\$100,000,000 or more.....	226	4,852,948	99,455	231	92,775	1	105
<b>Nonoperating foundations</b>							
<b>Total.....</b>	<b>33,421</b>	<b>10,700,524</b>	<b>189,274</b>	<b>38,576</b>	<b>182,480</b>	<b>27</b>	<b>164</b>
Zero or unreported.....	654	115,398	137	1,027	134	*1	*3
\$1 under \$100,000.....	9,668	306,848	539	12,915	539	--	--
\$100,000 under \$1,000,000.....	13,635	815,373	6,315	14,909	6,315	--	--
\$1,000,000 under \$10,000,000.....	7,608	1,831,496	29,930	7,869	29,922	*14	*8
\$10,000,000 under \$25,000,000.....	1,036	1,139,731	20,597	1,047	20,563	3	(?)
\$25,000,000 under \$50,000,000.....	387	805,082	15,263	385	15,199	7	49
\$50,000,000 under \$100,000,000.....	216	850,441	17,659	212	17,652	1	(?)
\$100,000,000 or more.....	218	4,836,155	98,836	213	92,156	1	105
<b>Operating foundations</b>							
<b>Total.....</b>	<b>1,776</b>	<b>209,834</b>	<b>4,883</b>	<b>3,807</b>	<b>4,883</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	*65	*2,314	2	109	2	--	--
\$1 under \$100,000.....	866	13,046	34	1,818	34	--	--
\$100,000 under \$1,000,000.....	514	27,623	320	1,033	320	--	--
\$1,000,000 under \$10,000,000.....	245	84,386	773	649	773	--	--
\$10,000,000 under \$25,000,000.....	52	17,176	1,046	128	1,046	--	--
\$25,000,000 under \$50,000,000.....	17	43,267	647	33	647	--	--
\$50,000,000 unde \$100,000,000.....	9	5,229	1,441	19	1,441	--	--
\$100,000,000 or more.....	8	16,793	619	18	619	--	--
<b>GRANTMAKING FOUNDATIONS</b>							
<b>Total.....</b>	<b>35,197</b>	<b>10,910,358</b>	<b>189,385</b>	<b>35,158</b>	<b>182,620</b>	<b>25</b>	<b>161</b>
Zero or unreported.....	719	117,712	136	719	136	--	--
\$1 under \$100,000.....	10,534	319,895	521	10,534	521	--	--
\$100,000 under \$1,000,000.....	14,149	842,996	6,157	14,149	6,157	--	--
\$1,000,000 under \$10,000,000.....	7,853	1,915,881	29,129	7,839	29,122	*14	*8
\$10,000,000 under \$25,000,000.....	1,087	1,156,907	20,810	1,082	20,777	2	(?)
\$25,000,000 under \$50,000,000.....	404	848,349	15,728	395	15,675	7	49
\$50,000,000 under \$100,000,000.....	225	855,669	18,046	220	18,039	1	(?)
\$100,000,000 or more.....	226	4,852,948	98,857	220	92,192	1	105
<b>Grantmaking-nonoperating foundations</b>							
<b>Total.....</b>	<b>33,421</b>	<b>10,700,524</b>	<b>187,095</b>	<b>33,382</b>	<b>180,330</b>	<b>25</b>	<b>161</b>
Zero or unreported.....	654	115,398	134	654	134	--	--
\$1 under \$100,000.....	9,668	306,848	496	9,668	496	--	--
\$100,000 under \$1,000,000.....	13,635	815,373	5,865	13,635	5,865	--	--
\$1,000,000 under \$10,000,000.....	7,608	1,831,496	28,652	7,594	28,644	*14	*8
\$10,000,000 under \$25,000,000.....	1,036	1,139,731	20,437	1,031	20,404	2	(?)
\$25,000,000 under \$50,000,000.....	387	805,082	15,150	378	15,097	7	49
\$50,000,000 under \$100,000,000.....	216	850,441	17,656	211	17,649	1	(?)
\$100,000,000 or more.....	218	4,836,155	98,706	212	92,041	1	105
<b>Grantmaking operating foundations</b>							
<b>Total.....</b>	<b>1,776</b>	<b>209,834</b>	<b>2,290</b>	<b>1,776</b>	<b>2,290</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	*65	*2,314	*2	*65	*2	--	--
\$1 under \$100,000.....	866	13,046	25	866	25	--	--
\$100,000 under \$1,000,000.....	514	27,623	292	514	292	--	--
\$1,000,000 under \$10,000,000.....	245	84,386	477	245	477	--	--
\$10,000,000 under \$25,000,000.....	52	17,176	373	52	373	--	--
\$25,000,000 under \$50,000,000.....	17	43,267	578	17	578	--	--
\$50,000,000 unde \$100,000,000.....	9	5,229	391	9	391	--	--
\$100,000,000 or more.....	8	16,793	151	8	151	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total assets (book value)		Investments in securities (book value)							
			Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
<b>ALL FOUNDATIONS</b>										
<b>Total.....</b>	<b>41,418</b>	<b>154,007,992</b>	<b>24,406</b>	<b>111,429,857</b>	<b>12,374</b>	<b>29,267,210</b>	<b>20,048</b>	<b>64,308,074</b>	<b>11,021</b>	<b>17,854,573</b>
Zero or unreported.....	*128	*43,507	*22	*36,806	--	--	*22	*36,600	*21	*206
\$1 under \$100,000.....	14,733	428,532	3,966	116,570	1,301	30,568	2,657	63,378	881	22,624
\$100,000 under \$1,000,000.....	15,941	5,341,314	10,855	2,754,699	4,561	725,746	8,909	1,484,915	4,313	544,039
\$1,000,000 under \$10,000,000.....	8,531	21,831,258	7,579	14,937,794	4,938	4,666,794	6,623	7,411,145	4,334	2,859,855
\$10,000,000 under \$25,000,000.....	1,180	14,562,306	1,113	10,354,924	849	3,129,476	1,016	5,217,975	796	2,007,473
\$25,000,000 under \$50,000,000.....	428	11,772,796	409	8,756,762	338	2,714,080	377	4,388,891	313	1,653,791
\$50,000,000 under \$100,000,000.....	237	13,329,900	229	10,223,920	189	3,133,741	221	5,217,969	171	1,872,210
\$100,000,000 or more.....	239	86,698,379	233	64,248,381	198	14,866,806	224	40,487,201	193	8,894,374
<b>Nonoperating foundations</b>										
<b>Total.....</b>	<b>37,720</b>	<b>139,098,844</b>	<b>23,141</b>	<b>102,923,373</b>	<b>11,727</b>	<b>26,556,748</b>	<b>19,018</b>	<b>59,693,669</b>	<b>10,479</b>	<b>16,672,956</b>
Zero or unreported.....	*128	*43,507	*22	*36,806	--	--	*22	*36,600	*21	*206
\$1 under \$100,000.....	12,915	377,324	3,712	110,707	1,195	28,572	2,510	59,662	858	22,474
\$100,000 under \$1,000,000.....	14,909	4,976,675	10,452	2,666,122	4,470	707,756	8,564	1,443,869	4,157	514,497
\$1,000,000 under \$10,000,000.....	7,883	20,124,530	7,142	14,224,011	4,634	4,438,590	6,237	7,059,412	4,096	2,726,009
\$10,000,000 under \$25,000,000.....	1,053	12,994,541	1,005	9,625,853	753	2,885,874	923	4,887,147	718	1,852,832
\$25,000,000 under \$50,000,000.....	395	10,879,839	381	8,300,754	316	2,583,900	353	4,146,348	293	1,570,506
\$50,000,000 under \$100,000,000.....	218	12,174,204	212	9,548,518	177	2,925,935	204	4,894,900	157	1,727,684
\$100,000,000 or more.....	220	77,528,224	215	58,410,602	182	12,986,121	206	37,165,732	180	8,258,749
<b>Operating foundations</b>										
<b>Total.....</b>	<b>3,699</b>	<b>14,909,148</b>	<b>1,265</b>	<b>8,506,484</b>	<b>647</b>	<b>2,710,462</b>	<b>1,030</b>	<b>4,614,404</b>	<b>542</b>	<b>1,181,617</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,818	51,208	253	5,863	*106	*1,996	*147	*3,717	*24	*150
\$100,000 under \$1,000,000.....	1,033	364,638	403	88,578	*92	*17,989	345	41,046	*156	*29,542
\$1,000,000 under \$10,000,000.....	649	1,706,727	437	713,783	304	228,204	386	351,733	238	133,845
\$10,000,000 under \$25,000,000.....	128	1,567,766	109	729,071	96	243,602	93	330,828	78	154,641
\$25,000,000 under \$50,000,000.....	33	892,958	28	456,008	22	130,180	24	242,543	20	83,285
\$50,000,000 under \$100,000,000.....	19	1,155,696	17	675,402	12	207,806	17	323,070	14	144,526
\$100,000,000 or more.....	19	9,170,155	18	5,837,778	16	1,880,684	18	3,321,468	13	635,626
<b>GRANTMAKING FOUNDATIONS</b>										
<b>Total.....</b>	<b>34,499</b>	<b>146,021,079</b>	<b>22,577</b>	<b>107,610,735</b>	<b>11,623</b>	<b>28,269,288</b>	<b>18,652</b>	<b>62,088,764</b>	<b>10,230</b>	<b>17,252,683</b>
Zero or unreported.....	*21	*744	*21	*515	--	--	*21	*309	*21	*206
\$1 under \$100,000.....	10,534	348,223	3,384	99,480	1,198	28,164	2,301	55,137	676	16,178
\$100,000 under \$1,000,000.....	14,149	4,743,773	10,149	2,616,748	4,320	700,018	8,322	1,400,888	4,028	515,842
\$1,000,000 under \$10,000,000.....	7,853	20,012,780	7,157	14,290,291	4,624	4,430,070	6,278	7,107,657	4,120	2,752,564
\$10,000,000 under \$25,000,000.....	1,087	13,339,303	1,040	9,824,156	789	3,002,729	948	4,934,761	740	1,886,665
\$25,000,000 under \$50,000,000.....	404	11,104,826	387	8,418,581	321	2,604,843	359	4,244,577	296	1,569,161
\$50,000,000 under \$100,000,000.....	225	12,579,283	219	9,782,916	182	2,999,640	212	4,995,715	164	1,787,561
\$100,000,000 or more.....	226	83,892,146	221	62,578,048	188	14,503,823	212	39,349,720	185	8,724,505
<b>Grantmaking-nonoperating foundations</b>										
<b>Total.....</b>	<b>32,788</b>	<b>136,933,564</b>	<b>21,903</b>	<b>102,003,587</b>	<b>11,364</b>	<b>26,396,770</b>	<b>18,076</b>	<b>59,043,408</b>	<b>9,961</b>	<b>16,563,410</b>
Zero or unreported.....	*21	*744	*21	*515	--	--	*21	*309	*21	*206
\$1 under \$100,000.....	9,668	319,595	3,213	95,973	1,133	27,313	2,195	52,633	652	16,028
\$100,000 under \$1,000,000.....	13,635	4,527,220	9,892	2,541,034	4,270	684,972	8,082	1,365,081	3,906	490,981
\$1,000,000 under \$10,000,000.....	7,608	19,446,692	6,989	14,039,668	4,548	4,396,078	6,112	6,931,959	4,046	2,711,631
\$10,000,000 under \$25,000,000.....	1,036	12,729,194	993	9,491,971	746	2,865,579	913	4,793,016	711	1,833,376
\$25,000,000 under \$50,000,000.....	387	10,625,400	373	8,174,855	310	2,531,448	347	4,105,948	288	1,537,459
\$50,000,000 under \$100,000,000.....	216	12,032,468	210	9,481,331	176	2,919,699	203	4,833,948	157	1,727,684
\$100,000,000 or more.....	218	77,252,251	213	58,178,239	181	12,971,680	204	36,960,514	179	8,246,045
<b>Grantmaking operating foundations</b>										
<b>Total.....</b>	<b>1,711</b>	<b>9,087,515</b>	<b>674</b>	<b>5,607,147</b>	<b>259</b>	<b>1,872,518</b>	<b>576</b>	<b>3,045,357</b>	<b>269</b>	<b>689,273</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	866	28,628	171	3,507	*65	*852	*106	*2,505	*24	*150
\$100,000 under \$1,000,000.....	514	216,553	257	75,714	*51	*15,046	240	35,807	*122	*24,861
\$1,000,000 under \$10,000,000.....	245	566,088	168	250,623	77	33,992	166	175,698	74	40,933
\$10,000,000 under \$25,000,000.....	52	610,109	47	332,185	43	137,150	35	141,745	29	53,290
\$25,000,000 under \$50,000,000.....	17	479,426	14	243,726	11	73,395	12	138,629	8	31,702
\$50,000,000 under \$100,000,000.....	9	546,815	9	301,585	6	79,941	9	161,767	7	59,877
\$100,000,000 or more.....	8	6,639,895	8	4,399,808	7	1,532,143	8	2,389,206	6	478,460

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total assets (fair market value)		Investments in securities (fair market value)							
	Number of returns	Amount	Total		Government obligations		Corporate stock		Corporate bonds	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)
<b>ALL FOUNDATIONS</b>										
<b>Total.....</b>	<b>41,291</b>	<b>192,207,531</b>	<b>24,344</b>	<b>144,378,998</b>	<b>12,377</b>	<b>30,519,768</b>	<b>20,009</b>	<b>95,190,351</b>	<b>10,949</b>	<b>18,668,879</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	14,733	443,117	3,925	130,585	1,301	32,150	2,636	77,476	861	20,959
\$100,000 under \$1,000,000.....	15,941	5,981,293	10,855	3,305,247	4,564	755,946	8,913	1,980,515	4,306	568,786
\$1,000,000 under \$10,000,000.....	8,531	25,921,651	7,579	18,537,424	4,938	4,942,721	6,623	10,545,703	4,310	3,049,001
\$10,000,000 under \$25,000,000.....	1,180	18,194,523	1,113	13,574,290	849	3,293,743	1,016	8,096,689	796	2,183,858
\$25,000,000 under \$50,000,000.....	428	14,771,809	410	11,312,084	338	2,890,707	377	6,653,592	313	1,767,786
\$50,000,000 under \$100,000,000.....	237	16,362,363	229	12,828,197	189	3,338,103	221	7,543,135	171	1,946,959
\$100,000,000 or more.....	239	110,532,775	233	84,691,169	198	15,266,400	223	60,293,241	193	9,131,529
<b>Nonoperating foundations</b>										
<b>Total.....</b>	<b>37,592</b>	<b>174,433,681</b>	<b>23,117</b>	<b>134,916,247</b>	<b>11,730</b>	<b>27,756,754</b>	<b>18,996</b>	<b>89,708,076</b>	<b>10,428</b>	<b>17,451,417</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	12,915	391,471	3,692	124,360	1,195	30,069	2,489	73,481	858	20,810
\$100,000 under \$1,000,000.....	14,909	5,592,340	10,469	3,201,679	4,473	737,210	8,585	1,926,750	4,150	537,720
\$1,000,000 under \$10,000,000.....	7,883	23,811,681	7,142	17,629,024	4,634	4,702,720	6,237	10,019,162	4,072	2,907,142
\$10,000,000 under \$25,000,000.....	1,053	16,347,985	1,005	12,647,964	753	3,039,392	923	7,585,107	718	2,023,465
\$25,000,000 under \$50,000,000.....	395	13,586,149	382	10,740,345	316	2,754,186	353	6,310,108	293	1,676,052
\$50,000,000 under \$100,000,000.....	218	15,043,901	212	12,056,478	177	3,122,250	204	7,138,193	157	1,796,034
\$100,000,000 or more.....	220	99,660,154	215	78,516,397	182	13,370,927	205	56,655,276	180	8,490,194
<b>Operating foundations</b>										
<b>Total.....</b>	<b>3,699</b>	<b>17,773,850</b>	<b>1,227</b>	<b>9,462,751</b>	<b>647</b>	<b>2,763,014</b>	<b>1,013</b>	<b>5,482,275</b>	<b>522</b>	<b>1,217,462</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,818	51,647	233	6,225	*106	*2,080	*147	*3,995	*3	*149
\$100,000 under \$1,000,000.....	1,033	388,954	386	103,569	*92	*18,736	328	53,766	*156	*31,066
\$1,000,000 under \$10,000,000.....	649	2,109,970	437	908,400	304	240,001	386	526,540	238	141,859
\$10,000,000 under \$25,000,000.....	128	1,846,538	109	926,326	96	254,351	93	511,582	78	160,393
\$25,000,000 under \$50,000,000.....	33	1,185,660	28	571,739	22	136,520	24	343,484	20	91,735
\$50,000,000 under \$100,000,000.....	19	1,318,461	17	771,719	12	215,853	17	404,942	14	150,925
\$100,000,000 or more.....	19	10,872,621	18	6,174,772	16	1,895,472	18	3,637,966	13	641,334
<b>GRANTMAKING FOUNDATIONS</b>										
<b>Total.....</b>	<b>34,479</b>	<b>182,455,683</b>	<b>22,533</b>	<b>139,956,826</b>	<b>11,626</b>	<b>29,480,875</b>	<b>18,630</b>	<b>92,429,741</b>	<b>10,158</b>	<b>18,046,210</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	10,534	364,036	3,343	114,466	1,198	29,713	2,280	68,530	656	16,224
\$100,000 under \$1,000,000.....	14,149	5,368,974	10,166	3,156,633	4,323	729,675	8,343	1,886,364	4,021	540,595
\$1,000,000 under \$10,000,000.....	7,853	23,693,194	7,157	17,729,029	4,624	4,694,322	6,278	10,099,114	4,096	2,935,593
\$10,000,000 under \$25,000,000.....	1,087	16,821,954	1,040	12,928,757	789	3,160,582	948	7,709,531	740	2,058,645
\$25,000,000 under \$50,000,000.....	404	13,943,935	388	10,914,183	321	2,776,187	359	6,458,899	296	1,679,097
\$50,000,000 under \$100,000,000.....	225	15,531,611	219	12,341,162	182	3,197,798	212	7,284,879	164	1,858,485
\$100,000,000 or more.....	226	106,731,979	221	82,772,596	188	14,892,599	211	58,922,425	185	8,957,572
<b>Grantmaking-nonoperating foundations</b>										
<b>Total.....</b>	<b>32,767</b>	<b>172,121,174</b>	<b>21,880</b>	<b>133,916,633</b>	<b>11,367</b>	<b>27,590,092</b>	<b>18,054</b>	<b>88,986,214</b>	<b>9,909</b>	<b>17,340,327</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	9,668	335,147	3,192	110,671	1,133	28,810	2,174	65,786	652	16,075
\$100,000 under \$1,000,000.....	13,635	5,135,198	9,909	3,065,395	4,273	714,028	8,103	1,837,286	3,900	514,081
\$1,000,000 under \$10,000,000.....	7,608	23,013,268	6,989	17,394,415	4,548	4,658,428	6,112	9,843,637	4,022	2,892,350
\$10,000,000 under \$25,000,000.....	1,036	16,067,751	993	12,499,210	746	3,018,631	913	7,477,072	711	2,003,506
\$25,000,000 under \$50,000,000.....	387	13,324,457	374	10,607,199	310	2,698,761	347	6,266,856	288	1,641,582
\$50,000,000 under \$100,000,000.....	216	14,891,595	210	11,978,720	176	3,116,014	203	7,066,671	157	1,796,034
\$100,000,000 or more.....	218	99,353,757	213	78,261,024	181	13,355,419	203	56,428,906	179	8,476,699
<b>Grantmaking operating foundations</b>										
<b>Total.....</b>	<b>1,711</b>	<b>10,334,509</b>	<b>653</b>	<b>6,040,193</b>	<b>259</b>	<b>1,890,783</b>	<b>576</b>	<b>3,443,527</b>	<b>249</b>	<b>705,883</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	866	28,889	*150	*3,795	*65	*902	*106	*2,744	*3	*149
\$100,000 under \$1,000,000.....	514	233,776	257	91,239	*51	*15,647	240	49,078	*122	*26,514
\$1,000,000 under \$10,000,000.....	245	679,926	168	334,614	77	35,894	166	255,476	74	43,243
\$10,000,000 under \$25,000,000.....	52	754,202	47	429,547	43	141,951	35	232,458	29	55,138
\$25,000,000 under \$50,000,000.....	17	619,478	14	306,984	11	77,426	12	192,043	8	37,515
\$50,000,000 under \$100,000,000.....	9	640,015	9	362,442	6	81,784	9	218,208	7	62,450
\$100,000,000 or more.....	8	7,378,222	8	4,511,572	7	1,537,180	8	2,493,520	6	480,873

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Net worth (book value)		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(45)	(46)	(47)	(48)	(49)	(50)
<b>ALL FOUNDATIONS</b>						
<b>Total.....</b>	<b>41,388</b>	<b>147,232,004</b>	<b>40,261</b>	<b>8,223,186</b>	<b>36,699</b>	<b>7,590,639</b>
Zero or unreported.....	148	43,390	552	1,362	511	1,291
\$1 under \$100,000.....	14,707	399,344	13,449	21,631	11,733	20,099
\$100,000 under \$1,000,000.....	15,924	5,136,059	15,691	269,374	14,733	274,368
\$1,000,000 under \$10,000,000.....	8,524	21,164,376	8,504	1,157,276	7,855	1,079,371
\$10,000,000 under \$25,000,000.....	1,180	14,156,191	1,175	809,558	1,049	738,281
\$25,000,000 under \$50,000,000.....	428	11,402,994	426	668,604	392	619,103
\$50,000,000 under \$100,000,000.....	237	12,987,051	232	730,107	213	672,725
\$100,000,000 or more.....	239	81,942,600	233	4,565,275	214	4,185,400
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>37,710</b>	<b>133,611,418</b>	<b>36,796</b>	<b>7,683,200</b>	<b>36,699</b>	<b>7,590,639</b>
Zero or unreported.....	148	43,390	511	1,319	511	1,291
\$1 under \$100,000.....	12,909	352,911	11,795	19,483	11,733	20,099
\$100,000 under \$1,000,000.....	14,892	4,800,194	14,767	256,216	14,733	274,368
\$1,000,000 under \$10,000,000.....	7,876	19,639,150	7,855	1,093,233	7,855	1,079,371
\$10,000,000 under \$25,000,000.....	1,053	12,690,366	1,049	753,270	1,049	738,281
\$25,000,000 under \$50,000,000.....	395	10,570,653	393	629,753	392	619,103
\$50,000,000 under \$100,000,000.....	218	11,936,226	213	688,569	213	672,725
\$100,000,000 or more.....	220	73,578,529	214	4,241,357	214	4,185,400
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,678</b>	<b>13,620,586</b>	<b>3,466</b>	<b>539,986</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	*41	*44	N/A	N/A
\$1 under \$100,000.....	1,798	46,433	1,654	2,147	N/A	N/A
\$100,000 under \$1,000,000.....	1,033	335,865	924	13,157	N/A	N/A
\$1,000,000 under \$10,000,000.....	649	1,525,226	649	64,043	N/A	N/A
\$10,000,000 under \$25,000,000.....	128	1,465,825	127	56,288	N/A	N/A
\$25,000,000 under \$50,000,000.....	33	832,341	33	38,852	N/A	N/A
\$50,000,000 unde \$100,000,000.....	19	1,050,825	19	41,538	N/A	N/A
\$100,000,000 or more.....	19	8,364,071	19	323,917	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total.....</b>	<b>34,468</b>	<b>140,670,939</b>	<b>34,470</b>	<b>7,969,495</b>	<b>32,741</b>	<b>7,534,679</b>
Zero or unreported.....	*21	*744	486	1,180	465	1,112
\$1 under \$100,000.....	10,510	324,370	10,092	18,969	9,247	18,242
\$100,000 under \$1,000,000.....	14,149	4,648,357	14,108	254,308	13,577	254,831
\$1,000,000 under \$10,000,000.....	7,846	19,719,124	7,853	1,098,457	7,608	1,061,979
\$10,000,000 under \$25,000,000.....	1,087	13,039,771	1,085	772,749	1,034	732,137
\$25,000,000 under \$50,000,000.....	404	10,842,764	403	642,606	385	612,893
\$50,000,000 under \$100,000,000.....	225	12,405,657	221	707,941	212	671,990
\$100,000,000 or more.....	226	79,690,153	221	4,473,284	213	4,181,495
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>32,778</b>	<b>131,990,060</b>	<b>32,797</b>	<b>7,633,567</b>	<b>32,741</b>	<b>7,534,679</b>
Zero or unreported.....	*21	*744	465	1,137	465	1,112
\$1 under \$100,000.....	9,665	299,364	9,268	17,690	9,247	18,242
\$100,000 under \$1,000,000.....	13,635	4,445,608	13,611	244,432	13,577	254,831
\$1,000,000 under \$10,000,000.....	7,601	19,209,989	7,608	1,074,734	7,608	1,061,979
\$10,000,000 under \$25,000,000.....	1,036	12,461,454	1,034	746,966	1,034	732,137
\$25,000,000 under \$50,000,000.....	387	10,389,638	386	623,441	385	612,893
\$50,000,000 under \$100,000,000.....	216	11,869,950	212	687,830	212	671,990
\$100,000,000 or more.....	218	73,313,312	213	4,237,337	213	4,181,495
<b>Grantmaking operating foundations</b>						
<b>Total.....</b>	<b>1,691</b>	<b>8,680,878</b>	<b>1,674</b>	<b>335,928</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	*21	*44	N/A	N/A
\$1 under \$100,000.....	845	25,005	825	1,279	N/A	N/A
\$100,000 under \$1,000,000.....	514	202,749	497	9,875	N/A	N/A
\$1,000,000 under \$10,000,000.....	245	509,134	245	23,723	N/A	N/A
\$10,000,000 under \$25,000,000.....	52	578,316	52	25,783	N/A	N/A
\$25,000,000 under \$50,000,000.....	17	453,126	17	19,165	N/A	N/A
\$50,000,000 unde \$100,000,000.....	9	535,707	9	20,111	N/A	N/A
\$100,000,000 or more.....	8	6,376,841	8	235,947	N/A	N/A

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1992		Excess distributions carryover to 1993	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL FOUNDATIONS</b>						
<b>Total.....</b>	<b>39,306</b>	<b>12,592,243</b>	<b>8,980</b>	<b>2,034,620</b>	<b>28,703</b>	<b>14,700,506</b>
Zero or unreported.....	887	119,676	*25	*178	*777	*423,918
\$1 under \$100,000.....	12,644	407,260	2,235	2,206	10,059	1,536,105
\$100,000 under \$1,000,000.....	15,318	974,517	3,478	45,336	11,393	2,714,192
\$1,000,000 under \$10,000,000.....	8,389	2,289,096	2,521	229,187	5,339	4,266,424
\$10,000,000 under \$25,000,000.....	1,173	1,528,250	358	156,924	682	1,905,534
\$25,000,000 under \$50,000,000.....	426	1,047,102	165	170,294	224	1,217,947
\$50,000,000 under \$100,000,000.....	232	1,005,745	91	201,596	121	1,011,435
\$100,000,000 or more.....	236	5,220,598	106	1,228,899	107	1,624,952
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>35,981</b>	<b>11,292,616</b>	<b>8,980</b>	<b>2,034,620</b>	<b>28,703</b>	<b>14,700,506</b>
Zero or unreported.....	799	116,244	*25	*178	*777	*423,918
\$1 under \$100,000.....	11,182	360,806	2,235	2,206	10,059	1,536,105
\$100,000 under \$1,000,000.....	14,353	898,181	3,478	45,336	11,393	2,714,192
\$1,000,000 under \$10,000,000.....	7,776	1,968,175	2,521	229,187	5,339	4,266,424
\$10,000,000 under \$25,000,000.....	1,049	1,322,491	358	156,924	682	1,905,534
\$25,000,000 under \$50,000,000.....	393	882,244	165	170,294	224	1,217,947
\$50,000,000 under \$100,000,000.....	213	932,669	91	201,596	121	1,011,435
\$100,000,000 or more.....	217	4,811,806	106	1,228,899	107	1,624,952
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,325</b>	<b>1,299,627</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*89	*3,432	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,462	46,453	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	965	76,336	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	613	320,921	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	125	205,759	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	33	164,858	N/A	N/A	N/A	N/A
\$50,000,000 unde \$100,000,000.....	19	73,076	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	19	408,792	N/A	N/A	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total.....</b>	<b>35,190</b>	<b>11,932,043</b>	<b>7,028</b>	<b>2,017,448</b>	<b>26,230</b>	<b>14,262,269</b>
Zero or unreported.....	719	118,391	--	--	633	422,773
\$1 under \$100,000.....	10,534	349,111	1,078	1,494	8,504	1,429,594
\$100,000 under \$1,000,000.....	14,149	917,514	2,848	39,353	10,767	2,612,691
\$1,000,000 under \$10,000,000.....	7,853	2,115,609	2,390	222,061	5,209	4,101,843
\$10,000,000 under \$25,000,000.....	1,086	1,369,057	351	154,747	672	1,882,030
\$25,000,000 under \$50,000,000.....	404	988,065	164	169,298	218	1,182,497
\$50,000,000 under \$100,000,000.....	221	956,489	91	201,596	120	1,008,413
\$100,000,000 or more.....	224	5,117,808	106	1,228,899	106	1,622,427
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>33,414</b>	<b>11,164,973</b>	<b>7,028</b>	<b>2,017,448</b>	<b>26,230</b>	<b>14,262,269</b>
Zero or unreported.....	654	116,045	--	--	633	422,773
\$1 under \$100,000.....	9,668	330,272	1,078	1,494	8,504	1,429,594
\$100,000 under \$1,000,000.....	13,635	862,008	2,848	39,353	10,767	2,612,691
\$1,000,000 under \$10,000,000.....	7,608	1,942,137	2,390	222,061	5,209	4,101,843
\$10,000,000 under \$25,000,000.....	1,035	1,306,417	351	154,747	672	1,882,030
\$25,000,000 under \$50,000,000.....	387	870,651	164	169,298	218	1,182,497
\$50,000,000 under \$100,000,000.....	212	928,911	91	201,596	120	1,008,413
\$100,000,000 or more.....	216	4,808,532	106	1,228,899	106	1,622,427
<b>Grantmaking operating foundations</b>						
<b>Total.....</b>	<b>1,776</b>	<b>767,070</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	65	2,347	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	866	18,839	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	514	55,506	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	245	173,472	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	52	62,640	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	17	117,413	N/A	N/A	N/A	N/A
\$50,000,000 unde \$100,000,000.....	9	27,578	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	8	309,276	N/A	N/A	N/A	N/A

N/A - not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1992 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 3) because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

<sup>2</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.

Private Foundations and Charitable Trusts, 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
				Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (less loss) from sales of assets	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>ALL CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,932</b>	<b>2,909</b>	<b>346,797</b>	<b>411</b>	<b>63,265</b>	<b>2,514</b>	<b>120,056</b>	<b>2,028</b>	<b>126,066</b>
Zero or unreported.....	36	36	280	*10	*(')	*26	*87	*23	*183
\$1 under \$100,000.....	964	940	5,178	123	2,024	682	1,692	480	907
\$100,000 under \$500,000.....	1,078	1,078	24,988	148	3,078	977	10,582	807	8,481
\$500,000 under \$1,000,000.....	323	323	20,078	*32	*3,024	312	9,954	270	4,729
\$1,000,000 under \$10,000,000.....	486	486	162,664	90	51,333	471	51,980	407	44,756
\$10,000,000 or more.....	47	47	133,609	9	3,806	46	45,760	41	67,010
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,902</b>	<b>2,878</b>	<b>341,009</b>	<b>401</b>	<b>62,709</b>	<b>2,490</b>	<b>119,380</b>	<b>2,015</b>	<b>125,657</b>
Zero or unreported.....	36	36	280	*10	*(')	*26	*87	*23	*183
\$1 under \$100,000.....	954	930	4,825	119	1,703	678	1,691	480	907
\$100,000 under \$500,000.....	1,070	1,070	24,930	148	3,078	970	10,517	800	8,489
\$500,000 under \$1,000,000.....	319	319	19,812	*32	*3,024	308	9,826	266	4,594
\$1,000,000 under \$10,000,000.....	477	477	158,174	83	51,098	462	51,707	406	44,678
\$10,000,000 or more.....	46	46	132,989	9	3,806	45	45,551	40	66,806
<b>Operating trusts</b>									
<b>Total.....</b>	<b>30</b>	<b>30</b>	<b>5,787</b>	<b>*10</b>	<b>*556</b>	<b>*24</b>	<b>*676</b>	<b>*13</b>	<b>*409</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*10	*353	*3	*321	*3	*(')	--	--
\$100,000 under \$500,000.....	*7	*7	*58	--	--	*7	*65	*7	*-8
\$500,000 under \$1,000,000.....	*4	*4	*266	--	--	*4	*128	*4	*134
\$1,000,000 under \$10,000,000.....	9	9	4,490	7	235	9	274	1	79
\$10,000,000 or more.....	1	1	620	--	--	1	209	1	204
<b>GRANTMAKING CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,706</b>	<b>2,706</b>	<b>317,132</b>	<b>351</b>	<b>58,656</b>	<b>2,385</b>	<b>115,865</b>	<b>1,931</b>	<b>111,992</b>
Zero or unreported.....	32	32	184	*10	*(')	*22	*47	*19	*129
\$1 under \$100,000.....	825	825	4,195	83	1,203	633	1,612	444	863
\$100,000 under \$500,000.....	1,038	1,038	23,752	137	2,639	945	10,250	778	8,367
\$500,000 under \$1,000,000.....	316	316	19,755	*32	*3,024	305	9,769	266	4,594
\$1,000,000 under \$10,000,000.....	450	450	151,347	80	47,984	435	49,876	384	43,321
\$10,000,000 or more.....	45	45	117,899	9	3,806	44	44,312	39	54,716
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,691</b>	<b>2,691</b>	<b>316,118</b>	<b>347</b>	<b>58,335</b>	<b>2,377</b>	<b>115,616</b>	<b>1,926</b>	<b>111,787</b>
Zero or unreported.....	32	32	184	*10	*(')	*22	*47	*19	*129
\$1 under \$100,000.....	815	815	3,842	80	882	630	1,612	444	863
\$100,000 under \$500,000.....	1,035	1,035	23,712	137	2,639	941	10,210	775	8,367
\$500,000 under \$1,000,000.....	316	316	19,755	*32	*3,024	305	9,769	266	4,594
\$1,000,000 under \$10,000,000.....	450	450	151,347	80	47,984	435	49,876	384	43,321
\$10,000,000 or more.....	44	44	117,279	9	3,806	43	44,102	38	54,512
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>*14</b>	<b>*14</b>	<b>*1,014</b>	<b>*3</b>	<b>*321</b>	<b>*8</b>	<b>*250</b>	<b>*5</b>	<b>*204</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*10	*353	*3	*321	*3	*(')	--	--
\$100,000 under \$500,000.....	*4	*4	*41	--	--	*4	*40	*4	*(')
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	1	620	--	--	1	209	1	204

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,895</b>	<b>191,202</b>	<b>2,882</b>	<b>155,594</b>	<b>2,807</b>	<b>252,784</b>	<b>2,837</b>	<b>164,428</b>
Zero or unreported.....	36	1,741	36	-1,461	32	218	36	1,718
\$1 under \$100,000.....	927	5,115	917	64	852	3,098	908	4,653
\$100,000 under \$500,000.....	1,078	19,558	1,074	5,430	1,070	20,665	1,056	16,794
\$500,000 under \$1,000,000.....	323	14,083	323	5,994	323	16,741	316	11,526
\$1,000,000 under \$10,000,000.....	485	73,678	485	88,985	482	97,343	475	60,016
\$10,000,000 or more.....	47	77,026	47	56,583	47	114,719	47	69,720
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,864</b>	<b>185,552</b>	<b>2,851</b>	<b>155,458</b>	<b>2,777</b>	<b>251,370</b>	<b>2,822</b>	<b>161,904</b>
Zero or unreported.....	36	1,741	36	-1,461	32	218	36	1,718
\$1 under \$100,000.....	917	4,109	908	716	843	3,067	898	3,650
\$100,000 under \$500,000.....	1,070	19,509	1,067	5,421	1,063	20,613	1,052	16,759
\$500,000 under \$1,000,000.....	319	13,918	319	5,895	319	16,494	316	11,526
\$1,000,000 under \$10,000,000.....	476	70,459	476	87,714	473	96,594	474	59,457
\$10,000,000 or more.....	46	75,815	46	57,174	46	114,384	46	68,794
<b>Operating trusts</b>								
<b>Total.....</b>	<b>30</b>	<b>*5,651</b>	<b>30</b>	<b>137</b>	<b>30</b>	<b>1,414</b>	<b>15</b>	<b>2,524</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,006	*10	*-652	*10	*31	*10	*1,004
\$100,000 under \$500,000.....	*7	*49	*7	*9	*7	*52	*4	*34
\$500,000 under \$1,000,000.....	*4	*166	*4	*100	*4	*247	--	--
\$1,000,000 under \$10,000,000.....	9	3,219	9	1,271	9	749	1	559
\$10,000,000 or more.....	1	1,211	1	-591	1	335	1	926
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,706</b>	<b>184,454</b>	<b>2,679</b>	<b>132,678</b>	<b>2,648</b>	<b>232,067</b>	<b>2,706</b>	<b>162,303</b>
Zero or unreported.....	32	1,738	32	-1,553	*29	*125	32	1,717
\$1 under \$100,000.....	825	4,796	802	-601	777	2,954	825	4,368
\$100,000 under \$500,000.....	1,038	19,165	1,035	4,587	1,035	20,034	1,038	16,772
\$500,000 under \$1,000,000.....	316	13,894	316	5,860	316	16,460	316	11,526
\$1,000,000 under \$10,000,000.....	450	69,028	449	82,319	446	92,978	450	58,560
\$10,000,000 or more.....	45	75,832	45	42,067	45	99,516	45	69,359
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,691</b>	<b>182,196</b>	<b>2,664</b>	<b>133,922</b>	<b>2,633</b>	<b>231,668</b>	<b>2,691</b>	<b>160,338</b>
Zero or unreported.....	32	1,738	32	-1,553	*29	*125	32	1,717
\$1 under \$100,000.....	815	3,791	793	51	768	2,923	815	3,364
\$100,000 under \$500,000.....	1,035	19,124	1,031	4,588	1,031	20,000	1,035	16,738
\$500,000 under \$1,000,000.....	316	13,894	316	5,860	316	16,460	316	11,526
\$1,000,000 under \$10,000,000.....	450	69,028	449	82,319	446	92,978	450	58,560
\$10,000,000 or more.....	44	74,621	44	42,657	44	99,181	44	68,433
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*14</b>	<b>*2,258</b>	<b>*14</b>	<b>*-1,244</b>	<b>*14</b>	<b>*399</b>	<b>*14</b>	<b>*1,964</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,006	*10	*-652	*10	*31	*10	*1,004
\$100,000 under \$500,000.....	*4	*42	*4	*-1	*4	*33	*4	*34
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	1,211	1	-591	1	335	1	926

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on net investment income				
	Number of returns	Amount	Total	Domestic trusts		Foreign trusts	
				Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>ALL CHARITABLE TRUSTS</b>							
<b>Total.....</b>	<b>2,706</b>	<b>154,636</b>	<b>4,340</b>	<b>2,929</b>	<b>4,334</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	4	36	4	--	--
\$1 under \$100,000.....	825	4,101	56	964	56	--	--
\$100,000 under \$500,000.....	1,038	15,780	380	1,078	380	--	--
\$500,000 under \$1,000,000.....	316	11,020	308	323	308	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,640	482	1,623	4	5
\$10,000,000 or more.....	45	66,405	1,953	47	1,953	--	--
<b>Nonoperating trusts</b>							
<b>Total.....</b>	<b>2,691</b>	<b>153,011</b>	<b>4,315</b>	<b>2,898</b>	<b>4,310</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	4	36	4	--	--
\$1 under \$100,000.....	815	3,098	55	954	55	--	--
\$100,000 under \$500,000.....	1,035	15,746	379	1,070	379	--	--
\$500,000 under \$1,000,000.....	316	11,020	303	319	303	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,628	473	1,623	4	5
\$10,000,000 or more.....	44	65,817	1,946	46	1,946	--	--
<b>Operating trusts</b>							
<b>Total.....</b>	<b>*14</b>	<b>*1,625</b>	<b>25</b>	<b>30</b>	<b>25</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,003	*1	*10	*1	--	--
\$100,000 under \$500,000.....	*4	*34	*1	*7	*1	--	--
\$500,000 under \$1,000,000.....	--	--	*5	*4	*5	--	--
\$1,000,000 under \$10,000,000.....	--	--	12	9	12	--	--
\$10,000,000 or more.....	1	589	7	1	7	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>							
<b>Total.....</b>	<b>2,706</b>	<b>154,636</b>	<b>3,943</b>	<b>2,702</b>	<b>3,938</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	2	32	2	--	--
\$1 under \$100,000.....	825	4,101	53	825	53	--	--
\$100,000 under \$500,000.....	1,038	15,780	368	1,038	368	--	--
\$500,000 under \$1,000,000.....	316	11,020	303	316	303	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,569	446	1,563	4	5
\$10,000,000 or more.....	45	66,405	1,649	45	1,649	--	--
<b>Grantmaking-nonoperating trusts</b>							
<b>Total.....</b>	<b>2,691</b>	<b>153,011</b>	<b>3,935</b>	<b>2,688</b>	<b>3,930</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	2	32	2	--	--
\$1 under \$100,000.....	815	3,098	52	815	52	--	--
\$100,000 under \$500,000.....	1,035	15,746	368	1,035	368	--	--
\$500,000 under \$1,000,000.....	316	11,020	303	316	303	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,569	446	1,563	4	5
\$10,000,000 or more.....	44	65,817	1,642	44	1,642	--	--
<b>Grantmaking-operating trusts</b>							
<b>Total.....</b>	<b>*14</b>	<b>*1,625</b>	<b>*8</b>	<b>*14</b>	<b>*8</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,003	*1	*10	*1	--	--
\$100,000 under \$500,000.....	*4	*34	*1	*4	*1	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	589	7	1	7	--	--

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total assets (book value)		Investments in securities (book value)							
			Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
<b>ALL CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,880</b>	<b>2,417,064</b>	<b>1,814</b>	<b>1,629,008</b>	<b>958</b>	<b>391,688</b>	<b>1,451</b>	<b>882,933</b>	<b>831</b>	<b>354,387</b>
Zero or unreported.....	*4	*824	*4	*757	--	--	*4	*374	*4	*383
\$1 under \$100,000.....	943	34,958	460	15,186	166	4,272	296	7,520	159	3,395
\$100,000 under \$500,000.....	1,078	219,222	666	102,071	342	23,797	523	53,547	301	24,728
\$500,000 under \$1,000,000.....	323	177,321	204	86,664	143	25,872	190	45,117	121	15,675
\$1,000,000 under \$10,000,000.....	486	978,108	434	672,848	273	166,034	396	402,694	215	104,120
\$10,000,000 or more.....	47	1,006,632	46	751,482	33	171,713	43	373,682	32	206,087
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,849</b>	<b>2,391,162</b>	<b>1,800</b>	<b>1,621,251</b>	<b>953</b>	<b>390,072</b>	<b>1,438</b>	<b>879,472</b>	<b>821</b>	<b>351,707</b>
Zero or unreported.....	*4	*824	*4	*757	--	--	*4	*374	*4	*383
\$1 under \$100,000.....	933	34,652	457	15,106	166	4,272	292	7,439	159	3,395
\$100,000 under \$500,000.....	1,070	218,142	662	101,576	342	23,797	520	53,319	297	24,459
\$500,000 under \$1,000,000.....	319	174,511	200	84,526	140	25,692	186	44,660	117	14,173
\$1,000,000 under \$10,000,000.....	477	963,103	432	670,104	271	164,597	394	402,225	213	103,282
\$10,000,000 or more.....	46	999,930	45	749,182	33	171,713	42	371,454	31	206,015
<b>Operating trusts</b>										
<b>Total.....</b>	<b>30</b>	<b>25,902</b>	<b>13</b>	<b>7,757</b>	<b>*6</b>	<b>*1,616</b>	<b>*13</b>	<b>*3,461</b>	<b>*10</b>	<b>*26,80</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*305	3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*7	*1080	*4	*496	--	--	*4	*227	*4	*268
\$500,000 under \$1,000,000.....	*4	*2809	*4	*2,138	*4	*179	*4	*457	*4	*1502
\$1,000,000 under \$10,000,000.....	9	15,005	2	2,744	2	1,436	2	469	2	838
\$10,000,000 or more.....	1	6,702	1	2,300	--	--	1	2,228	1	72
<b>GRANTMAKING CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,674</b>	<b>2,266,776</b>	<b>1,712</b>	<b>1,514,421</b>	<b>905</b>	<b>359,585</b>	<b>1,373</b>	<b>841,611</b>	<b>779</b>	<b>313,226</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	825	31,792	412	14,007	150	3,861	267	6,917	146	3,229
\$100,000 under \$500,000.....	1,038	209,974	652	100,372	335	23,419	512	53,104	293	23,849
\$500,000 under \$1,000,000.....	316	171,314	197	81,450	136	24,346	183	42,931	117	14,173
\$1,000,000 under \$10,000,000.....	450	924,697	407	644,170	251	156,956	370	389,341	191	97,874
\$10,000,000 or more.....	45	928,999	44	674,422	32	151,003	41	349,318	31	174,101
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,659</b>	<b>2,259,228</b>	<b>1,707</b>	<b>1,512,041</b>	<b>905</b>	<b>359,585</b>	<b>1,369</b>	<b>839,302</b>	<b>778</b>	<b>313,154</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	815	31,487	409	13,927	150	3,861	263	6,837	146	3,229
\$100,000 under \$500,000.....	1,035	209,434	652	100,372	335	23,419	512	53,104	293	23,849
\$500,000 under \$1,000,000.....	316	171,314	197	81,450	136	24,346	183	42,931	117	14,173
\$1,000,000 under \$10,000,000.....	450	924,697	407	644,170	251	156,956	370	389,341	191	97,874
\$10,000,000 or more.....	44	922,297	43	672,122	32	151,003	40	347,090	30	174,029
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>*14</b>	<b>*7548</b>	<b>*4</b>	<b>*2,380</b>	<b>--</b>	<b>--</b>	<b>*4</b>	<b>*2,308</b>	<b>1</b>	<b>72</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*305	*3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*4	*540	--	--	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	6,702	1	2,300	--	--	1	2,228	1	72

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Investments in securities (fair market value)							
	Number of returns	Amount	Total		Government obligations		Corporate stock		Corporate bonds	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)
<b>ALL CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,897</b>	<b>3,130,730</b>	<b>1,810</b>	<b>2,174,484</b>	<b>965</b>	<b>413,858</b>	<b>1,451</b>	<b>1,379,155</b>	<b>820</b>	<b>381,472</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	964	38,899	460	17,132	166	4,482	296	8,920	159	3,730
\$100,000 under \$500,000.....	1,078	267,241	666	130,373	346	25,198	526	77,876	297	27,299
\$500,000 under \$1,000,000.....	323	232,048	204	114,464	143	27,176	190	70,799	121	16,488
\$1,000,000 under \$10,000,000.....	486	1,239,955	434	866,089	277	175,914	396	578,162	212	112,012
\$10,000,000 or more.....	47	1,352,587	46	1,046,426	33	181,087	43	643,398	32	221,942
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,866</b>	<b>3,093,173</b>	<b>1,797</b>	<b>2,163,905</b>	<b>959</b>	<b>412,197</b>	<b>1,437</b>	<b>1,372,909</b>	<b>810</b>	<b>378,800</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	954	38,591	457	17,052	166	4,482	292	8,840	159	3,730
\$100,000 under \$500,000.....	1,070	266,116	662	129,875	346	25,198	523	77,659	294	27,019
\$500,000 under \$1,000,000.....	319	229,175	200	112,262	140	26,985	186	70,302	117	14,975
\$1,000,000 under \$10,000,000.....	477	1,223,114	432	863,271	275	174,444	394	577,659	210	111,167
\$10,000,000 or more.....	46	1,336,177	45	1,041,444	33	181,087	42	638,449	31	221,908
<b>Operating trusts</b>										
<b>Total.....</b>	<b>30</b>	<b>37,557</b>	<b>*13</b>	<b>*10,579</b>	<b>*6</b>	<b>*1,661</b>	<b>*13</b>	<b>*6,246</b>	<b>*10</b>	<b>*2,672</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*308	*3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*7	*1,125	*4	*497	--	--	*4	*217	*4	*280
\$500,000 under \$1,000,000.....	*4	*2872	*4	*2,201	*4	*191	*4	*497	*4	*1,513
\$1,000,000 under \$10,000,000.....	9	16,841	2	2,818	2	1,470	2	503	2	845
\$10,000,000 or more.....	1	16,410	1	4,982	--	--	1	4,949	1	33
<b>GRANTMAKING CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,674</b>	<b>2,951,247</b>	<b>1,712</b>	<b>2,038,953</b>	<b>912</b>	<b>380,463</b>	<b>1,376</b>	<b>1,319,459</b>	<b>772</b>	<b>339,032</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	825	35,543	412	15,818	150	4,072	267	8,202	146	3,544
\$100,000 under \$500,000.....	1,038	256,142	652	127,985	338	24,817	516	76,862	290	26,305
\$500,000 under \$1,000,000.....	316	225,638	197	108,847	136	25,615	183	68,256	117	14,975
\$1,000,000 under \$10,000,000.....	450	1,172,864	407	830,831	255	166,520	370	558,788	188	105,523
\$10,000,000 or more.....	45	1,261,060	44	955,473	32	159,438	41	607,351	31	188,684
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,659</b>	<b>2,933,946</b>	<b>1,707</b>	<b>2,033,891</b>	<b>912</b>	<b>380,463</b>	<b>1,372</b>	<b>1,314,430</b>	<b>771</b>	<b>338,999</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	815	35,236	409	15,737	150	4,072	263	8,121	146	3,544
\$100,000 under \$500,000.....	1,035	255,558	652	127,985	338	24,817	516	76,862	290	26,305
\$500,000 under \$1,000,000.....	316	225,638	197	108,847	136	25,615	183	68,256	117	14,975
\$1,000,000 under \$10,000,000.....	450	1,172,864	407	830,831	255	166,520	370	558,788	188	105,523
\$10,000,000 or more.....	44	1,244,650	43	950,491	32	159,438	40	602,402	30	188,651
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>*14</b>	<b>*17,301</b>	<b>*4</b>	<b>*5,062</b>	<b>--</b>	<b>--</b>	<b>*4</b>	<b>*5,029</b>	<b>1</b>	<b>33</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*308	*3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*4	*584	--	--	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	16,410	1	4,982	--	--	1	4,949	1	33

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Net worth (book value)		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(45)	(46)	(47)	(48)	(49)	(50)
<b>ALL CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,876</b>	<b>2,407,824</b>	<b>2,888</b>	<b>147,795</b>	<b>2,850</b>	<b>134,891</b>
Zero or unreported.....	*4	*824	36	107	36	103
\$1 under \$100,000.....	940	34,844	923	1,872	906	1,812
\$100,000 under \$500,000.....	1,078	218,947	1,074	12,908	1,067	12,497
\$500,000 under \$1,000,000.....	323	176,859	323	11,219	319	10,727
\$1,000,000 under \$10,000,000.....	486	972,318	486	58,528	477	55,738
\$10,000,000 or more.....	47	1,004,033	47	63,162	45	54,014
<b>Nonoperating trusts</b>						
<b>Total.....</b>	<b>2,846</b>	<b>2,385,829</b>	<b>2,857</b>	<b>146,415</b>	<b>2,850</b>	<b>134,891</b>
Zero or unreported.....	*4	*824	36	107	36	103
\$1 under \$100,000.....	930	34,539	913	1,867	906	1,812
\$100,000 under \$500,000.....	1,070	217,867	1,067	12,853	1,067	12,497
\$500,000 under \$1,000,000.....	319	174,239	319	11,087	319	10,727
\$1,000,000 under \$10,000,000.....	477	959,157	477	58,019	477	55,738
\$10,000,000 or more.....	46	999,204	46	62,483	45	54,014
<b>Operating trusts</b>						
<b>Total.....</b>	<b>30</b>	<b>21,995</b>	<b>30</b>	<b>1,380</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	*10	*305	*10	*5	N/A	N/A
\$100,000 under \$500,000.....	*7	*1,080	*7	*54	N/A	N/A
\$500,000 under \$1,000,000.....	*4	*2,619	*4	*132	N/A	N/A
\$1,000,000 under \$10,000,000.....	9	13,161	9	509	N/A	N/A
\$10,000,000 or more.....	1	4,829	1	679	N/A	N/A
<b>GRANTMAKING CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,670</b>	<b>2,259,864</b>	<b>2,685</b>	<b>139,620</b>	<b>2,668</b>	<b>131,006</b>
Zero or unreported.....	--	--	32	50	32	49
\$1 under \$100,000.....	822	31,678	804	1,722	791	1,666
\$100,000 under \$500,000.....	1,038	209,840	1,038	12,432	1,035	12,071
\$500,000 under \$1,000,000.....	316	171,043	316	10,904	316	10,510
\$1,000,000 under \$10,000,000.....	450	920,768	450	55,849	450	53,905
\$10,000,000 or more.....	45	926,535	45	58,662	44	52,804
<b>Grantmaking-nonoperating trusts</b>						
<b>Total.....</b>	<b>2,656</b>	<b>2,254,189</b>	<b>2,671</b>	<b>138,907</b>	<b>2,668</b>	<b>131,006</b>
Zero or unreported.....	--	--	32	50	32	49
\$1 under \$100,000.....	812	31,373	795	1,717	791	1,666
\$100,000 under \$500,000.....	1,035	209,300	1,035	12,404	1,035	12,071
\$500,000 under \$1,000,000.....	316	171,043	316	10,904	316	10,510
\$1,000,000 under \$10,000,000.....	450	920,768	450	55,849	450	53,905
\$10,000,000 or more.....	44	921,706	44	57,983	44	52,804
<b>Grantmaking-operating trusts</b>						
<b>Total.....</b>	<b>*14</b>	<b>*5,675</b>	<b>*14</b>	<b>*713</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	*10	*305	*10	*5	N/A	N/A
\$100,000 under \$500,000.....	*4	*540	*4	*29	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	--	--	N/A	N/A
\$1,000,000 under \$10,000,000.....	--	--	--	--	N/A	N/A
\$10,000,000 or more.....	1	4,829	1	679	N/A	N/A

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1992		Excess distributions carryover to 1993	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,838</b>	<b>166,331</b>	<b>804</b>	<b>29,578</b>	<b>2,071</b>	<b>160,042</b>
Zero or unreported.....	36	1,718	*4	*35	32	1,812
\$1 under \$100,000.....	908	4,653	211	192	722	8,141
\$100,000 under \$500,000.....	1,056	16,794	300	2,183	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	86	1,289	233	10,813
\$1,000,000 under \$10,000,000.....	476	61,918	188	14,011	287	47,431
\$10,000,000 or more.....	47	69,722	15	11,867	30	73,712
<b>Nonoperating trusts</b>						
<b>Total.....</b>	<b>2,823</b>	<b>163,808</b>	<b>804</b>	<b>29,578</b>	<b>2,071</b>	<b>160,042</b>
Zero or unreported.....	36	1,718	*4	*35	32	1,812
\$1 under \$100,000.....	898	3,650	211	192	722	8,141
\$100,000 under \$500,000.....	1,052	16,759	300	2,183	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	86	1,289	233	10,813
\$1,000,000 under \$10,000,000.....	475	61,358	188	14,011	287	47,431
\$10,000,000 or more.....	46	68,796	15	11,867	30	73,712
<b>Operating trusts</b>						
<b>Total.....</b>	<b>*15</b>	<b>*2,524</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*10	*1,004	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*34	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	1	559	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	926	N/A	N/A	N/A	N/A
<b>GRANTMAKING CHARITABLE TRUSTS</b>						
<b>Total.....</b>	<b>2,706</b>	<b>163,976</b>	<b>683</b>	<b>26,958</b>	<b>1,986</b>	<b>159,269</b>
Zero or unreported.....	32	1,717	--	--	32	1,812
\$1 under \$100,000.....	825	4,368	157	134	638	7,419
\$100,000 under \$500,000.....	1,038	16,772	268	1,823	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	82	1,073	233	10,813
\$1,000,000 under \$10,000,000.....	450	60,231	162	12,912	286	47,381
\$10,000,000 or more.....	45	69,361	14	11,016	30	73,712
<b>Grantmaking-nonoperating trusts</b>						
<b>Total.....</b>	<b>2,691</b>	<b>162,012</b>	<b>683</b>	<b>26,958</b>	<b>1,986</b>	<b>159,269</b>
Zero or unreported.....	32	1,717	--	--	32	1,812
\$1 under \$100,000.....	815	3,364	157	134	638	7,419
\$100,000 under \$500,000.....	1,035	16,738	268	1,823	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	82	1,073	233	10,813
\$1,000,000 under \$10,000,000.....	450	60,231	162	12,912	286	47,381
\$10,000,000 or more.....	44	68,435	14	11,016	30	73,712
<b>Grantmaking-operating trusts</b>						
<b>Total.....</b>	<b>*14</b>	<b>*1,964</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*10	*1,004	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*34	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	--	--	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	926	N/A	N/A	N/A	N/A

N/A - not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Less than \$500.

<sup>2</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1992 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 4) because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1992

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>42,428</b>	<b>1,137</b>	<b>14,733</b>	<b>15,941</b>	<b>8,531</b>	<b>1,180</b>	<b>428</b>	<b>237</b>	<b>239</b>
<b>Total revenue.....</b>	<b>23,566,388</b>	<b>91,606</b>	<b>386,638</b>	<b>1,367,283</b>	<b>4,036,788</b>	<b>2,613,958</b>	<b>2,236,590</b>	<b>1,910,967</b>	<b>10,922,557</b>
Contributions, gifts, and grants received.....	7,902,873	87,286	342,929	925,103	1,851,583	1,037,506	908,538	653,443	2,096,484
Interest on savings and temporary cash investments.....	989,956	3,762	8,843	63,848	195,178	118,141	85,124	96,756	418,304
Dividends and interest from securities.....	6,631,079	2,971	10,190	197,436	925,386	635,331	533,788	599,811	3,726,166
Gross rents.....	236,649	--	*1,059	14,966	49,758	18,395	30,480	19,694	102,296
Net gain (less loss) from sales of assets.....	6,733,267	-2,526	13,960	113,900	758,618	583,392	494,953	492,769	4,278,202
Gross profit (less loss) from business activities.....	47,956	*-17	1,576	*608	5,982	8,444	26,025	2,203	3,135
Other income.....	1,024,604	*130	8,082	51,420	250,282	212,749	157,682	46,290	297,969
<b>Total expenses.....</b>	<b>14,498,073</b>	<b>150,822</b>	<b>433,092</b>	<b>1,001,959</b>	<b>2,570,423</b>	<b>1,757,848</b>	<b>1,159,315</b>	<b>1,148,059</b>	<b>6,276,556</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	11,382,837	118,002	322,888	841,262	1,920,316	1,345,255	849,552	904,961	5,080,600
Compensation of officers.....	293,045	*244	10,647	16,069	66,188	40,959	34,000	25,088	99,850
Other salaries and wages.....	600,713	*3	18,706	21,212	139,696	96,001	50,458	40,340	234,297
Pension plans and employee benefits.....	156,478	--	1,319	1,851	19,448	18,893	12,670	13,167	89,131
Legal fees.....	73,428	518	4,339	7,785	19,041	9,554	5,303	6,083	20,807
Accounting fees.....	64,657	425	4,392	11,078	22,062	8,800	5,027	5,029	7,844
Other professional fees.....	421,700	*153	6,048	15,195	67,629	46,908	35,967	38,610	211,190
Interest.....	56,627	*5	587	6,520	24,778	5,710	8,273	2,422	8,332
Taxes.....	269,350	82	3,173	11,028	46,307	34,037	30,893	24,647	119,184
Depreciation and depletion.....	142,617	*8	1,468	6,749	25,998	18,932	21,373	12,269	55,820
Occupancy.....	181,344	*11	17,853	12,567	35,931	18,660	14,143	12,906	69,274
Travel, conferences, and meetings.....	92,517	--	8,577	5,082	10,429	7,434	5,487	5,426	50,083
Printing and publications.....	43,812	47	2,974	4,723	3,055	3,013	1,493	2,464	26,044
Other expenses.....	718,943	31,325	30,122	40,835	169,544	103,694	84,674	54,648	204,101
<b>Excess of revenue (less loss) over expenses.....</b>	<b>9,068,314</b>	<b>-59,216</b>	<b>-46,454</b>	<b>365,324</b>	<b>1,466,365</b>	<b>856,110</b>	<b>1,077,275</b>	<b>762,908</b>	<b>4,646,001</b>
Excess of revenue.....	10,893,354	*4,396	47,116	604,875	1,867,130	1,169,023	1,198,939	956,799	5,045,078
Loss.....	1,825,041	63,611	93,570	239,551	400,765	312,913	121,663	193,890	399,077
<b>Total assets (fair market value).....</b>	<b>192,207,531</b>	<b>--</b>	<b>443,117</b>	<b>5,981,293</b>	<b>25,921,651</b>	<b>18,194,523</b>	<b>14,771,809</b>	<b>16,362,363</b>	<b>110,532,775</b>
Cash, total.....	14,854,724	--	239,324	1,457,116	3,304,268	1,458,574	1,134,401	1,224,628	6,036,413
Non-interest bearing accounts.....	2,114,095	--	82,087	281,604	501,902	209,542	64,384	117,575	857,001
Savings and temporary cash investments....	12,740,629	--	157,237	1,175,512	2,802,367	1,249,031	1,070,017	1,107,053	5,179,412
Accounts receivable, net.....	584,574	--	1,801	37,636	79,888	83,949	35,000	47,435	298,865
Pledges receivable, net.....	59,405	--	*290	*2,094	36,348	12,502	994	7,135	43
Grants receivable.....	114,706	--	--	*155	63,002	22,892	13,124	15,505	28
Receivables due from disqualified persons.....	25,062	--	*706	*5	*23,299	541	183	72	256
Other notes and loans receivable.....	1,592,711	--	2,677	150,632	273,194	138,004	51,301	64,531	912,372
Inventories.....	25,755	--	2,441	*1,494	7,144	3,430	1,957	854	8,435
Prepaid expenses and deferred charges.....	192,602	--	305	1,574	41,036	10,374	16,408	14,129	108,775
Investments, total.....	168,449,004	--	164,531	3,865,911	20,560,260	15,460,380	12,931,168	14,488,530	100,978,224
Securities, total.....	144,378,998	--	130,585	3,305,247	18,537,424	13,574,290	11,312,084	12,828,197	84,691,169
Government obligations.....	30,519,768	--	32,150	755,946	4,942,721	3,293,743	2,890,707	3,338,103	15,266,400
Corporate stock.....	95,190,351	--	77,476	1,980,515	10,545,703	8,096,689	6,653,592	7,543,135	60,293,241
Corporate bonds.....	18,668,879	--	20,959	568,786	3,049,001	2,183,858	1,767,786	1,946,959	9,131,529
Land, buildings, and equipment (less accumulated depreciation).....	3,240,500	--	*3,369	84,156	529,254	290,684	423,031	277,667	1,632,340
Mortgage loans.....	875,162	--	3,503	47,756	147,460	107,250	100,162	105,252	363,780
Other investments.....	19,954,344	--	27,074	428,751	1,346,122	1,488,156	1,095,891	1,277,414	14,290,935
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	3,571,034	--	13,145	267,109	863,411	711,108	356,547	219,205	1,140,508
Other assets.....	2,737,951	--	17,897	197,565	669,799	292,768	230,725	280,340	1,048,857

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1992

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value).....</b>	<b>154,007,992</b>	<b>*43,507</b>	<b>428,532</b>	<b>5,341,314</b>	<b>21,831,258</b>	<b>14,562,306</b>	<b>11,772,796</b>	<b>13,329,900</b>	<b>86,698,379</b>
Cash, total.....	14,791,475	*4,714	239,377	1,460,279	3,303,660	1,453,241	1,115,138	1,194,724	6,020,343
Non-interest bearing accounts.....	2,097,628	*4,607	82,160	279,812	502,946	204,861	64,202	114,856	844,184
Savings and temporary cash investments....	12,693,847	*107	157,217	1,180,467	2,800,714	1,248,380	1,050,936	1,079,868	5,176,159
Accounts receivable, net.....	570,992	--	1,801	37,892	77,765	76,562	35,000	47,435	294,538
Pledges receivable, net.....	58,959	--	*290	*2,094	35,876	12,502	1,020	7,135	43
Grants receivable.....	115,454	--	--	*864	63,002	22,892	13,124	15,505	67
Receivables due from disqualified persons.....	25,114	--	*706	*5	*23,361	531	183	72	256
Other notes and loans receivable.....	1,666,172	*1,702	2,677	150,789	285,679	137,591	50,192	67,821	969,721
Inventories.....	21,482	--	2,460	*1,465	7,137	3,197	1,949	854	4,421
Prepaid expenses and deferred charges.....	197,875	--	315	10,057	40,025	10,583	16,508	14,199	106,188
Investments, total.....	131,074,161	*37,002	150,506	3,266,814	16,665,575	12,014,320	10,053,923	11,517,351	77,368,670
Securities, total.....	111,429,857	*36,806	116,570	2,754,699	14,937,794	10,354,924	8,756,762	10,223,920	64,248,381
Government obligations.....	29,267,210	--	30,568	725,746	4,666,794	3,129,476	2,714,080	3,133,741	14,866,806
Corporate stock.....	64,308,074	*36,600	63,378	1,484,915	7,411,145	5,217,975	4,388,891	5,217,969	40,487,201
Corporate bonds.....	17,854,573	*206	22,624	544,039	2,859,855	2,007,473	1,653,791	1,872,210	8,894,374
Land, buildings, and equipment (less accumulated depreciation).....	2,281,239	--	*2,968	54,816	375,800	234,437	249,480	160,922	1,202,816
Mortgage loans.....	854,440	--	3,493	52,010	135,993	112,132	99,413	105,253	346,146
Other investments.....	16,508,624	*195	27,476	405,288	1,215,988	1,312,826	948,267	1,027,255	11,571,328
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	3,053,079	*40	13,506	252,861	763,439	538,256	287,660	209,200	988,115
Other assets.....	2,433,223	*49	16,894	158,193	565,738	292,629	198,099	255,604	946,016
<b>Total liabilities (book value).....</b>	<b>6,775,987</b>	<b>*117</b>	<b>29,188</b>	<b>205,255</b>	<b>666,882</b>	<b>406,115</b>	<b>369,803</b>	<b>342,849</b>	<b>4,755,779</b>
<b>Net worth (book value).....</b>	<b>147,232,004</b>	<b>*43,390</b>	<b>399,344</b>	<b>5,136,059</b>	<b>21,164,376</b>	<b>14,156,191</b>	<b>11,402,994</b>	<b>12,987,051</b>	<b>81,942,600</b>
<b>Total assets, beginning-of-year (book value)....</b>	<b>145,330,532</b>	<b>198,567</b>	<b>474,551</b>	<b>4,915,085</b>	<b>20,178,908</b>	<b>13,550,356</b>	<b>11,055,187</b>	<b>12,492,139</b>	<b>82,465,739</b>
<b>Investments in securities, beginning-of-year (book value).....</b>	<b>104,256,705</b>	<b>108,939</b>	<b>132,260</b>	<b>2,518,345</b>	<b>13,544,391</b>	<b>9,415,865</b>	<b>8,203,345</b>	<b>9,607,615</b>	<b>60,725,945</b>
Government obligations.....	29,507,635	*14,819	34,143	738,926	4,600,953	3,126,666	2,715,204	3,137,448	15,139,476
Corporate stock.....	58,172,603	59,380	75,711	1,247,542	6,442,795	4,467,667	3,885,991	4,704,546	37,288,971
Corporate bonds.....	16,576,467	*34,741	22,406	531,877	2,500,643	1,821,532	1,602,149	1,765,620	8,297,498

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipts and disbursements method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1992

**Table 4.--All 4947(a)(1) Charitable Trusts: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	<b>2,932</b>	<b>36</b>	<b>964</b>	<b>1,078</b>	<b>323</b>	<b>486</b>	<b>47</b>
<b>Total revenue</b> .....	<b>346,797</b>	<b>280</b>	<b>5,178</b>	<b>24,988</b>	<b>20,078</b>	<b>162,664</b>	<b>133,609</b>
Contributions, gifts, and grants received.....	63,265	*(')	2,024	3,078	3,024	51,333	3,806
Interest on savings and temporary cash investments.....	15,466	10	332	1,865	1,030	4,980	7,248
Dividends and interest from securities.....	120,056	*87	1,692	10,582	9,954	51,980	45,760
Gross rents.....	5,440	--	*21	625	*308	2,533	1,953
Net gain (less loss) from sales of assets.....	126,066	*183	907	8,481	4,729	44,756	67,010
Gross profit (less loss) from business activities.....	*15	--	--	--	*9	6	--
Other income.....	16,487	*(')	202	355	1,024	7,074	7,831
<b>Total expenses</b> .....	<b>191,202</b>	<b>1,741</b>	<b>5,115</b>	<b>19,558</b>	<b>14,083</b>	<b>73,678</b>	<b>77,026</b>
Contributions, gifts, and grants paid <sup>2</sup> .....	154,274	1,703	4,102	15,392	11,025	55,816	66,236
Compensation of officers.....	15,560	*16	364	2,381	1,789	7,135	3,875
Other salaries and wages.....	1,371	--	--	*2	--	1,100	269
Pension plans and employee benefits.....	*318	--	--	--	--	281	37
Legal fees.....	1,705	*11	34	233	49	609	768
Accounting fees.....	1,632	*2	165	428	203	619	216
Other professional fees.....	3,894	*1	42	269	326	1,654	1,603
Interest.....	190	--	*1	*35	*(')	31	124
Taxes.....	5,877	*4	84	550	462	2,448	2,329
Depreciation and depletion.....	823	--	--	*26	*84	589	123
Occupancy.....	548	--	*55	--	--	357	136
Travel, conferences, and meetings.....	1,080	--	*(')	*1	*(')	899	180
Printing and publications.....	94	*(')	10	10	6	62	6
Other expenses.....	3,837	*4	258	230	140	2,078	1,126
<b>Excess of revenue (less loss) over expenses</b> .....	<b>155,594</b>	<b>*-1,461</b>	<b>64</b>	<b>5,430</b>	<b>5,994</b>	<b>88,985</b>	<b>56,583</b>
Excess of revenue.....	177,241	*135	1,908	10,624	7,117	95,228	62,229
Loss.....	21,647	*1,597	1,844	5,194	1,122	6,243	5,646
<b>Total assets (fair market value)</b> .....	<b>3,130,730</b>	<b>--</b>	<b>38,899</b>	<b>267,241</b>	<b>232,048</b>	<b>1,239,955</b>	<b>1,352,587</b>
Cash, total.....	225,511	--	5,955	32,758	13,417	96,663	76,719
Non-interest bearing accounts.....	31,842	--	1,538	4,185	1,107	19,012	6,000
Savings and temporary cash investments.....	193,669	--	4,418	28,573	12,310	77,650	70,718
Accounts receivable, net.....	3,029	--	*27	*153	*179	2,504	167
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*35	--	--	--	35	--	--
Other notes and loans receivable.....	33,970	--	*450	*2,991	*69	5,531	24,928
Inventories.....	*335	--	--	--	--	335	--
Prepaid expenses and deferred charges.....	748	--	*1	*10	*14	579	144
Investments, total.....	2,637,584	--	27,633	174,942	174,183	1,057,344	1,203,482
Securities, total.....	2,174,484	--	17,132	130,373	114,464	866,089	1,046,426
Government obligations.....	413,858	--	4,482	25,198	27,176	175,914	181,087
Corporate stock.....	1,379,155	--	8,920	77,876	70,799	578,162	643,398
Corporate bonds.....	381,472	--	3,730	27,299	16,488	112,012	221,942
Land, buildings, and equipment (less accumulated depreciation).....	36,908	--	--	*1,641	*400	21,418	13,449
Mortgage loans.....	10,427	--	*6	*564	*839	8,973	44
Other investments.....	415,765	--	10,494	42,365	58,479	160,865	143,562
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	42,625	--	*(')	*3,019	*4,224	14,471	20,910
Other assets.....	186,893	--	4,833	53,368	39,927	62,528	26,237

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1992

**Table 4.--All 4947(a)(1) Charitable Trusts: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Size of fair market value of total assets						
	Total	Assets Zero or Unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>2,417,064</b>	<b>824</b>	<b>34,958</b>	<b>219,222</b>	<b>177,321</b>	<b>978,108</b>	<b>1,006,632</b>
Cash, total.....	222,828	66	6,057	31,432	13,326	95,226	76,720
Non-interest bearing accounts.....	29,742	--	1,645	4,169	1,099	16,829	6,000
Savings and temporary cash investments.....	193,086	66	4,412	27,263	12,227	78,397	70,720
Accounts receivable, net.....	3,022	--	*20	*153	*179	2,504	167
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*35	--	--	--	*35	--	--
Other notes and loans receivable.....	34,252	--	450	2,991	69	5,813	24,928
Inventories.....	29	--	--	--	--	29	--
Prepaid expenses and deferred charges.....	748	--	*1	*10	*14	579	144
Investments, total.....	2,003,484	*757	24,558	138,808	134,808	817,085	887,468
Securities, total.....	1,629,008	*757	15,186	102,071	86,664	672,848	751,482
Government obligations.....	391,688	--	4,272	23,797	25,872	166,034	171,713
Corporate stock.....	882,933	*374	7,520	53,547	45,117	402,694	373,682
Corporate bonds.....	354,387	*383	3,395	24,728	15,675	104,120	206,087
Land, buildings, and equipment (less accumulated depreciation).....	18,372	--	--	*953	*757	12,238	4,424
Mortgage loans.....	10,425	--	*6	*564	*839	8,971	44
Other investments.....	345,679	--	9,366	35,219	46,548	123,029	131,518
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	19,234	--	*(')	*1,647	*1,649	9,137	6,801
Other assets.....	133,432	--	3,872	44,182	27,239	47,735	10,404
<b>Total liabilities (book value).....</b>	<b>9,240</b>	<b>--</b>	<b>*114</b>	<b>275</b>	<b>462</b>	<b>5,790</b>	<b>2,599</b>
<b>Net worth (book value).....</b>	<b>2,407,824</b>	<b>*824</b>	<b>34,844</b>	<b>218,947</b>	<b>176,859</b>	<b>972,318</b>	<b>1,004,033</b>
<b>Total assets, beginning-of-year (book value).....</b>	<b>2,248,072</b>	<b>2,541</b>	<b>34,719</b>	<b>207,305</b>	<b>171,168</b>	<b>897,195</b>	<b>935,145</b>
<b>Investments in securities, beginning-of-year (book value).....</b>	<b>1,480,379</b>	<b>*1778</b>	<b>15,002</b>	<b>94,354</b>	<b>89,370</b>	<b>594,191</b>	<b>685,685</b>
Government obligations.....	385,944	*192	4,206	24,042	28,941	161,071	167,491
Corporate stock.....	801,545	*888	7,496	47,106	42,918	343,394	359,743
Corporate bonds.....	292,891	*698	3,300	23,207	17,511	89,725	158,450

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Less than \$500.

<sup>2</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 2, which are calculated using the cash receipts and disbursements method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

by Alicia Meckstroth and Paul Arnsberger

Private foundations, over 42,400 for 1992, contribute billions of dollars each year to charities and communities to support causes in such areas as education, health, human services, community development, the arts and humanities, and the environment. Private foundations represent over one-quarter of all Internal Revenue Code section 501(c)(3) nonprofit charitable organizations that file information returns with the Internal Revenue Service. For 1992, foundations made contributions, gifts, and grants totaling over \$10.9 billion [1]. This represents a two-year current-dollar increase of 23 percent over the contributions, gifts, and grants given for 1990. During the two-year period the number of foundations increased by 6 percent.

Foundations rely largely on asset growth, earned income on investments, and contributions received to support their charitable giving. In terms of gains in assets and revenues, foundations experienced a relatively strong two-year period from 1990 to 1992, with the vast majority of the gains realized over the 1990 to 1991 period. Total foundation assets grew by 17 percent over the two-year period, to \$192.2 billion. Investment assets of \$181.2 billion represented the majority of foundation assets. Gains of 20 percent in the value of investments in corporate stock and 30 percent in the value of corporate bonds largely explain the 17 percent two-year increase. Total foundation revenue increased by 21 percent from 1990 to 1992, to \$23.6 billion, despite a decrease of 4 percent from 1991 to 1992. A significant increase of 70 percent in net gains from sales of assets and a smaller increase of 16 percent in the amount of contributions received by foundations, helps to explain the increased revenues. Additionally, the decrease in foundation revenues from 1991 to 1992 and the only minimal growth in assets from 1991 to 1992 was largely due to one organization's sale of some of its assets in 1991 [2]. Figure A shows the total amount and percentage changes for various private foundation revenue, asset, and expense items for the period 1990 to 1992 [3,4].

For 1992, over 2,900 nonexempt charitable trusts described in Internal Revenue Code section 4947(a)(1) held \$3.1 billion in total assets, realized \$346.8 million in total revenues, and distributed \$154.6 million in contributions, gifts, and grants. The amount of grants given by these charitable trusts increased by only 2 percent from 1990 to 1992 despite a 29 percent increase in revenues and a 13 percent increase in assets during this same period. These

trusts are discussed in detail beginning with the section, Section 4947(a)(1) Nonexempt Charitable Trusts.

## Statistics of Income Studies

The statistics presented in this article on both private foundations and charitable trusts are based on sample data from Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*, the annual information return filed by these organizations [5]. The 1992 Reporting Year represents the fourth consecutive year that Statistics of Income has collected data on the 4947(a)(1) charitable trusts that are treated as private foundations. Statistical studies on private foundations have previously been conducted for Reporting Years 1974, 1979, 1982, 1983, and 1985 through 1991 [6].

Private foundations and charitable trusts are treated separately in both the statistical and descriptive analyses. In the analyses that follow a number of key topic areas on foundations are discussed, including:

- Overview of revenue, assets, and grants paid
- Organizational definition and legislative background
- Top ten domestic foundations
- Sources of foundation revenue
- Excise tax on investment income
- Foundation assets and investments
- Investment behavior by size of foundation
- Income yields and rates of total return
- Charitable distribution (or payout) requirement
- Charitable grants and other qualifying distributions
- Payout rates
- Asset growth and distribution goals

Following these is a similar, but shorter, discussion of charitable trusts and a summary of both types of organizations. The report ends with a discussion of the data sources and limitations and an explanation of key terms.

## Private Foundations

### Overview of Revenue, Assets, and Grants Paid

During the decade from 1982 to 1992, foundation assets and charitable grants paid increased steadily each year with overall real growth of 112 percent and 71 percent, respectively. Foundation revenue grew by 79 percent from 1982 to

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# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

Figure A

## Private Foundations: Selected Financial Items, 1990-1992

[Money amounts are in billions of dollars.]

Item	1990	1991	1992	Percentage increase, 1990-1992
	(1)	(2)	(3)	(4)
<b>Total assets (fair market value) .....</b>	<b>164.8</b>	<b>189.6</b>	<b>192.2</b>	<b>16.6</b>
Investments, total.....	161.7	184.6	181.2	12.1
Savings and temporary cash investments.....	13.9	12.5	12.7	-8.6
Investments in securities, total.....	126.2	139.4	144.4	14.4
U.S. and State Government obligations.....	32.5	31.1	30.5	-6.2
Corporate stock.....	79.3	90.9	95.2	20.1
Corporate bonds.....	14.4	17.4	18.7	29.9
Other investments <sup>1</sup> .....	21.6	32.7	30.4	40.7
<b>Total revenue.....</b>	<b>19.5</b>	<b>24.6</b>	<b>23.6</b>	<b>21.0</b>
Contributions, gifts, and grants received.....	6.8	7.1	7.9	16.2
Net gain (or loss) from sales of assets.....	3.9	8.5	6.7	71.8
Dividends and interest from securities.....	6.4	6.7	6.6	3.1
<b>Total expenses.....</b>	<b>11.7</b>	<b>13.2</b>	<b>14.5</b>	<b>23.9</b>
Contributions, gifts, and grants paid.....	8.9	10.1	10.9	22.5
<b>Excess of revenue (less loss) over expenses.....</b>	<b>7.8</b>	<b>11.4</b>	<b>9.1</b>	<b>16.7</b>

<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on the Form 990-PF. "Other investments" includes items such as advances; certificates of investment; and investments in art, coins, gold, and gems.

1992, with steady annual increases from 1982 to 1986 and fluctuating year-to-year changes from 1986 to 1992. Substantial real increases in contributions received and net gains from sales of assets from 1982 to 1992, 104 percent and 162 percent, respectively, help to explain the overall increases in revenue. The overall growth in foundation assets and revenues markedly exceeds the 32 percent real growth of Gross Domestic Product from 1982 to 1992 [7]. The number of foundations increased by nearly 50 percent, from 28,468 in 1982 to 42,428 in 1992. Figure B graphically displays the growth in real assets, revenue, and grants from 1982 to 1992.

The asset growth of foundations during the 1982 to 1992 decade helped to increase total grants paid over the same period. The charitable payout requirement for certain types of foundations (explained in detail in the section Charitable Distribution (or Payout) Requirement) is based on the value of foundation investment assets; that is, as investment assets grow, so does the amount that foundations are required to distribute. Total investment assets, equal to \$181.2 billion for 1992, increased by 116 percent from 1982 to 1992. Investment assets for the "large" foundations, those holding \$50 million or more in fair market value of assets, grew in real terms by 163 percent over the decade, to \$121.8 billion. The real amount of charitable grants distributed by the large foundations grew by 165 percent over the same time period, to \$5.7 billion. The large foundations accounted for the majority of

foundation assets, 66 percent in 1992. The number of these large foundations increased from 165 in 1982 to 476 in 1992 as a few new large organizations were formed and as existing foundations increased past \$50 million in assets size.

Comparisons of the different size classes of foundations are discussed throughout this article. The following classifications apply throughout, unless otherwise indicated: the "smallest foundations" refers to the group holding less than \$100,000 in fair market value of total assets (excluding foundations that either do not report assets or that report assets equal to zero); "small foundations" refers to the group holding less than \$1 million in assets (excluding foundations that either do not report assets or that report assets equal to zero); "medium-size foundations" refers to the group holding from \$1 million to less than \$50 million in assets; "large foundations" refers to the group holding \$50 million or more in assets; and, the "largest foundations" refers to the group holding \$100 million or more in assets.

### Organizational Definition and Legislative Background

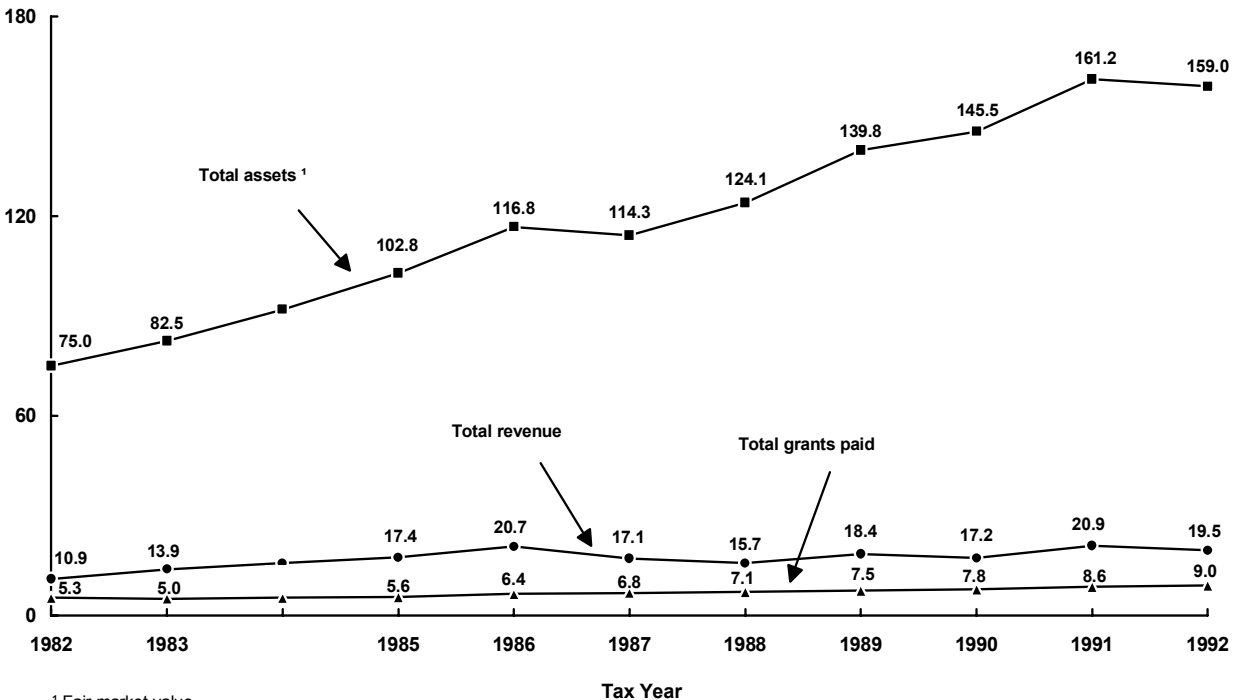
A private foundation is a nonprofit, tax-exempt corporation, association, or trust which is narrowly supported and controlled, usually by an individual, family, or corporation. It is this narrow base of support and control which

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

Figure B

**Private Foundations: Real Growth in Revenue, Assets, and Grants, 1982-1992, in 1987 Dollars**

Billions of dollars



<sup>1</sup> Fair market value.

NOTE: Data for 1984 are not available.

differentiates a private foundation from a publicly supported tax-exempt charitable organization, although both receive tax exemption under section 501(c)(3) [8]. The other 501(c)(3) organizations, those filing the Form 990, *Return of Organization Exempt From Income Tax*, generally receive broad support from a large number of sources within the general public. Because of their centralized support and control, private foundations are more strictly regulated than the other section 501(c)(3) organizations. Private foundations held less than 16 percent of the book value of total assets and earned less than 5 percent of the total revenue of all section 501(c)(3) nonprofit charitable organizations that filed information returns for 1992 with the Internal Revenue Service [9].

The nonexempt charitable trusts included in this article are described in section 4947(a)(1). Charitable trusts represented only 6 percent of the total number of Form 990-PF filers for 1992. Unless otherwise noted, the same background information and requirements apply to both types of Form 990-PF filers [10]. A detailed discussion and analyses of the characteristics and behavior of the charitable trusts can be found beginning with the section, Section 4947(a)(1) Nonexempt Charitable Trusts.

The two types of private foundations or trusts, “operat-

ing” and “nonoperating,” are distinguished by the type of charitable support they provide. Nonoperating foundations generally provide indirect charitable support by making grants to other nonprofit organizations that conduct charitable programs of their own [11]. Nonoperating foundations are annually required to distribute (typically through grants or related expenses) a minimum amount for charitable purposes, the “distributable amount.” If they do not distribute the required amount in the current year, they have until the end of the following year to fulfill the charitable distribution requirement without penalty. The minimum required amount is based on 5 percent of the value of their “noncharitable-use (or net investment) assets” [12].

If an organization is sufficiently involved in the direct operation of its charitable activities, then it can qualify as an operating foundation and is exempted from the charitable distribution requirement that applies to nonoperating foundations. Although operating foundations are not subject to the annual distribution requirement, many choose to make grants in addition to carrying on charitable programs of their own. For a further explanation of the requirements of operating foundations, see operating foundations and section 4947(a)(1) charitable trusts in the Explanation of Selected Terms section.



## Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

Individual income tax deductions for contributions to nonoperating foundations are generally more restrictive than deductions for contributions made to operating foundations or other section 501(c)(3) organizations. Contributions that either establish or support a nonoperating foundation qualify for a Federal tax deduction of up to 30 percent of the donor's "adjusted gross income" (AGI). This compares to a deduction limit of 50-percent of AGI for donations to operating foundations and to other 501(c)(3) nonprofit charitable organizations (Form 990 filers).

Passage of the Tax Reform Act of 1969 (TRA69) subjected foundations to an excise tax on "net investment income" for the first time. While most foundations pay the excise tax, some operating foundations are exempt from the tax. For a further explanation of exempt operating foundations refer to operating foundations in the Explanation of Selected Terms section. TRA69 also imposed a series of excise taxes on foundations that engaged in "prohibited activities," which were deemed not to be in the public interest. These activities applied to any foundation that attempted to influence legislation by contacting legislators, encouraged the public to contact legislators, or participated in the campaign of a candidate for public office; any foundation that engaged in certain financial transactions (or acts of "self-dealing") with "disqualified persons" having a relationship with the foundation, such as substantial donors or officers, directors, or trustees of the foundation; any foundation which owned holdings in a business enterprise deemed to be excessive or which made investments deemed to jeopardize the charitable purpose of the foundation; and any nonoperating foundation that failed to distribute the required minimum payout after a 1-year grace period. Taxes on these prohibited activities are reported on Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code*, and are not included in this article.

Of the estimated 42,400 private foundations filing Form 990-PF information returns for 1992, 91 percent were nonoperating foundations and the remaining 9 percent were operating foundations, virtually the same percentages as prior years. Nearly 35,200 foundations, or 83 percent of all foundations, made grants for 1992. Nearly 87 percent of the nonoperating foundations and 47 percent of the operating foundations made grants. (Unless otherwise noted, data are for 1992.) [13] Of the non-grantmaking foundations, 28 percent were operating foundations; 17 percent were nonoperating foundations that had no "distributable amount" and, therefore, were not required to make a minimum distribution (see the Explanation of Selected Terms section for a definition of the required distributable

amount); 29 percent were nonoperating foundations that made other types of disbursements in order to satisfy the charitable distribution requirement; and the remaining 26 percent were nonoperating foundations that did not fully make the required distribution for 1992 and legally had until the end of their 1993 accounting period to do so without tax penalty. The types of disbursements, other than grants, made by foundations to fulfill the charitable distribution requirement include the following: operating and administrative expenses used in the conduct of charitable programs or activities; amounts paid to acquire charitable-use assets; charitable "set-asides" for future time periods; and program-related investments. All of these expenditures counted towards a foundation's charitable distribution requirement. Some of the non-grantmaking foundations described above were "failed public charities" that had been reclassified by the Internal Revenue Service as nonoperating foundations. These organizations could no longer qualify for the favored public charity status of a Form 990 filer because they failed to maintain the required minimum support from public sources. Many, however, continued to operate direct charitable programs rather than make grants to other nonprofit organizations. Some of these organizations may have qualified as operating foundations, but did not request such status from the Internal Revenue Service.

Foreign foundations (those foundations organized abroad) comprise less than 0.1 percent of the foundation population. A foreign foundation was required to file Form 990-PF when it received a certain degree of support from either U.S. citizens or corporations. These foundations may or may not have chosen to distribute charitable grants within the United States. The IRS required that foreign foundations, like domestic foundations, pay an excise tax on investment income. While the excise tax equaled 2 percent of worldwide "net" investment income for the majority of domestic foundations, the tax on foreign foundations equaled 4 percent of their "gross" investment income derived from U.S. sources. The investment income on which these taxes are based does not include any income included in figuring the tax on unrelated business income, as reported on Form 990-T, *Exempt Organization Business Income Tax Return*.

### Ten Largest Domestic Foundations

Three-quarters of all foundations held less than \$1 million in total assets. The largest foundations, those holding \$100 million or more in total assets, comprised less than 1 percent of all foundations, but held 58 percent of total foundation assets, realized 46 percent of total revenue, and distributed nearly 44 percent of total grants for 1992. In

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contrast, the small foundations, those holding less than \$1 million in assets, held only 3 percent of total assets, realized 7 percent of total revenue, and distributed 11 percent of total grants. These foundations accounted for 72 percent of all foundations.

The ten largest domestic foundations, displayed by asset size in Figure C, held over 18 percent of total foundation assets and distributed close to 12 percent of total foundation grants for 1992, \$35.3 billion and \$1.3 billion, respectively [14]. From 1990 to 1992 this represents only a 7 percent increase in assets of the largest ten foundations, but a 33 percent increase in grants. The increase in assets was much lower than the overall foundation asset increase of 17 percent for 1990 to 1992. However, the increase in top ten foundation grants was much higher than the increase of 23 percent in all foundation grants for 1990 to 1992. The huge Ford Foundation alone accounted for 3.6 percent of all foundation assets and 2.6 percent of all foundation grants for 1992. The ten largest foundations in terms of assets for 1992 are the same as for 1990, with the top three foundations assuming the same positions. While the Annenberg Foundation was the tenth largest foundation in terms of assets for 1992, its \$137 million of grants were third only to the Ford Foundation's \$282 million of grants and the combined W.K. Kellogg Foundations' \$227 million of grants.

The Robert Wood Johnson and Annenberg Foundations both realized gains in assets over the two-year period from 1990 to 1992 that were well above the overall 17 percent gain in all foundation assets, 28 percent and 27

percent, respectively. The Robert Wood Johnson Foundation realized all of its gains from 1990 to 1991 and actually realized a 9 percent loss from 1991 to 1992. The Annenberg Foundation, in contrast, realized comparable gains for both years. These two foundations also distributed grants over this same period at a rate well above the overall 23 percent increase in all foundation grants, 56 percent and 149 percent, respectively. A number of the ten largest foundations experienced overall losses in assets over the period from 1990 to 1992. The Lilly Endowment, MacArthur Foundation, and the combined W.K. Kellogg Foundations experienced two-year losses of 18 percent, 8 percent, and 7 percent, respectively. These three foundations realized all of their asset losses during the 1991 to 1992 period [15].

### Sources of Foundation Revenue

Over the decade from 1982 to 1992, foundation revenues fluctuated from year to year, but realized an overall real increase of 79 percent. The two-year period from 1990 to 1992 was no exception, as foundation revenues increased in nominal terms a dramatic 26 percent from 1990 to 1991, only to decrease by 4 percent from 1991 to 1992, to \$23.6 billion. When the Wellcome Trust, a British foundation, is excluded from this calculation, revenues would have increased by 12 percent from 1991 to 1992. The overall revenue increase over the two-year period is largely explained by a huge increase in net gains from sales of assets from 1990 to 1991. Over the two-year period, total foundation net gains from sales of assets increased by 70

Figure C

### Top Ten Domestic Private Foundations, by Size of Fair Market Value of Total Assets, 1992

[Money amounts are in millions of dollars.]

Name	State	Total assets <sup>3</sup>	Total revenue	Total grants paid
	(1)	(2)	(3)	(4)
1. Ford Foundation.....	NY	6,956	798	282
2. J. Paul Getty Trust <sup>1</sup> .....	CA	6,184	426	10
3. W.K. Kellogg Foundation Trust / W.K. Kellogg Foundation <sup>2</sup> .....	NY/MI	4,675	579	227
4. Robert Wood Johnson Foundation.....	NJ	3,735	177	103
5. John D. and Catherine T. MacArthur Foundation.....	IL	2,946	225	127
6. Lilly Endowment, Inc.....	IN	2,608	109	119
7. Pew Memorial Trust.....	PA	2,218	183	97
8. Andrew W. Mellon Foundation.....	NY	2,185	222	96
9. Rockefeller Foundation.....	NY	2,139	213	93
10. Annenberg Foundation.....	PA	1,654	128	137
<b>Total.....</b>		<b>35,300</b>	<b>3,060</b>	<b>1,291</b>

<sup>1</sup> The J. Paul Getty Trust is an operating foundation. All other foundations listed are nonoperating foundations.

<sup>2</sup> The W.K. Kellogg Foundation Trust (classified as a private foundation and not as a section 4947(a)(1) charitable trust) is located in New York and has a "pass-through" relationship with the W.K. Kellogg Foundation, located in Michigan. Typically, the entire amount of the annual qualifying (charitable) distributions of the W.K. Kellogg Foundation Trust is made in the form of a grant to the W.K. Kellogg Foundation, which then redistributes the grant for charitable purposes (and does not count the redistribution as a qualifying distribution of its own). The combined total assets of the two organizations are shown in the "Total assets" column, but in order to avoid duplication, only the grants paid by the W.K. Kellogg Foundation are shown in the "Total grants paid" column.

<sup>3</sup> Fair market value.

## Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

percent, to \$6.7 billion for 1992. Overall gains of 116 percent were realized from 1990 to 1991, while an overall loss of 21 percent occurred from 1991 to 1992. This pattern can be largely explained by the Wellcome Trust's sale of some of its assets for 1991. The Wellcome Trust, alone, realized net gains from sales of assets of \$3.8 billion for 1991. These gains dropped to \$0.2 billion for 1992. Once again, by excluding the Wellcome Trust from the data for 1990 through 1992, net gains from sales of assets would have increased by only 21 percent from 1990 to 1991 and by 36 percent from 1991 to 1992.

The large foundations, which earn over half of foundation revenues, realized both the greatest gains and the greatest losses when compared to the smaller foundations. From 1990 to 1991, large foundation revenues increased by 45 percent, but from 1991 to 1992, their revenues declined by 12 percent. Excluding the Wellcome Trust from the calculations, large foundation revenues would have increased by 6 percent from 1991 to 1992 and by 16 percent the following year. In contrast, small foundation revenues increased by 25 percent for the 1990-1991 period, but then decreased by 9 percent for the next year. Medium-sized foundations achieved moderate increases of 4 percent and 10 percent for each of the time periods, 1990 to 1991 and 1991 to 1992, respectively. Figure D displays the sources of foundation revenue for 1992 for all foundations and for three different size groups: "small," "medium," and "large."

The year-to-year changes in revenue among the different size groups of foundations is better understood through an examination of the different sources of revenue upon which the different groups rely. The figure for total foundation revenue reveals that for 1992 over a third of total revenue came from contributions received by foundations; and well over a quarter each came from both net gains from sales of assets and dividends and interest from securities, 29 percent and 28 percent, respectively. Smaller amounts were earned from interest on savings and temporary cash investments and "other" sources. While the small foundations earned nearly three-quarters, or 72 percent, of their revenue from contributions, the large foundations earned only a fifth, or 21 percent, in this manner. Similarly, while the large foundations earned 71 percent of revenue from the combination of net gains from sales of assets and dividends and interest from securities, the small foundations earned only 19 percent of revenue from these two investment sources. As in past years, the data show that as the size of the foundation increases, the proportion of revenue from contributions declines and the proportion from investment income rises.

An examination of the actual number of small and large foundations receiving contributions and earning investment income shows that the large foundations may be a

somewhat more homogeneous group relative to the small foundations. Of the large foundations, nearly all, or 98 percent, earned dividends and interest from securities for 1992; 94 percent realized net gains from sales of assets; and only 41 percent received contributions. In contrast, 57 percent of the small foundations earned dividends and interest from securities for that year; only 31 percent realized net gains from sales of assets; and fewer than half, or 47 percent, received contributions. These percentages were relatively comparable for 1991.

In terms of contributions received, small foundations received an amount for 1992, \$1.3 billion, that was 18 percent over the amount received for 1990. In contrast, the contributions given to medium-size foundations remained stagnant over the two-year period, at about \$3.8 billion. The large foundations, in contrast, realized notable increases in contributions received. From 1990 to 1992, these contributions increased by 49 percent, to \$2.7 billion. The large increase in net gains from sales of assets between 1990 and 1992 was widespread among foundations. Small foundation net gains from these sales increased 130 percent over the two years, to \$127.9 million. A similar pattern was true for the medium-size foundations, which realized increases in net gains of 139 percent, amounting to \$1.8 billion for 1992. Net gains from sales of assets also increased notably for the large foundations, to \$4.8 billion, a 53 percent increase over the same period.

In terms of dividends and interest from securities, overall foundation earnings increased by only 4 percent from 1990 to 1992. Small foundations realized 9 percent less dividends and interest from securities for 1992 as compared to 1990; medium foundations earned virtually the same amount from this type of revenue for 1992 as for 1990; and large foundations achieved a modest increase of 6 percent in dividends and interest from securities from 1990 to 1992.

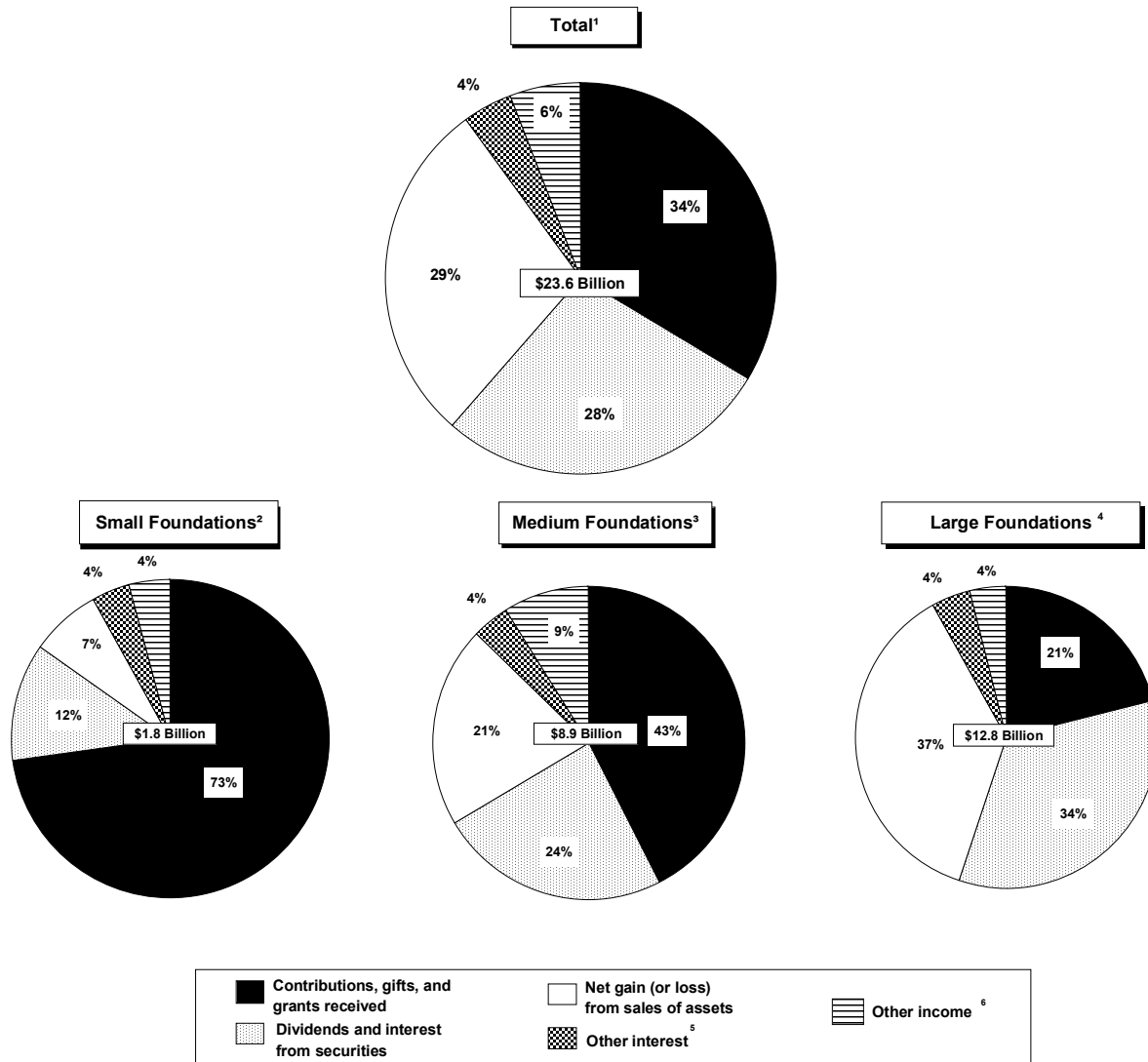
Reporting Year 1992 represented only the fourth year for which information on the "unrelated business" activities of private foundations was available from the Form 990-PF. Only 3.1 percent of foundations reported a total of \$72.7 million in "unrelated business income" (UBI) for 1992. For 1991 these figures were 3.5 percent and \$65.5 million, respectively. For 1992, the amount of UBI represented only 0.5 percent of total revenue as reported on the "Analysis of Income-Producing Activities" schedule on the Form 990-PF. A tax was levied on the unrelated business income of foundations as it was reported on the Form 990-T, *Exempt Organization Business Income Tax Return* [16].

The section on the "Analysis of Income-Producing Activities" categorizes total foundation revenue (with the exception of contributions) as either "unrelated business income," "excluded income," or "related or exempt function

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Figure D

Sources of Private Foundation Revenue, by Size of Foundation, 1992



<sup>1</sup> Includes foundations with assets unreported or equal to zero, which are not shown separately.  
<sup>2</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.  
<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.  
<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.  
<sup>5</sup> Represents "Interest on savings and temporary cash investments."  
<sup>6</sup> Includes "Gross rents and royalties" and "Gross profit (or loss) from business activities," as well as items such as imputed interest on deferred payments and program-related investment income.  
 NOTE: Detail may not add to total because of rounding.

income." Unrelated business income is that income from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). Excluded income represents income which was not directly related to

the tax-exempt, charitable function of the foundation and which was excluded or exempted from the tax on unrelated business income by Code sections 512, 513, or 514. Generally, dividends, interest, rental income, and gains from sales of investment assets were all considered excluded income. Related or exempt function income generally represents any income earned that is related to the

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organization's purpose or function constituting the basis for the organization's tax exemption.

The vast majority of revenue reported in the "Analysis of Income Producing Activities" section (which excludes contributions received) was reported as excluded income, 89 percent, with 11 percent reported as income which was (directly) related to the foundation's exempt, charitable purpose and only one-half of 1 percent reported as UBI [17]. In terms of the type of foundation, operating foundations tend to report a much higher proportion of income as exempt function income compared to nonoperating foundations, 33 percent compared to 8 percent, respectively. Both types of foundations report one-half of 1 percent or less as UBI. Small foundations tend to report a higher proportion of income as UBI and exempt function income, less than 2 percent and 29 percent, respectively, and a smaller percentage as excluded income, 69 percent. In contrast, the large foundations reported less than one-tenth of one percentage point as UBI, 6 percent as exempt function income, and 94 percent as excluded income.

### Excise Tax on Investment Income

The excise tax on the investment income of private foundations was enacted as part of TRA69. Originally, it was levied in order to provide funds for Internal Revenue Service oversight of foundation activities and enforcement of laws governing their exempt status. Domestic foundations generally are liable for a tax equal to 2 percent of their net investment income and foreign foundations for an excise tax equal to 4 percent of their gross investment income. Domestic organizations compute the excise tax based on investment income from all sources, while foreign organizations compute the tax based on investment income from U.S. sources only. Some foreign foundations, classified as "exempt foreign foundations," are not subject to the charitable payout requirement, but still are required to pay the excise tax on investment income. These exempt foreign foundations are those that from the date of their creation have received at least 85 percent of their support from sources outside of the United States. Due to special treaty provisions with the United States, all Canadian foundations are exempted from the excise tax, regardless of whether or not they are considered "exempt foreign foundations." Additionally, domestic operating foundations, by meeting several requirements that show extensive public support and control, can be exempted from the excise tax on net investment income. Twenty-six percent of all operating foundations were exempted from the excise tax for 1992. For a complete discussion of the requirements for exempt operating foundations, see operating foundations in the Explanation of Selected Terms section.

One provision of the Deficit Reduction Act of 1984

allowed any domestic nonoperating foundation to reduce the annual 2 percent excise tax to 1 percent, if, simply stated, the foundation showed improvement in the rate at which it paid out charitable dollars. Specifically, if current "qualifying distributions" exceeded a 5-year average of qualifying distributions plus 1 percent of current net investment income, a foundation qualified for the reduced tax. Qualifying for the reduced tax was not affected by whether a foundation's charitable payout rate exceeded the required 5 percent; it was affected, however, by the level of increase in a foundation's payout rate.

Investment income, on which the excise tax is based, increased by 19 percent from 1990 to 1992, to \$14.3 billion. This rate of increase is comparable to the overall increase in foundation revenue. Small foundations, however, experienced declining investment income from 1990 to 1992, 6 percent, while both medium-size and large foundations realized increases of 24 percent and 19 percent, respectively. An increase of 19 percent in capital gain income explains much of the overall gain in investment income. (For a complete definition of net investment income and a further explanation of capital gain net income and how it differs from net gain (or loss) from sales of assets, see the appropriate entries in the Explanation of Selected Terms section.) For 1992, foundations reported excise tax on investment income of \$194.2 million. This amount was a 25 percent increase over that for 1990. Figure E displays selected statistics on the excise tax of foundations by size of foundation. Thirty-two percent of all foundations increased the rate at which they paid out charitable dollars for 1992, thereby qualifying for the reduced 1-percent excise tax. A greater percentage of the large foundations qualified for the reduced tax compared to the small foundations, 46 percent versus 29 percent.

### Foundation Assets and Investments

Total foundation assets continued to grow steadily, to \$192.2 billion for 1992. This represents an overall increase of 17 percent from 1990 to 1992. Assets for each of the three size groups increased as well, the small foundations by 6 percent, and both the medium and large foundations by 17 percent. Excluding the Wellcome Trust, the assets of all foundations would have grown by 20 percent from 1990 to 1992. Investment assets of \$181.2 billion represent the vast majority of foundation assets, 94 percent. These investments increased by a two-year total of 16 percent. Investment assets include savings and temporary cash investments; U.S. and State Government obligations; corporate stock; corporate bonds; land, buildings, and equipment held for investment purposes; mortgage loans; and "other" investments. Non-investment assets include non-interest bearing cash; land, buildings, and equipment

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Figure E

## Private Foundations Reporting Excise Tax on Investment Income, by Size of Foundation, 1992

[Money amounts are in millions of dollars.]

Item	Total <sup>1</sup>	Small foundations <sup>2</sup>	Medium foundations <sup>3</sup>	Large foundations <sup>4</sup>
	(1)	(2)	(3)	(4)
Number of foundations.....	35,083	24,611	9,689	448
Percentage of all foundations.....	83	80	96	94
Net investment income (NII).....	14,252.2	463.7	4,587.7	9,192.2
Excise tax.....	194.2	7.2	68.3	118.6
Percentage of all foundations reporting:				
1 percent tax.....	36	34	42	49
2 percent tax.....	64	66	58	49
4 percent tax.....	( <sup>6</sup> )	--	( <sup>6</sup> )	2

<sup>1</sup> Includes 337 foundations with assets unreported or equal to zero, which are not shown separately. These foundations earned \$8.7 million in net investment income and paid excise tax of \$0.1 million.

<sup>2</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.

<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>5</sup> Includes \$170 million in gross investment income from 30 foreign foundations.

<sup>6</sup> Less than 0.5 percent.

used in the direct operation of a foundation's charitable activities; various receivables; inventories held for sale or use; prepaid expenses and deferred charges; and "other" assets, which include items such as escrow deposits, interest-free or low-interest loans made for charitable purposes, and program-related investments.

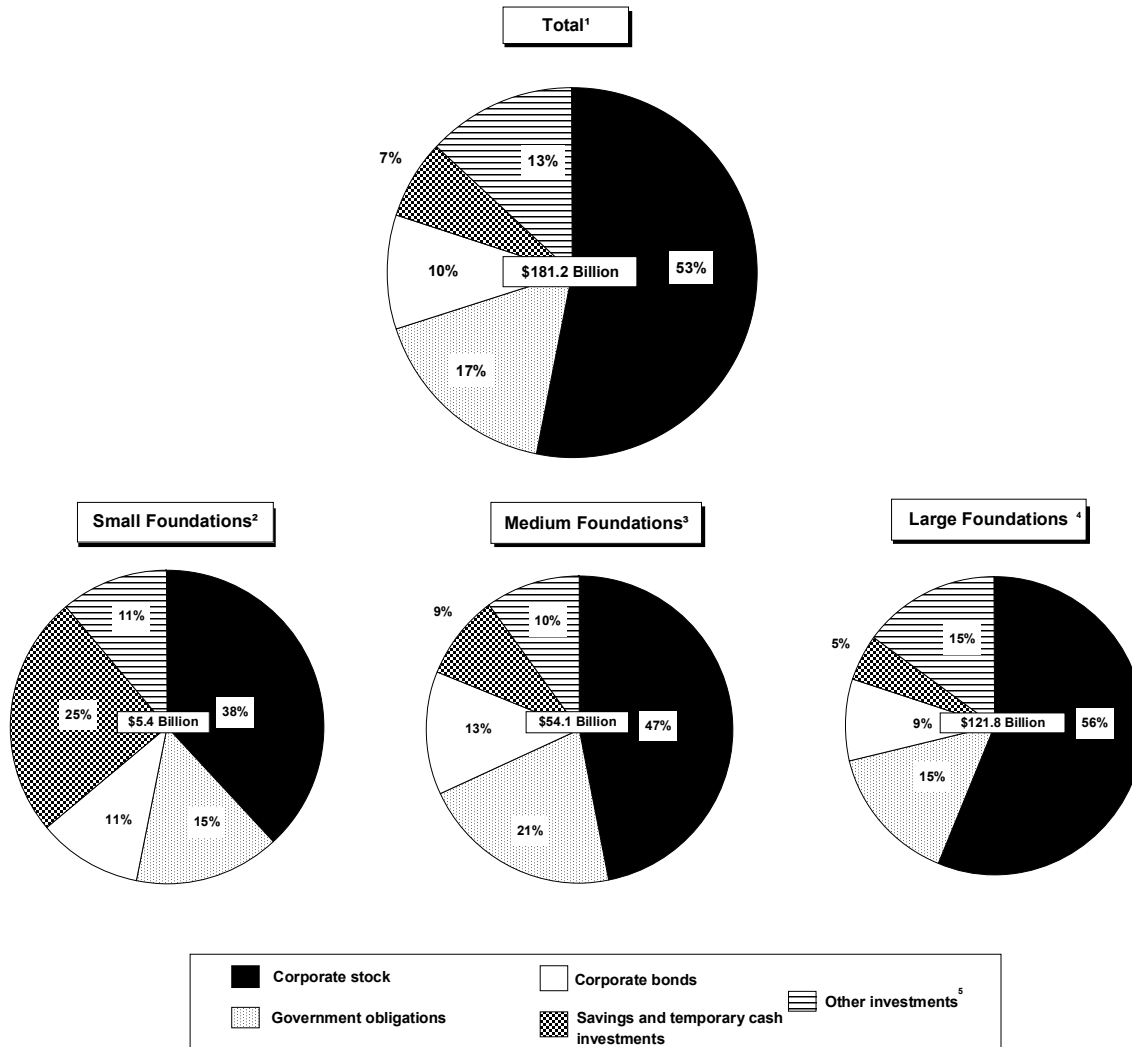
Holdings of investments in securities (including investments in U.S. and State Government obligations, corporate stocks, and corporate bonds), increased by over 14 percent from 1990 to 1992. These securities, valued at \$144.4 billion for 1992, represented 80 percent of total investment assets. Nearly two-thirds of all securities, or \$95.2 billion, were held in the form of corporate stock, with more than one-fifth and one-tenth of securities held in the form of U.S. and State Government obligations and corporate bonds, respectively. Reporting Year 1992 represents only the third consecutive year since 1979 for which the IRS required foundations to report separately the value of each of these types of securities on the Form 990-PF. Over the 1990 to 1992 period, foundations experienced considerable increases in investments in corporate stock, 20 percent, and investments in corporate bonds, 30 percent, and decreases in investments in government obligations, 6 percent. Foundations also experienced overall decreases in holdings of other types of investment assets, including savings and temporary cash investments and investments in land, buildings, and equipment, each of which declined by 8 percent from 1990 to 1992. While this same pattern was generally true for each of the three size groups of foundations, each group experienced increases and decreases of varying magnitudes [18].

more sophisticated investment practices and hold greater proportions of investment assets, particularly corporate stock. While the large foundations held 96 percent of all their assets as investments for 1992, the small foundations held 83 percent as investments. Figure F displays the composition of investment assets for small, medium, and large-sized foundations. While the large foundations held 80 percent of all investments as a combination of corporate stocks, corporate bonds, and government obligations, the small foundations held only 64 percent in this manner. Holdings of corporate stock, 53 percent of total investments, were the dominant investment for all foundation size groups, but particularly for the large foundations. While large foundations held 56 percent of investment assets as corporate stock, the small foundations held 38 percent in this manner. Small and medium-size foundations tend to hold somewhat more of their investments in U.S. and State Government obligations and corporate bonds compared to the larger foundations. As foundations grow in size, they also tend to hold a smaller percentage of their assets in the form of savings and temporary cash investments. For 1992, the small foundations held 25 percent of their investment assets as savings and temporary cash investments, compared to 9 percent for the medium size foundations and only 5 percent for the large foundations. Large foundations also tend to hold less non-interest bearing cash compared to the small foundations. For 1992, small foundations held 6 percent of total assets as non-interest bearing cash, compared to less than 1 percent for the large foundations. The distribution of assets by the different size groups may generally indicate that many of the small foundations have less of a preference for risky

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Figure F

**Composition of Private Foundation Investment Assets, by Size of Foundation, 1992**



<sup>1</sup> Includes foundations with assets unreported or equal to zero, which are not shown separately.  
<sup>2</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.  
<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.  
<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.  
<sup>5</sup> Sum of "Investment in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on the Form 990-PF. "Other investments" includes items such as advances; certificates of investment; and investments in art, coins, gold, and gems.  
 NOTE: Percentages may not add to 100% because of rounding.

investments and more of a preference for asset liquidity compared to the large foundations. While holdings of cash for the small foundations remained relatively constant over the 1990 to 1992 period, the large foundation holdings of cash actually increased by over 300 percent from 1990 to 1992. This can be largely explained by the huge holdings of cash held by the Wellcome Trust for both 1991 and 1992.

## Investment Behavior by Size of Foundation

In general, the larger the asset size of a foundation, the more it tends to emphasize the growth of its assets (or endowments) as a means by which to fund charitable giving, both now and in the future. Unlike other nonprofit charitable organizations, nonoperating foundations of all sizes most often distribute grants in order to fulfill their charitable purpose. Although foundations have relative

## Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

freedom in the way that they choose to invest their tax-exempt endowments, they are also subject to a minimum distribution or charitable payout requirement. Allowing for certain exceptions, nonoperating foundations must annually distribute for charitable purposes an amount that equals 5-percent of the average value of their net investment assets. (For an explanation and discussion of the payout requirement, see the sections beginning with The Charitable Distribution (or Payout) Requirement.) In order to fund charitable activity without reducing the value of their endowment, a foundation must earn an average “rate of total return on assets” (defined below) that equals at least 5 percent plus the costs of investment and the rate of inflation. To the extent that foundations wish to maintain or increase the value of their endowments to fund charitable giving into the future, this represents an important goal.

Different sizes of foundations tend to have different charitable and investment objectives. For instance, larger foundations may tend to operate with more of a long-term focus. They may invest and manage their assets in order to maintain or increase the size of their endowments by earning income and realizing a return on assets which will allow them both to meet the annual 5-percent payout requirement and to use any remainder to increase their investment portfolio [19]. Many of the larger foundations pay out close to the required 5-percent of their net investment assets to charitable causes each year. The larger foundations hold a greater proportion of assets as investments in securities, including a greater proportion as corporate stock. Holdings of corporate stock tend to have greater risk but also higher returns compared to other investment holdings. Larger foundations may also tend to possess the resources necessary to use sophisticated investment management services. For these reasons, the larger foundations typically earn higher rates of total return on investments than do the smaller foundations.

Many of the smaller foundations do not possess the resources necessary to use sophisticated investment management techniques and may not have the same incentives to perpetuate their endowments. They tend to hold lower risk and lower-return assets than the larger foundations [20]. Moreover, they may operate with more of a short-term focus in order to distribute large contributions currently, so as to direct their resources to present concerns and immediate needs [21]. The smaller foundations rely much more on contributions as a source of revenue compared to other foundations. Given this, many may act as conduits or “pass-through” organizations, receiving contributions one year and then distributing them in the same year or the next. To note, the larger

foundations, which typically benefit from professional investment management services, realized the greatest rates of total return on their investments and “paid out” the smallest percentage of their assets as charitable distributions between 1990 to 1992.

### Income Yields and Rates of Total Return

An income yield measures the realized investment income earned by a foundation on its investment assets. Figure G shows median “net investment income yields” for nonoperating foundations for 1988 through 1992. The median yield is calculated, rather than the mean, since it minimizes the influence of large outliers in the data, and therefore, may be a better representation of the typical foundation. The net investment income, or NII, yield was calculated by dividing net investment income by the end-of-year fair market value of investment assets [22]. Only nonoperating foundations were analyzed since only they are subject to the charitable payout requirement, discussed below. The use of only nonoperating foundations in the analysis here and in the sections that follow allows for comparisons of the NII yields, rates of total return, and payout rates, all discussed below.

During the period from 1988 to 1990 the median NII yields remained relatively constant between 7.1 and 7.7 percent. The total foundation NII yield declined from 7.1 percent for 1990 to 6.5 percent for 1991 and then to 5.6 percent for 1992. However, an examination of the yields for the different size groups reveals that the large foundations’ median yield increased slightly during both 1991 and 1992. The largest foundations realized a median yield of 7.1 percent for 1992, up from 6.6 percent for 1990 and 6.8 percent for 1991. In contrast the median rate of the small foundations declined somewhat in both years. The smallest foundations realized an NII yield of 4.2 percent for 1992, down from a 6.4 percent yield for 1990. The large foundations typically earn somewhat higher NII yields than the smaller foundations. Since large foundations, compared to small foundations, rely more on investment income as a source of revenue and may use more sophisticated investment management techniques, it is not surprising that they typically realize higher NII yields.

The rate of total return, a measurement of the total capital appreciation of the endowment of a foundation, is a more comprehensive measure of investment performance than the NII yield. An examination of rates of total return on assets helps to show differences among the different sizes of nonoperating foundations. Figure H shows median rates of total return on nonoperating foundation assets for 1988 to 1992. A comparison with the charitable payout rates, discussed below, helps to further the understanding of the different sizes of foundations. Consis-



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Figure G

## Nonoperating Private Foundation Net Investment Income (NII) Yields, by Size of Fair Market Value of Total Assets, 1988-1992

Size of fair market value of total assets	Median NII yields (percentages)				
	1988	1989	1990	1991	1992
	(1)	(2)	(3)	(4)	(5)
<b>All nonoperating foundations<sup>1</sup></b> .....	7.2	7.7	7.1	6.5	5.6
<b>Small foundations</b>					
\$1 under \$100,000.....	6.6	6.8	6.4	5.6	4.2
\$100,000 under \$1,000,000.....	7.3	8.0	7.3	6.5	5.6
<b>Medium foundations</b>					
\$1,000,000 under \$10,000,000.....	7.6	8.0	7.1	6.9	6.6
\$10,000,000 under \$50,000,000.....	7.6	8.2	7.2	6.9	7.0
<b>Large foundations</b>					
\$50,000,000 under \$100,000,000.....	7.4	8.6	6.7	7.3	7.2
\$100,000,000 or more.....	7.3	8.1	6.6	6.8	7.1

<sup>1</sup>Excludes nonoperating foundations with assets unreported or equal to zero.

tently strong rates of total return tend to lead to increased long-run giving power. The rate of total return formula used here measures the change in the value of the entire asset base with considerations for inflows and outflows of money [23]. The formula adjusts for inflation and measures the realized income from assets, investments and otherwise, as well as the unrealized appreciation or depreciation in the fair market value of assets.

Median foundation rates of total return on assets for 1991 and 1992 rebounded from the very low 1990 rates. For 1990, the total nonoperating foundation median rate was 2.4 percent. This increased to 6.7 percent for 1991, but fell

again to 3.6 percent for 1992. An examination of the different size groups shows a similar trend, but at a much different magnitude. Large foundations typically earn much higher rates of total return than do smaller foundations. Generally, as the holdings of investment assets increase, so do the total returns on assets. Median rates for the largest nonoperating foundations increased from a rate of only 1.3 percent for 1990 to 14.9 percent for 1991, the largest median rate of return realized by foundations in recent years. The year-to-year fluctuations in the returns of foundations, particularly the larger ones, tend to coincide with fluctuations in the stock market. The rate of total

Figure H

## Nonoperating Private Foundation Rates of Total Return on Assets, by Size of Fair Market Value of Total Assets, 1988-1992

Size of fair market value of total assets	Median rates of total return (percentages)				
	1988	1989	1990	1991	1992
	(1)	(2)	(3)	(4)	(5)
<b>All nonoperating foundations<sup>1</sup></b> .....	n.a.	4.3	2.4	6.7	3.6
<b>Small foundations</b>					
\$1 under \$100,000.....	n.a.	2.0	1.4	2.5	0.9
\$100,000 under \$1,000,000.....	n.a.	5.3	3.1	7.6	4.2
<b>Medium foundations</b>					
\$1,000,000 under \$10,000,000.....	6.8	7.7	3.4	10.0	5.1
\$10,000,000 under \$50,000,000.....	7.9	10.9	2.3	12.2	5.2
<b>Large foundations</b>					
\$50,000,000 under \$100,000,000.....	8.3	11.6	1.5	12.9	6.3
\$100,000,000 or more.....	9.0	12.7	1.3	14.9	6.2

n.a. - Not available.

<sup>1</sup>Excludes nonoperating foundations with assets unreported or equal to zero.

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return for these foundations then dropped to 6.2 percent for 1992. The median return of the smallest nonoperating foundations, in contrast, increased from 1.4 percent for 1990 to 2.5 percent for 1991, only to fall to 0.9 percent for 1992.

### Charitable Distribution (or Payout) Requirement

The following discussion of the charitable distribution requirement and the payout rate excludes operating foundations since they are not subject to the distribution requirement. Therefore, all references to foundations in this section and in the sections that follow are to nonoperating foundations, unless otherwise indicated. For reasons of comparability, the operating foundations were also excluded from median net investment income yields and rates of total return, discussed previously.

The Federal Government first began to grant tax-exempt status to charitable foundations in the early 1900's. Legislative changes and discussions prior to 1969 focused on the regulation of foundation activities. However, beginning with TRA69, private nonoperating foundations were required to meet a charitable giving or "payout requirement." The 1969 legislation provided guidelines for foundation minimum giving levels. The original payout requirement, which was based on the greater of (adjusted) net income or a fixed percentage of net investment assets, was designed to prevent potential abusive foundation activity and ensure that a minimum amount was charitably distributed. Later, the Economic Recovery Tax Act of 1981 (ERTA) modified the payout requirement by basing the required amount only on net investment assets and not on income. Generally, the data indicate that, after ERTA, large foundations altered their giving patterns more noticeably than small foundations [24]. From 1982 to 1992 the large foundations realized the greatest percentage increase in both assets and distributions. The number of large foundations, not adjusting for those that moved to the large size group due to an inflationary increase in their assets, also increased at a much faster rate than the other size groups. (For a more detailed discussion, see the section, Asset Growth and Distribution Goals.)

Under the guidelines of ERTA, each year nonoperating foundations must calculate a "distributable amount," which is the minimum amount that the organizations must distribute for charitable purposes by the end of the next full reporting year in order to avoid a penalty tax on undistributed charitable dollars. The distributable amount, or required payout amount, equals 5 percent of the fair market value of net investment assets (the "minimum investment return"), plus or minus certain adjustments, either allowed or required [25]. See distributable (payout) amount, net investment assets, minimum investment return, and net

adjustments to distributable amount in the Explanation of Selected Terms section.

### Charitable Grants and Other Qualifying Distributions

To fulfill the charitable payout requirement, nonoperating foundations can apply "qualifying distributions" from the current year, as well as any carryovers (distributions paid in excess of the minimum required amount) from the 5 previous years. The requirement can be met in either the current year or the following year. Qualifying distributions for 1992 for these nonoperating foundations are comprised primarily of contributions and grants, 88 percent; with smaller proportions for operating and administrative expenses, 8 percent; "set-asides" for future charitable distributions, 2 percent; program-related investments (e.g., loans made to public charities at below market or zero rates of interest), 1 percent; and amounts paid to acquire charitable-use assets (e.g., buildings, equipment, or supplies), less than 1 percent.

As mentioned previously, nonoperating foundations fulfill their exempt purpose in an indirect manner, primarily by making grants to other charitable organizations, while operating foundations generally expend their income for direct involvement in charitable activities and programs. Operating foundations are not subject to the same charitable payout requirement, but they must still expend a minimum amount each year on direct charitable support, usually through conducting their own charitable programs. These expenditures count as "qualifying distributions" in meeting the operating foundation requirements. For a discussion of the operating foundation requirements, see operating foundations and section 4947(a)(1) charitable trusts in the Explanation of Selected Terms section.

For 1992, nonoperating foundations paid out \$11.3 billion in qualifying distributions against a required payout (or distributable) amount of \$7.6 billion. As in years past, qualifying distributions increased at a relatively constant rate, 17 percent over the period from 1990-1992. The different size groups increased qualifying distributions at different rates between these years. The small foundations paid out 18 percent more qualifying distributions for 1992 than for 1990, while the medium foundations paid out 11 percent more and the large foundations, 22 percent more. When the Wellcome Trust's qualifying distributions are excluded, the large foundations qualifying distributions increased by 26 percent from 1990 to 1992. Foundation giving generally increases faster than the rate of inflation.

Over 79 percent of foundations with a charitable payout requirement either met or exceeded the required amount for 1992 in that same year. Those that did not had until the end of the following reporting year to fulfill the require-

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ment. While 17 percent of the small foundations did not meet the 1992 requirement during 1992, thereby amassing “undistributed income,” nearly 46 percent of the large foundations chose to wait until the following reporting year to distribute their required amount for 1992 [26]. Given that the annual payout amount is not calculated until the end of the reporting year and that it is based on the monthly average of investment assets, many foundations choose to take advantage of the 1-year tax- and penalty-free “grace period” for making required distributions. This lag time gives them an opportunity to consider their investment returns, payout rates, and contributions received, among other factors, when preparing their grantmaking budgets for the following year or years.

In contrast, while some foundations chose to wait until 1993 to disperse 1992 qualifying distributions, many gave in excess of the 1992 required amount during the 1992 Reporting Year. Small foundations typically distribute much more than their required amount. For 1992, the small foundations as a group distributed an amount of qualifying distributions that was over 325 percent more than their combined required distributable amount. In contrast, the large foundations for 1992 distributed an amount of qualifying distributions that was 18 percent more than their combined required distributable amount.

Contributions, gifts, and grants distributed by nonoperating foundations equaled \$10.7 billion for 1992. According to the Foundation Center’s *Foundation Giving*, the largest proportions of total foundation grants for 1992 went to the areas of education, health, human services, and arts and culture [27]. The contributions and grants given by foundations accounted for less than one-tenth of

total philanthropic giving, with the vast majority of giving coming from individual gifts [28].

## Payout Rates

Since the small foundations tend to distribute more charitable dollars relative to the required amount, they also tend to have higher charitable payout rates. Figure I displays median foundation payout rates by size of foundation for 1988 through 1992. To calculate the payout rate, the amount of (adjusted) qualifying distributions was divided by the amount of the monthly average of net investment assets [29]. The 1991 and 1992 median payout rates declined slightly over past years. Foundation payout rates are generally extremely steady, but from 1990 to 1992 they declined by half of a percentage point for the median foundation, from 7.0 percent for 1990 to 6.5 percent for 1992. The median payout rates for 1991 and 1992 for the smallest foundations, 12.0 percent and 11.7 percent, respectively, increased over the 1990 payout rate, 10.6 percent. In contrast, the median payout rate of the largest foundations remained very constant and equaled the required 5.0 percent for 1992. Overall, Figure I shows that foundation payout rates for all size groups remained relatively constant over the entire 5-year period.

The payout rates for the large and medium-sized foundations were very close to the required 5 percent. Those of the smaller foundations, which tend to emphasize current, rather than future, charitable giving, were much higher than the required rate. The smaller foundations seem to focus more on distributing charitable dollars currently, rather than on long-term endowment growth. The larger foundations, on the other hand, tend to reinvest a greater

Figure I

### Nonoperating Private Foundation Payout Rates, by Size of Fair Market Value of Total Assets, 1988-1992

Size of fair market value of total assets	Median payout rates (percentages)				
	1988	1989	1990	1991	1992
	(1)	(2)	(3)	(4)	(5)
<b>All nonoperating foundations<sup>1</sup></b> .....	7.2	7.1	7.0	6.7	6.5
<b>Small foundations</b>					
\$1 under \$100,000.....	10.7	10.9	10.6	12.0	11.7
\$100,000 under \$1,000,000.....	6.6	6.8	6.7	6.3	6.0
<b>Medium foundations</b>					
\$1,000,000 under \$10,000,000.....	5.9	5.8	5.8	5.6	5.5
\$10,000,000 under \$50,000,000.....	5.5	5.4	5.4	5.2	5.3
<b>Large foundations</b>					
\$50,000,000 under \$100,000,000.....	5.3	5.4	5.4	5.1	5.1
\$100,000,000 or more.....	5.3	5.0	5.0	5.1	5.0

<sup>1</sup> Includes nonoperating foundations with assets unreported or equal to zero, which are not shown separately.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

portion of their return on investments, perhaps to ensure endowment growth for future charitable giving. The trend of the large foundations to give consistently at a payout rate of 5.0 percent seems to demonstrate their use of long-range planning in setting grantmaking budgets. Salamon, in a survey of the payout policies of foundations, found that smaller foundations, as a group, tend to use their investment yields to help to structure their charitable payout rates, while the larger foundations, as a group, tend to structure their investment decisions in order to reduce the effect of the payout requirement on their assets [30].

## Asset Growth and Distribution Goals

Over the decade from 1982 to 1992, total nonoperating foundation assets increased in real terms by 115 percent. This growth in nonoperating foundation assets is explained both by the growth in the value of assets and by the 52 percent increase in the number of foundations. The increasing assets helped to fund a real increase of 61 percent in the amount of qualifying charitable distributions made by foundations during that decade. The overall growth in foundation assets and charitable distributions exceeds the 32 percent real growth rate of the Gross Domestic Product from 1982 to 1992 [31].

The growing assets of foundations during the 1982 to 1992 decade helped to increase total grants over the same period. Foundation statistics suggest that a growing endowment may help to fund charitable giving at the same or at an increased amount in the future. During much of the 1980's and into the early 1990's, many foundations benefited from favorable stock market conditions that allowed them to realize rates of return and income yields high enough to easily meet the 5-percent charitable payout requirement. As foundation assets increased, so did the required distributable amounts, thereby leading to an increased amount of charitable distributions made by many foundations.

Large foundations historically have realized greater rates of total return on assets than have small foundations. The large foundations typically rely heavily on the growth of their endowments to fund charitable programs and, therefore, have distributed dollars at consistent rates and in such a way as to further long-run asset growth. From 1982 to 1992, the significant real asset growth of the large foundations allowed them to increase charitable distributions at a faster rate than either of the other size groups, despite paying out charitable dollars at rates hovering at the minimum 5.0 percent.

Figure J displays revenue, assets, and qualifying charitable distributions for the different size groups of foundations for the period 1982 to 1992. During that 10-year

period, the large foundations increased real assets by 164 percent, while increasing charitable distributions by 128 percent. In contrast, the small foundations, which typically pay out charitable dollars at more generous rates than the large foundations but realize lower rates of total return and income yields, increased real assets and distributions by 21 percent and less than one-half of 1 percent, respectively. It is important to note, however, that the number of large foundations increased at a rate nearly 5 times that of the small foundations during this decade. The number of large foundations increased by 290, or 196 percent, while the number of small foundations increased by over 8,000, or 41 percent.

Figure J

## Nonoperating Private Foundations: Changes in Number of Foundations and Real Growth in Revenue, Assets, and Charitable Distributions, by Size of Foundation, 1982-1992

[Money amounts are in billions of 1987 dollars.]

Item	1982	1992	Percentage increase, 1982-1992
	(1)	(2)	(3)
<b>Total number of nonoperating foundations<sup>1</sup></b> .....	25,363	38,620	52
Total revenue.....	9.6	17.7	83
Total assets <sup>2</sup> .....	67.1	144.3	115
Total charitable distributions <sup>3</sup> .....	5.8	9.3	61
<b>Number of small nonoperating foundations<sup>4</sup></b> .....	19,752	27,824	41
Total revenue.....	1.0	1.3	28
Total assets <sup>2</sup> .....	4.1	4.9	21
Total charitable distributions <sup>3</sup> .....	1.0	1.0	( <sup>7</sup> )
<b>Number of medium nonoperating foundations<sup>5</sup></b> .....	3,948	9,331	136
Total revenue.....	3.9	6.5	65
Total assets <sup>2</sup> .....	27.1	44.5	64
Total charitable distributions <sup>3</sup> .....	2.6	3.5	31
<b>Number of large nonoperating foundations<sup>6</sup></b> .....	148	438	196
Total revenue.....	4.7	9.8	110
Total assets <sup>2</sup> .....	35.9	94.9	164
Total charitable distributions <sup>3</sup> .....	2.1	4.8	128

<sup>1</sup> The total number of foundations includes 1,027 foundations for 1992 and 1,515 foundations for 1982 that had assets unreported or equal to zero. These foundations are not shown separately.

<sup>2</sup> Total assets represent "fair market value of total assets" from Form 990-PF.

<sup>3</sup> Total charitable distributions represent "qualifying distributions" from Form 990-PF.

<sup>4</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.

<sup>5</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>6</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>7</sup> Less than 0.5 percent.

NOTE: Constant dollar amounts were calculated using the Gross Domestic Product (GDP) price deflator.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

## Section 4947(a)(1) Nonexempt Charitable Trusts

### Overview of Revenue, Assets, and Grants Paid

Charitable trusts described in Internal Revenue Code section 4947(a)(1) are organizations which have exclusively charitable interests but which are not exempt from federal income tax as Section 501(c)(3) organizations are. Charitable trusts that are not publicly supported are subject to the same requirements as foundations, including the excise tax provisions and the charitable payout requirement. Charitable trusts are typically supported and controlled by an individual or family and, like foundations, they file the Form 990-PF. The 4947(a)(1) charitable trusts that file the Form 990-PF, hereafter referred to as “charitable trusts” are unlike foundations in that they are not required to be formally recognized as tax-exempt organizations by IRS. Most were originally formed as 4947(a)(2) split-interest trusts that at one time had one or more noncharitable beneficiaries. Additionally, the 4947(a)(1) trusts must pay an annual tax on their income (usually from investments) that is not distributed for charitable purposes. Trusts must report such income and tax (under Subtitle A of the IRC) on Form 1041, *U.S. Fiduciary Income Tax Return*. Statistics for charitable trusts contained in this article are based on Forms 990-PF, but not on Forms 1041.

Two other types of section 4947(a)(1) charitable trusts file different returns with the Internal Revenue Service and are *not* covered in this article. First, certain charitable trusts, those that receive the majority of their support from public, rather than private, sources, file the Form 990. These trusts typically operate in connection with, and provide support to, one or more public charities. Second, split-interest trusts, which have both charitable and noncharitable beneficiaries, file the Form 5227, *Split-Interest Trust Information Return*.

Over 2,900 section 4947(a)(1) trusts filed Forms 990-PF for 1992. For this year, charitable trusts represented 2 percent or less of the total assets held, total revenue earned, and total grants distributed by all of the Form 990-PF filers. The number of Form 990-PF filers classified as trusts increased by 12 percent from 1990. Nearly 99 percent of these organizations were classified as nonoperating trusts. The vast majority of trusts, 92 percent, made charitable grants for 1992. This compares to 83 percent for private foundations. From 1990 to 1992, total trust revenues increased at a faster rate than the revenues of foundations, 29 percent (compared to 21 percent), from \$269.7 million to \$346.8 million. Large increases in both net gains from sales of assets, 219 percent, and contributions received, 63 percent, help explain the overall increase in revenues. Total trust assets, equal to \$3.1 billion for 1992,

also increased from 1990 to 1992, but a smaller percentage increase than the assets of foundations, 13 percent for trust assets compared to 17 percent for foundation assets. Increases of 25 percent in investments in corporate stock and 17 percent in investments in corporate bonds help explain the overall increase in trust assets. Despite large increases in both assets and revenues, the amount of grants distributed by trusts increased by only 2 percent between 1990 and 1992, to \$154.6 million. Figure K shows total amount and percentage changes for various charitable trust revenue, asset, and expense items for the period 1990 to 1992.

The following classifications apply, unless otherwise indicated, to the discussion of charitable trusts throughout the remainder of this article: “small charitable trusts” refers to the group holding less than \$1 million in assets (excluding trusts that either do not report assets or that report assets equal to zero); “medium-size charitable trusts” refers to the group holding from \$1 million to less than \$10 million in assets; and, “large charitable trusts” refers to the group holding \$10 million or more in assets. It should be noted that the medium and large-sized trusts are much smaller on average than the medium and large-sized foundations.

## Sources of Charitable Trust Revenue

With large increases in net gains from sales of assets and in the amount of contributions received during the 1990 to 1992 period, the composition of trust revenue for 1992 changed somewhat from 1990. Trusts earn the majority of their revenue from net gain from the sales of assets, 36 percent, and dividends and interest from securities, 35 percent. A smaller proportion of total revenues, 18 percent, come from contributions received. Compared to foundations, which received over a third of their revenue from contributions, trusts relied much less on contributions as a source of revenue and much more on investment income. The overall trust revenue composition most resembles the large foundation revenue composition. Along with increases in overall revenue, charitable trust net investment income, on which the excise tax is based, increased by 27 percent from 1990 to 1992, to \$252.8 million, while the amount of excise tax reported increased by 36 percent, to \$4.3 million.

Less than 1 percent of charitable trusts reported “unrelated business income” for 1992, totalling only \$117,200, or less than one-tenth of one percentage point of the total revenue reported on the “Analysis of Income Producing Activities” schedule of the Form 990-PF. Like foundations, the majority of trust revenue reported on the aforementioned schedule was reported as excluded income, 87

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Figure K

## IRC Section 4947(a)(1) Charitable Trusts: Selected Financial Items, 1990-1992

[Money amounts are in millions of dollars.]

Item	1990	1991	1992	Percentage increase, 1990-1992
	(1)	(2)	(3)	(4)
<b>Total assets (fair market value)</b> .....	<b>2,772.4</b>	<b>2,991.0</b>	<b>3,130.0</b>	<b>12.9</b>
Investments, total .....	2,475.6	2,714.4	2,831.3	14.4
Savings and temporary cash investments.....	225.8	212.5	193.7	(14.2)
Investments in securities, total.....	1,876.5	2,023.8	2,174.5	15.9
U.S. and State Government obligations.....	449.0	415.1	413.9	(7.8)
Corporate stock.....	1,101.4	1,287.0	1,379.2	25.2
Corporate bonds.....	326.1	321.8	381.5	17.0
Other investments <sup>1</sup> .....	343.3	478.1	463.1	34.9
<b>Total revenue</b> .....	<b>269.7</b>	<b>280.4</b>	<b>346.8</b>	<b>28.6</b>
Contributions, gifts, and grants received.....	38.9	39.3	63.3	62.7
Net gain (or loss) from sales of assets.....	39.5	73.7	126.1	219.2
Dividends and interest from securities.....	120.0	117.0	120.1	0.1
<b>Total expenses</b> .....	<b>192.2</b>	<b>197.0</b>	<b>191.2</b>	<b>(0.5)</b>
Contributions, gifts, and grants paid.....	151.8	158.2	154.6	1.8
<b>Excess of revenue (less loss) over expenses</b> .....	<b>77.5</b>	<b>83.3</b>	<b>155.6</b>	<b>100.8</b>

<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on the Form 990-PF. "Other investments" includes items such as advances; certificates of investment; and investments in art, coins, gold, and gems.

percent, with the remaining amount reported as income that was (directly) related to the trust's charitable purpose, 13 percent [32]. Like the foundations, the operating trusts, compared to the nonoperating trusts, tend to report a much higher proportion of income on this schedule as exempt function income.

### Charitable Trust Assets and Investments

Like foundations, charitable trusts hold the majority of their assets as investments, 90 percent, which is somewhat less than the proportion of investment assets held by foundations. Over three-quarters of trust investment assets, or 77 percent, were held in the form of securities. The amount of investments in securities increased by 16 percent from 1990 to 1992, to \$2.2 billion. This increase was greater than the 13 percent overall increase in trust assets over this period. Figure L depicts the composition of investment assets for all trusts and for each of the different size groups. Investment assets include savings and temporary cash investments; government obligations; corporate stock; corporate bonds; land, buildings, and equipment; mortgage loans; and "other" investments. Over three-quarters of all trust investment assets were held as either government obligations, corporate stock, or corporate bonds. Compared to foundations, trusts held a somewhat smaller proportion of investment assets in corporate stock, 49 percent, and government obligations, 15 percent, and a somewhat larger proportion in corporate bonds, 13 percent. The remainder of investment assets was comprised of savings and short-term cash investments, 7

percent; and land, buildings, equipment, mortgage loans, and other investments, 16 percent. Like foundations, as trusts grow in size they tend to hold somewhat more of their investment portfolio as investments in securities, particularly corporate stock.

### Charitable Trust Income Yields and Rates of Total Return

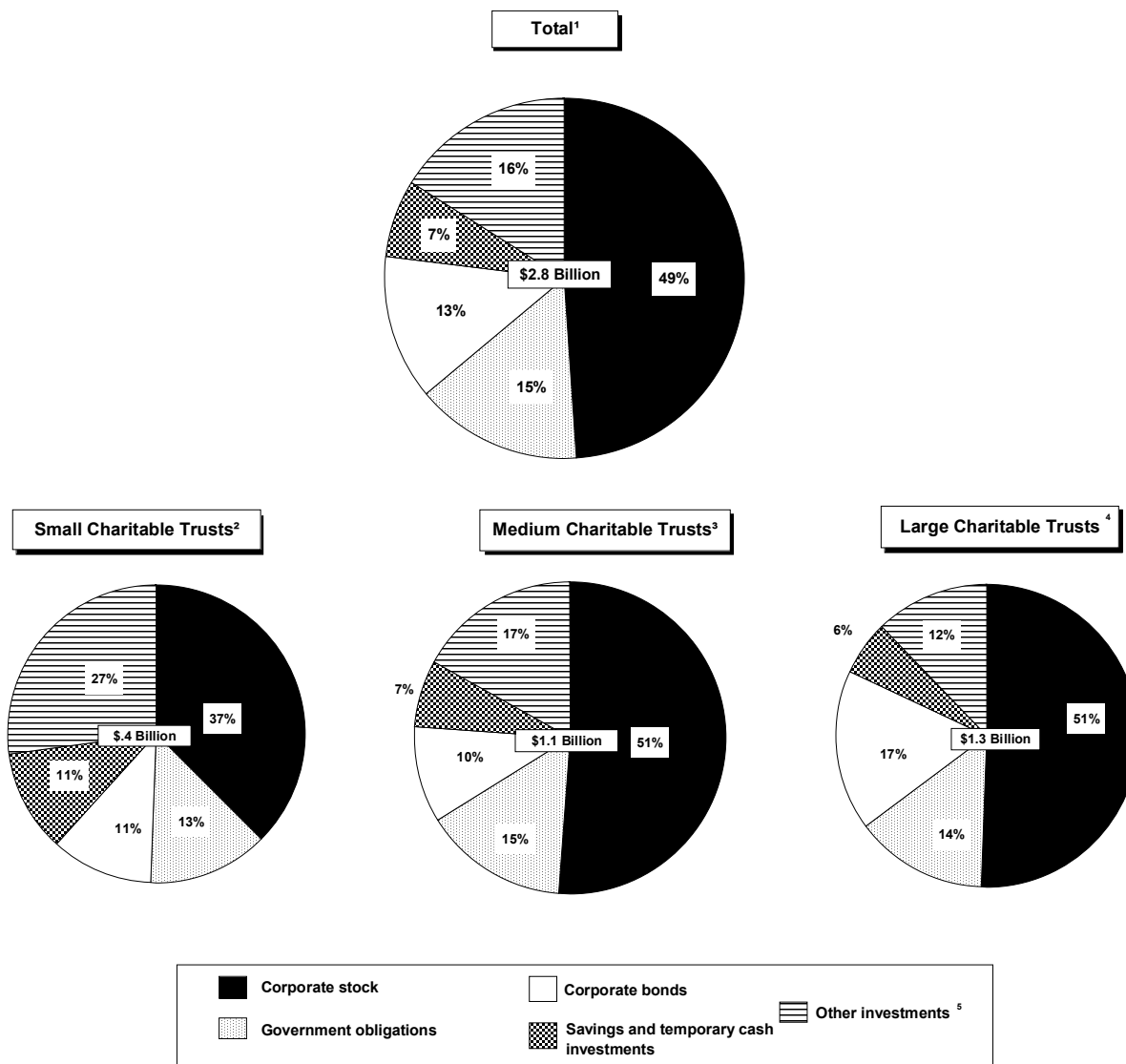
As in the case of foundations, the median net investment income (NII) yields and rates of total return on assets were calculated only for nonoperating trusts. Figure M displays the median NII yields for the different sizes of charitable trusts for 1989 through 1992. The trusts realized somewhat higher NII yields for 1991 and 1992 compared to foundations. For instance, for 1992 the median trust realized a 7.5 percent NII yield, while the median foundation realized only a 5.6 percent yield. For all of the years displayed in Figure M, the small trusts realized higher NII yields than either the medium or large-sized trusts. This trend is the opposite of that of foundations. Compared to foundations, there is little difference among the different trust size groups in terms of the extent to which they rely on investment income as a source of revenue.

Figure N displays the median rates of total return on assets for the different sizes of trusts for the years 1990 to 1992. For both 1991 and 1992, the median trust rate of total return exceeded the median foundation rate of total return, 10.5 percent to 6.7 percent for 1991 and 6.4 percent to 3.6 percent for 1992. In terms of both the NII yield and rate of

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Figure L

Composition of Charitable Trust Investment Assets, by Size of Trust, 1992



<sup>1</sup> Includes charitable trusts with assets unreported or equal to zero, which are not shown separately.  
<sup>2</sup> Small charitable trusts are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.  
<sup>3</sup> Medium charitable trusts are those holding from \$1,000,000 to less than \$10,000,000 in fair market value of total assets.  
<sup>4</sup> Large charitable trusts are those holding \$10,000,000 or more in fair market value of total assets.  
<sup>5</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on the Form 990-PF. "Other investments" includes items such as advances; certificates of investment; and investments in art, coins, gold, and gems.  
 NOTE: Percentages may not add to 100% because of rounding.

total return data, it seems that the small trusts outperformed their small foundation counterparts. The large trusts, however, did not outperform foundations of the same size for either year. Unlike foundations, few notable differences existed among the different size groups of trusts.

## Charitable Trust Distributions and Payout Rates

The section 4947(a)(1) charitable trusts distributed \$154.6 million as contributions, gifts, and grants paid for 1992, an increase of only 2 percent over 1990. The grants distrib-

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**Figure M**

## Nonoperating Charitable Trust Net Investment Income (NII) Yields, by Size of Fair Market Value of Total Assets, 1989-1992

Size of fair market value of total assets	Median NII yields (percentages)	
	1989	1990
	(1)	(2)
<b>All nonoperating trusts</b> .....	8.9	7.4
<b>Small trusts</b>		
\$1 under \$100,000.....	8.5	7.3
\$100,000 under \$1,000,000.....	9.3	7.5
<b>Medium and large trusts</b>		
\$1,000,000 under \$10,000,000.....	8.2	7.2
\$10,000,000 or more.....	8.2	6.6

Size of fair market value of total assets	Median NII yields (percentages)--continued	
	1991	1992
	(3)	(4)
<b>All nonoperating trusts</b> .....	7.3	7.5
<b>Small trusts</b>		
\$1 under \$100,000.....	7.3	7.2
\$100,000 under \$1,000,000.....	7.4	8.0
<b>Medium and large trusts</b>		
\$1,000,000 under \$10,000,000.....	7.0	6.9
\$10,000,000 or more.....	6.9	7.1

<sup>1</sup>Excludes nonoperating trusts with assets unreported or equal to zero.

**Figure N**

## Nonoperating Charitable Trust Rates of Total Return on Assets, by Size of Fair Market Value of Total Assets, 1990-1992

Size of fair market value of total assets	Median rates of total return (percentages)		
	1990	1991	1992
	(1)	(2)	(3)
<b>All nonoperating trusts</b> <sup>1</sup> .....	3.4	10.5	6.4
<b>Small trusts</b>			
\$1 under \$100,000.....	3.2	10.3	5.7
\$100,000 under \$1,000,000.....	3.5	10.5	6.4
<b>Medium and large trusts</b>			
\$1,000,000 under \$10,000,000.....	3.5	10.1	6.5
\$10,000,000 or more.....	3.5	11.1	4.7

<sup>1</sup>Excludes nonoperating trusts with assets unreported or equal to zero.

uted by the trusts represented 93 percent of the total amount of qualifying distributions. The nonoperating trusts paid out \$163.8 million in qualifying distributions or 21 percent more than the required distributable amount. As in the case of foundations, the discussion of the distribution requirement and payout rates excludes operating trusts because they are not subject to the same

payout requirements as nonoperating trusts.

The small trusts as a group distributed 28 percent more for charitable purposes than the required amount, while the medium trusts distributed 10 percent more than the required amount and the large foundations 27 percent more. Much less variation in the payout rate is evident among the different size groups of trusts, as compared with foundations. Approximately 72 percent of trusts either met or exceeded the required payout amount for 1992. This is somewhat less than the 79 percent of foundations that met or exceeded the required payout amount in that same year. The remaining 28 percent of trusts amassed undistributed income and had until the end of the following reporting year to fulfill the requirement.

Figure O presents median payout rates for charitable trusts for 1989 to 1992. The median payout rate for all trusts for 1992 was 5.0 percent, which was below the 6.5 percent median payout rate for foundations for that same year. While the smallest foundations paid out distributions at a rate of 11.7 percent for 1992, trusts of the same size paid out distributions at a rate of only 5.5 percent. The charitable trusts generally distributed charitable dollars at a lower rate than did foundations. Aside from the smallest trusts, those holding assets from \$1 to less

**Figure O**

## Nonoperating Charitable Trust Payout Rates, by Size of Fair Market Value of Total Assets, 1989-1992

Size of fair market value of total assets	Median payout rates (percentages)	
	1989	1990
	(1)	(2)
<b>All nonoperating trusts</b> <sup>1</sup> .....	5.9	5.8
<b>Small trusts</b>		
\$1 under \$100,000.....	6.4	6.0
\$100,000 under \$1,000,000.....	5.9	5.7
<b>Medium and large trusts</b>		
\$1,000,000 under \$10,000,000.....	5.5	5.6
\$10,000,000 or more.....	5.8	5.5

Size of fair market value of total assets	Median payout rates (percentages)--continued	
	1991	1992
	(3)	(4)
<b>All nonoperating trusts</b> <sup>1</sup> .....	5.5	5.0
<b>Small trusts</b>		
\$1 under \$100,000.....	6.0	5.5
\$100,000 under \$1,000,000.....	5.5	5.0
<b>Medium and large trusts</b>		
\$1,000,000 under \$10,000,000.....	5.1	5.0
\$10,000,000 or more.....	5.0	5.0

<sup>1</sup> Includes nonoperating trusts with assets unreported or equal to zero, which are not shown separately.



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than \$100,000, trusts paid out charitable dollars at a median rate equal to the required 5.0 percent for 1992, which is comparable to the payout rate of the large foundations.

### Summary

#### Private Foundations

Over 42,400 private foundations, representing over one-quarter of all Internal Revenue Code 501(c)(3) nonprofit charitable organizations that filed information returns with the Internal Revenue Service, distributed over \$10.9 billion in charitable contributions and grants for 1992. Foundations increased the amount of contributions and grants given by 23 percent from 1990 to 1992. During this same time period, total foundation revenues and assets both realized relatively strong increases of 21 percent and 17 percent, respectively.

Total foundation revenue increased to \$23.6 billion from 1990 to 1992. All of the gain occurred from 1990 to 1991, as foundations actually realized a 4 percent loss in revenues from 1991 to 1992. A significant two-year increase of 70 percent in net gains from sales of assets and a smaller increase of 16 percent in the amount of contributions received by foundations, help to explain the increased total revenues from 1990 to 1992. Overall trends by size of foundation continue to show that as the size of a foundation increases, the proportion of revenue from contributions declines, while the proportion from net investment income rises.

Like total revenue, net investment income, on which the excise tax is based, increased by 19 percent from 1990 to 1992, to \$14.3 billion. Foundations reported a total of \$194.2 million for the excise tax paid on investment income, an increase of 25 percent compared to the tax paid for 1990.

Total foundation assets grew to \$192.2 billion for 1992, an increase of 17 percent from 1990. Nearly all of the gains were realized for the 1990 to 1991 period, as foundation assets only increased by 1 percent from 1991 to 1992. Foundations held the majority of their assets as investments, 94 percent, with investments in securities, alone, comprising 80 percent of total investment assets. Foundations held well over half of their investment assets, \$95.2 billion, as investments in corporate stock; followed by investments in Government obligations, 17 percent; and investments in corporate bonds, 10 percent. As the size of a foundation increased, the proportion of assets held as corporate stock tended to increase, while the proportion held as savings and temporary cash investments tended to decrease.

Along with the increases in assets, particularly from 1990 to 1991, foundations, especially the large foundations, realized very high rates of total return on assets for

1991. For this year, the median foundation achieved a return of 6.7 percent, while the largest foundations achieved a median return of 14.9 percent. For 1992, along with the small gains in total foundation assets, median foundation rates of total returns were more moderate. The median foundation achieved a return of 3.6 percent for 1992, while the largest foundations achieved a median return of 6.2 percent. The large foundations typically achieve higher rates of return than their small counterparts. As in past years, this was also true for both 1991 and 1992. For instance, for 1991, the smallest foundations realized a rate of total return of only 2.5 percent, compared to the 14.9 percent median return for the largest foundations. In terms of the income yield on net investment assets, or the "net investment income (NII) yield," the median foundation realized a slightly lower yield for both 1991 and 1992, 6.5 percent and 5.6 percent, respectively, compared to the 7.1 percent median yield for 1990.

Foundations typically rely largely on asset growth, earned income on investments, and contributions received to support their charitable giving. Charitable distributions continued to increase at a relatively consistent rate for 1991 and 1992 as foundations continued to make contributions to areas such as education, health, human services, community development, the arts and humanities, and the environment. In order to fulfill the charitable payout requirement, nonoperating foundations paid out \$11.3 billion in qualifying distributions against a required payout amount of \$7.6 billion. The amount of qualifying distributions made by the nonoperating foundations increased by 17 percent from 1990 to 1992. However, as a measure of rate of charitable giving, the median charitable payout rate decreased by half a percentage point from 1990 to 1992, from 7.0 percent to 6.5 percent. As in past years, the smaller foundations tended to pay out charitable dollars at higher rates than the larger foundations. The smallest foundations distributed charitable dollars at a median payout rate of 12.0 percent for 1991 and 11.7 percent for 1992. In contrast, the largest foundations distributed charitable dollars at a median payout rate of only 5.1 percent for 1991 and 5.0 percent for 1992. The rate of 5.0 percent was equal to the minimum required payout rate.

During the decade from 1982 to 1992, foundation assets and charitable grants increased in real terms by 112 percent and 71 percent, respectively. Real foundation revenue grew by 79 percent during the same decade, with steady annual increases from 1982 to 1986 and fluctuating year-to-year changes from 1986 to 1992. The overall growth in foundation assets and revenues markedly exceeds the 32 percent growth of the Gross Domestic Product from 1982 to 1992[33].

## Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

### Section 4947(a)(1) Charitable Trusts

Over 2,900 nonexempt charitable trusts defined under Internal Revenue Code 4947(a)(1) represented 6 percent of the total number of Form 990-PF filers for 1992, which includes both private foundations and 4947(a)(1) charitable trusts. Charitable trusts are subject to the same charitable distribution requirement as foundations and operate in a relatively similar manner. For 1992, these charitable trusts represented less than 2 percent of the total assets held, total revenue earned, and total grants distributed of all of the Form 990-PF filers. Charitable trusts distributed \$154.6 million in charitable contributions and grants for 1992, an increase of only 2 percent from 1990 to 1992. During this same period, trusts realized increases in both revenues and assets, 29 percent and 13 percent, respectively. Total trust revenues increased to \$346.8 million for 1992. Large increases in both net gains from sales of assets, 219 percent, and contributions received, 63 percent, help explain the overall increase in revenues. Compared to foundations, trusts relied much less on contributions as a source of revenue and, instead, relied more on investment income. In this respect, they behaved most like the large foundations.

Total charitable trust assets grew to \$3.1 billion for 1992, an increase of 13 percent over 1990. Two-year increases of 25 percent in investments in corporate stock and 17 percent in investments in corporate bonds help explain the overall increase in trust assets. Like foundations, trusts held the majority of their assets as investments, 90 percent, with investments in securities alone comprising 77 percent of total investment assets.

For both 1991 and 1992, the median trust rate of total return exceeded the median foundation rate of total return. For 1992, the median trust earned a total return on assets of 6.4 percent, and for 1991, 10.5 percent. The trusts realized somewhat higher NII yields for 1991 and 1992, compared to foundations. For 1992, the median trust realized a 7.5 percent NII yield and for 1991, 7.3 percent. For both years the small trusts realized higher NII yields than either the medium or large-sized trusts. Unlike foundations, there were few notable differences in NII yields and rates of total return on assets among the different size groups of trusts.

In terms of charitable giving, in order to fulfill the charitable payout requirement, the nonoperating trusts paid out \$163.8 million in total qualifying distributions against a required distributable amount of \$134.9 million. The amount of qualifying distributions made by the nonoperating trusts increased by less than 2 percent from 1990 to 1992. The median payout rate for all trusts was 5.0 percent for 1992, which was below the 6.5 percent median

payout rate for foundations. There was little variation in the rate at which trusts of different sizes paid out charitable dollars. For instance, for 1992, the smallest trusts paid out distributions at a rate of 5.5 percent, while the largest trusts paid out distributions at a rate equal to the required 5.0 percent.

### Data Sources and Limitations

The statistics in this article are based on a sample of Reporting Years 1991 and 1992 Forms 990-PF that were filed with the IRS. For 1992, for example, IRS required organizations having accounting periods beginning in 1992 (and therefore ending between December 1992 and November 1993) to file a Form 990-PF. Some part-year returns were included in the samples for organizations that changed their accounting periods, or filed initial or final returns. More than 61 percent of the foundations in the sample had accounting periods covering Calendar Year 1992 or, in some cases, part-year periods that ended in December 1992. The same was true for Reporting Year 1991. For charitable trusts, 58 percent filed calendar year returns for 1992 and over 55 percent did so for 1991. The 1992 and 1991 samples were stratified based on both the size of book value of total assets and the type of organization (either a foundation or a 4947(a)(1) charitable trust) [34].

Foundation returns were selected at rates that ranged from approximately 5 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets). Charitable trust returns were selected at rates that ranged from 31 to 100 percent. The 5,761 returns in the 1992 sample (4,929 foundations and 832 trusts) were drawn from an estimated population of 42,428 foundations and 2,932 trusts. Similarly, 5,574 returns in the 1991 sample (4,381 foundations and 1,193 trusts) were drawn from an estimated population of 41,348 foundations and 2,662 trusts. The magnitude of sampling error, measured by coefficients of variation for selected items for Reporting Year 1992 is shown in Figure P.

The samples were designed to provide reliable estimates of total assets and total revenue. For both 1991 and 1992, to accomplish this, 100 percent of foundation returns with book value of assets of \$10 million or more and 100 percent of charitable trust returns with book value of assets of \$1 million or more were included in the sample, since these were the returns that, in dollar terms, accounted for the majority of activity. Efforts were made to verify that organizations selected as foundations were, in fact, foundations; and that organizations selected as trusts were, in fact, trusts. The relatively small number of foun-

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Figure P

## Coefficients of Variation for Selected Items, by Type of Organization, 1992

Item	Private foundations	Charitable trusts
Total assets (fair market value).....	0.39	0.57
Total revenue.....	1.87	1.24
Total expenses.....	2.06	2.06
Contributions, gifts, and grants paid.....	2.25	2.61

dations in the sample that were incorrectly selected as trusts were ultimately re-classified as foundations (for the statistics) using identification codes from the IRS Exempt Organization Master File. However, the weights used for these organizations were based on the original sample selection classification. These same methods were used for the trusts that were incorrectly sampled as foundations.

Approximately 34 percent of all foundations, including those reclassified as foundations, reported \$10 million or more in book value of total assets for 1992. These foundations reported 80 percent of the estimated book value of assets of all foundations. While these foundations were selected at a rate of 100 percent, the remaining foundation population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 4.9 percent for returns with assets zero, unreported, or less than \$100,000; 5.9 percent for returns with assets of \$100,000 to less than \$1 million; and 14.4 percent for returns with assets of \$1 million to less than \$10 million.

Approximately 37 percent of all 4947(a)(1) charitable trusts in the sample reported \$1 million or more in book value of total assets for 1991. These trusts reported 79 percent of the book value of assets of all trusts. While these trusts were selected at a rate of 100 percent, the remaining trust population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 31.1 percent for returns with assets zero, unreported, or less than \$100,000; and 27.9 percent for returns with assets of \$100,000 to less than \$1 million. Sampling rates for both foundations and trusts were similar for 1991 data.

The population from which the 1991 and 1992 samples were drawn consisted of Form 990-PF records posted to the IRS Business Master File during 1991 and 1992 for the 1991 sample and during 1992 and 1993 for the 1992 sample. Some of the records designated were for organizations that were deemed inactive or terminated. Inactive and terminated organizations are not reflected in the estimates. For the small number of active, large foundations whose returns for the 1991 and 1992 Reporting Years were not yet

filed or were otherwise unavailable for the statistics (approximately 5 returns in each year), data were estimated using other returns having similar characteristics. For the unavailable active trust returns, which were smaller in size than those for foundations, prior-year data of those trusts were in most instances used as a substitute, approximately 5 returns in each year.

The data presented were obtained from returns as originally filed with IRS. The data were subject to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base. A general discussion of the reliability of estimates based on samples, methods for evaluating both the magnitude of sampling and non-sampling error, and the precision of sample estimates can be found in the general Appendix to this report.

## Explanation of Selected Terms

The following explanations describe terms as they applied to both private foundations and charitable trusts for 1991 and 1992. Unless otherwise indicated, all references to foundations also apply to trusts.

*Adjusted Net Income.*--In general, this was the amount by which a private foundation's gross income exceeded the expenses associated with earning the income. Included were all amounts derived from, or connected with, property held by the foundation, such as net short-term capital gain, ordinary investment income (dividends, interest, rents, and royalties), and income from amounts set aside for future charitable use, from all charitable functions, or from unrelated trade or business activities. Excluded were contributions received and long-term capital gains. Long-term capital losses could be reported as "other expenses" for the calculation of adjusted net income. This item is primarily used to determine if an operating foundation met the required "income test." This test demonstrates if the operating foundation spent the vast majority of its investment income on the direct, active conduct of tax-exempt charitable activities. See operating foundation and section 4947(a)(1) charitable trusts in this section. This item was reported on Form 990-PF, Part I, line 27c, column (c).

*Assets Zero or Unreported.*--Included in this asset size category were: (1) final returns of liquidating or dissolving foundations that had disposed of all assets; (2) returns of those foundations reporting zero end-of-year assets that had apparently distributed (or disposed of) all assets and income received during the year; and (3) returns of those foundations that did not report assets. A liquidating or

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dissolving foundation usually passes its assets on to another foundation or to a public charity.

*Capital Gain Net Income.*--This was the amount of net gains from sales or dispositions of property used for investment purposes (property used for charitable purposes was excluded). Capital losses from the sale or other disposition of property could be subtracted from capital gains only to the extent of such gains. Capital gain net income was used in the computation of "net investment income" (on which an excise tax generally had to be paid). In contrast, the net gain (or loss) per the books from the sale of all assets (other than inventory), including those used for both investment and charitable purposes, was reported as "net gain (or loss) from the sale of assets" on Form 990-PF, Part I, line 6, column (a). This item, capital gain net income, was reported on Form 990-PF, Part I, line 7, column (b).

*Charitable Trust.*--A charitable trust, also referred to as a "nonexempt" charitable trust, was defined in Internal Revenue Code section 4947(a)(1) as an organization (1) that is not considered tax-exempt under section 501(a); (2) that has exclusively charitable interests; and (3) that has amounts in trust for which donors are allowed to claim a tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the excise tax provisions that apply to private foundations and are required to file the same Form 990-PF. ("Publicly supported" nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*, and are, therefore, not included in the statistics.) Nonexempt charitable trusts that are treated as private foundations must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Fiduciary Income Tax Return*. Data from this form are not included in the statistics of this article.

*Disbursements for Exempt Purposes.*--These deductions comprised the largest component of "qualifying distributions" and included grants paid, operating expenses, and necessary and reasonable administrative expenditures for activities that were directly related to the tax-exempt purposes of the foundation. These amounts were determined solely on the basis of the cash receipts and disbursements method of accounting, as required by law and regulations. This item was reported on Form 990-PF, Part I, line 26, column (d).

*Disqualified Persons.*--With respect to engaging in prohibited transactions with a private foundation, such as "self-dealing," the following were considered disqualified persons: (1) all substantial contributors to the foundation

(generally, those who contributed an amount over \$5,000 that was also more than 2 percent of total contributions received by the foundation); (2) foundation officers, directors, trustees, or managers; (3) an owner of more than a 20-percent interest (based on voting power, profits interest, or beneficial interest) in an organization that was a substantial contributor to the foundation; (4) a member of the family of any individual described above (including spouses, ancestors, children, grandchildren, great-grandchildren, and spouses of children, grandchildren and great-grandchildren; but not including brothers or sisters); (5) organizations in which persons described above held a total beneficial interest of more than 35 percent; (6) another private foundation, for purposes of the tax on excess business holdings, that was effectively controlled by a person or persons in control of the foundation in question or to which substantially all of the contributions were made by a disqualified person; and (7) certain government officials, for purposes of the tax on "self-dealing."

*Distributable (Payout) Amount.*--This was the minimum payout amount that was required to be distributed by nonoperating foundations by the end of the year following the year for which the return was filed. Failure to distribute income within this time period resulted in a 15-percent excise tax on the undistributed portion. The distributable amount was computed as 5 percent of net investment assets, called the "minimum investment return," minus the excise tax on net investment income and the income tax under subtitle A, plus or minus other adjustments, either allowed or required (see "Net Adjustments to Distributable Amount").

The tax under subtitle A is levied on charitable trust and taxable private foundation income (usually from investments) that is not distributed for charitable purposes. The tax reported on Form 1041 for trusts and Form 1120, *U.S. Corporation Income Tax Return* for taxable private foundations. Taxable private foundations are those entities that may operate as taxable entities but will continue to be treated as private foundations until their tax status as such is terminated.

The distributable amount item was reported on Form 990-PF, Part XI, line 7.

*Excess Distributions Carryover.*--This was the amount distributed, after fulfilling the charitable payout requirement, that equaled the excess of qualifying distributions for 1992 over the distributable amount. If necessary, excess amounts from the current year could be carried forward to be applied to the distributable amount for the 5 following years. This item was reported on Form 990-PF, Part XIII, line 9.

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*Inventories.*--Included was the value of materials, goods and supplies purchased or manufactured by the organization and held for sale or use in some future period. This item was reported on Form 990-PF, Part II, line 8, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Charitable-use.*--This represented either the book value (less accumulated depreciation) or fair market value of all land, buildings, and equipment not held for investment purposes and used by the organization in conducting its charitable activities. This item was reported on Form 990-PF, Part II, line 14, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Investment-use.*--This represented either the book value (less accumulated depreciation) or fair market value of all land, buildings, and equipment held for investment purposes, such as rental properties. This item was reported on Form 990-PF, Part II, line 11, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Minimum Investment Return.*--This was the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire these assets and the cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the "distributable amount." This item was reported on Form 990-PF, Part X, line 6.

*Net Adjustments to Distributable Amount.*--Adjustments that increased the "distributable amount" consisted of increases attributable to the income portion (as distinct from the principal portion) of distributions from split-interest trusts on amounts placed in trust after May 26, 1969. (A split-interest trust is a trust that is not exempt from tax and not all of whose interests are devoted to charitable, religious, educational, and like purposes, but that has amounts in trust for which a charitable contribution deduction was allowed.) These organizations file Form 5227, *Split-Interest Trust Information Return*. Recoveries of amounts previously treated as qualifying distributions also had to be added back to the distributable amount. Adjustments that decreased the distributable amount were the result of income required to be accumulated by the terms of an organization's governing instrument. These adjustments were allowed only for foundations or trusts organized before May 27, 1969, whose governing instrument continued to require such accumula-

tion, since State Courts would not allow the organization to change its governing instrument. These items were reported on Form 990-PF, Part XI, lines 4a, 4b, and 6.

*Net Gain (or Loss) from Sales of Assets.*--Included were profits and losses from sales of items such as securities, land, buildings, or equipment. Gain or loss reflected the amount shown on the books of the foundation and included any amount from the sale of property used for either investment or tax-exempt charitable purposes. Most of the gain or loss was from sales of stocks and bonds. Profit or loss from the sale of inventory items was included in gross profit (loss) from business activities. This item was reported on Form 990-PF, Part I, line 6, column (a).

*Net Investment Assets (Noncharitable-use Assets).*--For purposes of calculating "minimum investment return," only the average, rather than end-of-year, fair market value of assets that were not used or held for use for tax-exempt purposes entered into the computation. An asset was considered an investment asset if it was not used in carrying out a charitable, educational, or other similar function which gave rise to the tax-exempt status of the foundation. Examples include the fair market value of securities and rental property owned by the foundation for investment purposes. The asset amounts included on the balance sheet in Part II of the Form 990-PF included both investment and charitable-use assets. This item, which was reported on Form 990-PF, Part X, line 5, is not shown separately in the tables of this article. However, "minimum investment return," which is based on net investment assets, is shown in the tables.

*Net Investment Income.*--This was the amount by which the sum of gross investment income plus capital gain net income exceeded allowable deductions. Included in investment income were interest, dividends, capital gain net income, rents, payments with respect to securities loans, and royalties. Excluded were tax-exempt interest on state and local government obligations and any investment income derived from unrelated trade or business activities that were subject to the "unrelated business income" tax reported on Form 990-T, *Exempt Organization Business Income Tax Return*. This item was reported on Form 990-PF, Part I, line 27b, column (b).

*Nonoperating Foundations (and Section 4947(a)(1) Charitable Trusts).*--These were organizations that generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to those (operating) foundations and trusts that engaged in charitable activities themselves. However, some nonoperating foundations and trusts were actively involved in charitable programs of their own, in addition to making grants.

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Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period. An organization's status as a nonoperating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Operating Foundations (and Section 4947(a)(1) Charitable Trusts).*--These organizations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. To qualify as an operating foundation or trust for a particular taxable year, the foundation or trust had to meet both an "income test" and one of three other tests: an "assets test," an "endowment test," or a "support test."

To meet the income test, a foundation or trust had to spend at least 85 percent of the lesser of its "adjusted net income" or "minimum investment return" on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such programs). Simply put, to meet the assets test, a foundation or trust had to directly use 65 percent or more of its assets for the active conduct of charitable activities. To meet the endowment test, a foundation or trust had to regularly make distributions for the active conduct of charitable activities in an amount not less than two-thirds of its "minimum investment return." To meet the support test, a foundation or trust had to regularly receive substantially all of its support (other than from gross investment income) from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from gross investment income) from any one such qualifying exempt organization; and (b) no more than 50 percent of its support from gross investment income.

Distributions made by a private nonoperating foundation or trust to an operating foundation or trust qualified toward meeting the nonoperating organization's distribution requirement. (Distributions made by one nonoperating foundation or trust to another were subject to a number of conditions and restrictions requiring a "pass-through" of the distribution, whereby the donor organization received credit for a qualifying distribution but the donee organization did not.) Additionally, contributions to operating foundations or trusts were deductible on the donors' individual income tax returns, up to 50 percent of their "adjusted gross income" (as opposed to 30 percent for contributions to nonoperating foundations).

While most operating foundations paid the excise tax on net investment income, 26 percent of operating foundations were considered exempt from this tax for 1992 under section 4940(d)(2) of the Internal Revenue Code. In order to be exempt, an operating foundation was required to meet the following requirements in any given year: (1) maintain public support for a minimum of 10 taxable years; (2) maintain a governing body at all times that is broadly representative of the general public and that is comprised of no more than 25 percent disqualified individuals; and (3) at no time during the year include a disqualified individual as an officer of the foundation. An organization's status as an operating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Other Assets.*--Assets reported as "other" included: (1) those assets not allocable to a specific asset item on the Form 990-PF balance sheet or not included elsewhere on the return; and (2) certain amounts given special treatment in the course of statistical processing. The first category included such items as construction reserve land, dividends receivable, escrow deposits, income tax refunds, interest discounts, interest-free loans, overdraft protection and program-related investments. The second category included atypical amounts reported by the return filer as "negative liabilities." These items were reported on Form 990-PF, Part II, line 15, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Other Investments.*--Investments reported as "other" included such items as advances, bank certificates, cash values of life insurance, certificates of investment, miscellaneous loan income, patronage dividends, and investments in art, coins, gold, and gems. These items were reported on Form 990-PF, Part II, line 13, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Private Foundation.*--A private foundation was defined in Internal Revenue Code section 501(c)(3) as a nonprofit organization with a narrow source of funds that operated or supported educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of society. A private foundation qualified for tax-exempt status under Code section 501(c)(3) but was not (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization that was operated by, or in connection with, any of the above described organizations; or (4) an organization that conducted tests for public safety. The primary difference between a private foundation and a public charity was the sources of each type of

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organization's funding. A foundation typically received its funds from an individual, a family, or a corporation, while a public charity received its funds primarily from a large number of sources within the general public.

*Qualifying Distributions.*--Qualifying distributions included disbursements for charitable purposes (grants, direct expenditures to accomplish charitable purposes, and charitable-purpose operating and administrative expenses); amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the foundation's or trust's obligation to pay out its "distributable amount." This item was reported on Form 990-PF, Part XII, line 4.

*Set-Asides.*--Amounts set-aside for specific charitable purposes can be treated as qualifying distributions only if the foundation establishes to the satisfaction of the IRS that the amount will be paid for the specific project within 60 months from the date of the first set-aside and if the foundation meets either the suitability test or the cash distribution test. To meet the suitability test a foundation must receive prior approval from the IRS and must demonstrate that the project can better be accomplished by a set-aside than by an immediate payment of funds. To meet the cash distribution test under section 4942(g)(2)(B)(ii) a foundation must attach a schedule to its annual return showing how the requirements are met. The foundation must attach a schedule for the year of the set-aside and for each subsequent year until the set-aside amount has been distributed. Set-asides were reported on Form 990-PF, Part XII, lines 3a and 3b.

*Total Assets.*--This was the sum of all assets reported in the foundation's balance sheet, shown at both book value and fair market value. Total assets were reported on Form 990-PF, Part II, line 16, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Total Expenses.*--This was the sum of contributions, gifts, and grants paid, plus various operating and administrative expenses related to both investment and charitable-purpose activities. Total expense items were reported as shown on the books and records of the foundation and were based on either the cash receipts or the accrual method of accounting. Total expenses were reported on Form 990-PF, Part I, line 26, column (a).

*Total Revenue.*--This was the sum of gross contributions, gifts, and grants received; interest on savings and temporary cash investments; dividends and interest from securities; net gain (or loss) from sales of assets (mostly

investment assets, but also charitable-use assets); gross rents and royalties; gross profit (or loss) from business activities; and other income (such as royalty income, program-related investment income, interest earned on assets used for charitable purposes, and imputed interest on certain deferred payments). These other income items were reported on Form 990-PF, Part I, line 11, column (a). Total revenue items included both investment and charitable-use items, were reported as shown on the books and records of the foundation, and were based on either the cash receipts or the accrual method of accounting. Total revenues were reported on Form 990-PF, Part I, line 12, column (a).

*Undistributed Income.*--This is the portion of the required "distributable amount" still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carried over from prior years. Sanctions were imposed in the form of excise taxes on private foundations that did not pay out an amount equal to the "distributable amount" by the end of the following tax year. This item was reported on Form 990-PF, Part XIII, line 6f, column (d).

*Unrelated Business Income (UBI).*--This is an exempt organization's income from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term "trade or business" generally comprised any activity carried on for the production of income from selling goods or performing services. A tax, as reported on the Form 990-T, *Exempt Organization Business Income Tax Return*, was imposed on "unrelated business taxable income (UBTI)." Unrelated business taxable income is gross unrelated business income, less deductions directly connected with carrying on the trade or business and less certain other deductions. The unrelated business income tax was determined based on the corporate or trust tax rates that were in effect for a given tax year. (Gross) unrelated business income and the associated business codes were reported on Form 990-PF, Part XVI-A, columns (a) and (b).

### Notes and References

- [1] The amount of contributions, gifts, and grants paid by foundations is based on the amount that foundations actually disbursed for 1992 using the cash receipts and disbursements method of accounting.
- [2] This organization, the Wellcome Trust, is a private foundation funded by a British pharmaceutical

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company. For 1990, the foundation reported \$9.0 billion in fair market value of total assets and earned \$158 million in total revenues. For 1991, the foundation held \$10.6 billion in assets and later sold \$3.8 billion of its asset holdings (which increased its total revenue to \$4.0 billion). By the end of 1992, its assets dropped to \$5.1 billion and its total revenue dropped to \$574 million.

Because Forms 990-PF on which private foundations report their financial information are public documents, the names of individual foundations can be used in this article.

- [3] Unless otherwise indicated, dollar amounts and percentages in the text and figures are not adjusted for inflation. However, Figure B, which presents data over a 10-year time period, does present *real* changes in revenue, assets, and charitable distributions. Adjustments for inflation are based on the 1987 implicit price deflators for the Gross Domestic Product from the Department of Commerce, Bureau of Economic Analysis, found in Council of Economic Advisors, *Economic Report of the President*, 1995, Table B-3.
- [4] The Explanation of Selected Terms section at the end of this article defines total assets, total revenues and other selected items reported on Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*. Also, all references to assets are stated at fair market value unless book value is specifically noted.
- [5] The data presented in this article are from the Forms 990-PF, filed for Reporting Years 1991 and 1992, by organizations which had accounting periods *beginning* in either 1991 or 1992. Therefore, the statistics for Reporting Year 1991 include organizations with accounting periods that ended sometime during the period December 1991 through November 1992. Similarly, the statistics for Reporting Year 1992 include organizations with accounting periods that ended sometime during the period December 1992 through November 1993. For a more detailed analysis, see the section, Data Sources and Limitations.
- [6] Statistics of Income periodically consolidates exempt organization data by publishing volumes in the *Exempt Compendium* series. These volumes include annual analyses of data that have appeared in the quarterly *Statistics of Income Bulletin*, or which were originally prepared for other publications such as the *Journal of Nonprofit Management and Leadership*, *Trusts and Estates*, the Independent Sector's *Research Forum*, and the American Statistical Association. Private foundation data for 1987 and earlier years were published in the *Compendium of Studies of Tax-Exempt Organizations, 1974-1987*. Data for Reporting Years 1986 through 1990 are included in the second volume of the series, the *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*.
- Both volumes of the *Compendium* are included under Publication 1416 and are available exclusively from the Statistics of Income Division. Results of private foundation studies for 1982, 1983, and 1985-1992 have also been published in various issues of the *Statistics of Income Bulletin*: Fall 1985, Volume 5, Number 2 (1982 data); Winter 1986-1987, Volume 6, Number 3 (1983 data); Summer 1989, Volume 9, Number 1 (1985 data); Spring 1991, Volume 10, Number 4 (1986-1987 data); Winter 1991-1992, Volume 11, Number 3 (1988 data); Winter 1992-1993, Volume 12, Number 3 (1989 data); Winter 1993-1994, Volume 13, Number 3 (1990 data); Winter 1994-1995, Volume 14, Number 3 (1991 data); and Winter 1995-1996, Volume 15, Number 3 (1992 data). Private foundation data, primarily for 1974, were published in the special report, *Statistics of Income—1974-1978, Private Foundations*.
- [7] Council of Economic Advisors, *Economic Report of the President*, 1995, Table B-2.
- [8] For an in-depth discussion of organizations other than private foundations that are tax-exempt under Internal Revenue Code section 501(c)(3), see "Charities and Other Tax-Exempt Organizations, 1992," *Statistics of Income Bulletin*, same issue.
- [9] Of the 466,961 nonprofit charitable organizations recognized by the Internal Revenue Service under section 501(c)(3), there were 157,941 Forms 990 and 990-EZ and 42,428 Forms 990-PF filed for 1992. Those not required to file included religious organizations.
- [10] For purposes of the analyses, "charitable trusts" refer only to the section 4947(a)(1) charitable trusts that file Form 990-PF, while "private foundations" refer to the section 501(c)(3) private foundations that file Form 990-PF.



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[11] Programs termed “charitable” refer to tax-exempt activities which are charitable, educational, scientific, social, literary, or religious in nature.

[12] The net value of noncharitable-use assets was reported on Form 990-PF, Part X, line 5. For more information, see net investment assets in the Explanation of Selected Terms section.

[13] For purposes of the analyses, the term “grantmaking” in the text and tables refers to any organization reporting contributions, gifts, and grants paid on Part I of the Form 990-PF.

[14] A foundation is considered domestic if it is organized in the United States; however, this does not necessarily imply that all of its assets, activities, or grant recipients are domestic.

[15] Six out of the ten largest foundations had calendar year accounting periods, meaning that all of their activity occurred during the calendar year period. However, four of the ten had other fiscal year accounting periods. For instance, for the 1992 Reporting Year, the Ford Foundation had an accounting period ending in September 1993; the two W.K. Kellogg Foundations in August 1993; and the Annenberg Foundation and J. Paul Getty Trust both in June 1993; therefore, much of their activity for 1992 occurred in Calendar Year 1993. See the section, Data Sources and Limitations.

[16] For more information on the unrelated business income of exempt organizations, see Riley, Margaret, “Exempt Organization Business Income Tax Returns, 1992,” *Statistics of Income Bulletin*, Volume 15, Number 4, pp. 64-81.

[17] While all foundations reporting revenue (with the exception of those reporting only contributions) were required to complete the “Analysis of Income-Producing Activities” schedule of the return, only 77 percent actually did so on their return as originally filed.

[18] This pattern was true for all of the investment categories noted, with the exception of investments in land, buildings, and equipment. While both small and large foundations realized decreases in investments in land, buildings, and equipment, 9 percent and 15 percent, respectively, medium foundations realized an increase of 7 percent in this asset.

[19] Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, Washington, DC: The Council on Foundations, 1989; and Salamon, Lester M. and Voytek, Kenneth P., *Foundation Investment and Payout Performance: An Update*, Washington, DC: The Council on Foundations, 1991.

[20] Salamon and Voytek, *Ibid.*

[21] Salamon and Voytek, *Ibid.*

[22] Net investment income is comprised of income not considered to be related to a foundation’s charitable purpose, such as interest, dividends, and capital gain net income. The net investment income amount used in calculating NII yield was obtained from column (b) of the income statement, found in Part I of the Form 990-PF.

[23] The rate of total return formula used here is the same as that developed and used by Salamon and Voytek in their studies on foundation assets. See Salamon and Voytek, *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, Washington, DC: The Council on Foundations, 1989, p. 32. The formula is as follows:

### Rate of Total Return =

$$\begin{aligned} & \text{[Ending Fair Market Value of Assets} \\ & - \text{Beginning Fair Market Value of Assets} \\ & - \text{Contributions Received} \\ & + \text{Grants Paid} \\ & + \text{Operating and Administrative Expenses} \\ & + \text{Excise Tax Paid on Net Investment Income}] \\ & \text{DIVIDED BY} \end{aligned}$$

$$\begin{aligned} & \text{[Beginning Fair Market Value of Assets} \\ & + \text{50\% of Contributions Received}] \end{aligned}$$

To calculate the rate of total return shown in Figure H, samples of private foundation information returns for consecutive years were matched in order to analyze both the beginning- and end-of-year fair market value data. Due to the lower sampling rates used for the smaller foundations, the rate at which returns were matched for consecutive years was not

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high enough for 1988 to ensure a proper level of statistical reliability. Therefore, the rate of total return was only calculated for the medium- and large-size foundations for that year.

The beginning fair market value of assets for any given year equals the ending fair market value reported on the prior year's tax return. Thus, in order to provide a consistent form of measurement by which to compare rates of total return among different years, the ending fair market value of asset amounts (reported for both the year subject to the computation and the prior year) were used to compute the rate of return. In order to obtain an inflation-adjusted real rate of return, the figure equaling the beginning-of-year fair market value of assets was adjusted using the Gross Domestic Product implicit price deflator (see footnote 3).

[24] For a more detailed discussion, see Meckstroth, Alicia, "Analyzing the Trends Within Private Foundations," *Trusts and Estates*, August 1991, pp. 38-47; and, Meckstroth, Alicia, and Riley, Margaret, "Private Foundation Returns, 1986-1987," *Statistics of Income Bulletin*, Spring 1991, Volume 10, Number 4.

[25] For valuing net investment (noncharitable-use) assets for the purpose of computing the minimum investment return, reductions for "blockage" or other marketability discounts were permitted. These discounts (limited to 10 percent in the case of securities, but statutorily unlimited in other cases, such as for land holdings) could effectively reduce the net investment asset base and, thus, result in a minimum payout level of less than 5 percent of the full fair market value. An example of this type of discounting was a foundation that owned 15 percent of the stock of a publicly-held corporation. This percentage represented a block of securities so large in relation to the volume of actual sales on the existing market that it could not be liquidated in a reasonable time without depressing the market price of the securities. Because of this situation, the foundation was allowed to discount the fair market value of the stock for the purposes of reporting it on the Form 990-PF.

[26] After applying current-year qualifying distributions and any carryovers from previous years, the amount

by which foundations fell short of meeting the charitable payout requirement was called "undistributed income."

[27] Renz, Loren; Lawrence, Steven; and Treiber, Rikard R., *Foundation Giving: Yearbook of Facts and Figures on Private, Corporate and Community Foundations*, 1995 edition, New York: The Foundation Center, 1995, Table 56, p. 56.

[28] *Ibid.*, pp. 49-50.

[29] To calculate the payout rate, the amount of (adjusted) qualifying distributions was divided by the amount of the monthly average of net investment (or noncharitable-use) assets. This payout formula adjusts qualifying distributions with additions and subtractions that are made to the required "distributable amount" on the Form 990-PF. The numerator of the formula also includes excess distributions made in the past and applied to the requirement of the current filing year.

[30] Salamon, *Ibid.*, pp. 269-270.

[31] Department of Commerce, Bureau of Economic Analysis, *Ibid.*, Table B-2.

[32] While all trusts reporting revenue (with the exception of those receiving only contributions) were required to complete the "Analysis of Income Producing Activities" schedule of the return, only 90 percent did.

[33] Department of Commerce, Bureau of Economic Analysis, *Ibid.*, Table B-2.

[34] The samples were stratified based on book value of assets, rather than fair market value, because fair market value of assets was not fully validated by the Internal Revenue Service during administrative processing for the Business Master File (BMF) system, from which the Statistics of Income samples were drawn. Book value of assets, on the other hand, was fully validated. Beginning with the 1992 Reporting Year, the IRS fully validated the fair market value of assets for purposes of the BMF system. This makes it possible for Statistics of Income to begin sampling the 990-PF tax returns based on the fair market value of total assets for the 1994 Reporting Year.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
				Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>ALL FOUNDATIONS</b>									
<b>Total.....</b>	<b>42,428</b>	<b>41,413</b>	<b>23,566,388</b>	<b>19,280</b>	<b>7,902,873</b>	<b>27,283</b>	<b>6,631,079</b>	<b>17,999</b>	<b>6,733,267</b>
Zero or unreported.....	1,137	932	91,606	548	87,286	333	2,971	206	-2,526
\$1 under \$100,000.....	14,733	13,990	386,638	7,718	342,929	5,396	10,190	2,269	13,960
\$100,000 under \$1,000,000.....	15,941	15,897	1,367,283	6,698	925,103	11,945	197,436	7,282	113,900
\$1,000,000 under \$10,000,000.....	8,531	8,511	4,036,788	3,450	1,851,583	7,619	925,386	6,384	758,618
\$10,000,000 under \$25,000,000.....	1,180	1,179	2,613,958	501	1,037,506	1,110	635,331	1,015	583,392
\$25,000,000 under \$50,000,000.....	428	428	2,236,590	172	908,538	412	533,788	395	494,953
\$50,000,000 under \$100,000,000.....	237	237	1,910,967	98	653,443	232	599,811	223	492,769
\$100,000,000 or more.....	239	239	10,922,557	95	2,096,484	236	3,726,166	226	4,278,202
<b>Nonoperating foundations</b>									
<b>Total.....</b>	<b>38,620</b>	<b>37,735</b>	<b>21,354,907</b>	<b>16,734</b>	<b>7,153,118</b>	<b>25,848</b>	<b>6,197,344</b>	<b>17,149</b>	<b>6,248,271</b>
Zero or unreported.....	1,028	822	89,911	459	85,717	313	2,936	206	-2,526
\$1 under \$100,000.....	12,915	12,295	329,627	6,447	292,364	5,036	9,582	2,122	12,914
\$100,000 under \$1,000,000.....	14,909	14,865	1,266,801	6,153	844,694	11,491	191,479	7,102	111,341
\$1,000,000 under \$10,000,000.....	7,883	7,869	3,474,842	2,965	1,544,236	7,189	882,221	6,028	725,154
\$10,000,000 under \$25,000,000.....	1,053	1,052	2,326,864	403	947,873	1,003	588,923	911	554,331
\$25,000,000 under \$50,000,000.....	395	395	2,005,445	145	863,479	383	509,232	365	446,374
\$50,000,000 under \$100,000,000.....	218	218	1,784,815	84	638,064	215	555,832	207	457,276
\$100,000,000 or more.....	220	220	10,076,603	79	1,936,690	218	3,457,139	208	3,943,407
<b>Operating foundations</b>									
<b>Total.....</b>	<b>3,808</b>	<b>3,678</b>	<b>2,211,481</b>	<b>2,546</b>	<b>749,755</b>	<b>1,435</b>	<b>433,736</b>	<b>850</b>	<b>484,996</b>
Zero or unreported.....	*109	*109	*1,695	*89	*1,569	*21	*35	--	--
\$1 under \$100,000.....	1,818	1,695	57,012	1,271	50,564	359	608	*147	*1,045
\$100,000 under \$1,000,000.....	1,033	1,033	100,482	545	80,409	454	5,957	180	2,559
\$1,000,000 under \$10,000,000.....	649	642	561,946	485	307,348	430	43,165	355	33,463
\$10,000,000 under \$25,000,000.....	128	128	287,094	99	89,633	108	46,408	104	29,061
\$25,000,000 under \$50,000,000.....	33	33	231,146	27	45,059	29	24,556	30	48,579
\$50,000,000 unde \$100,000,000.....	19	19	126,152	14	15,379	17	43,979	16	35,493
\$100,000,000 or more.....	19	19	845,954	16	159,794	18	269,027	18	334,795
<b>GRANTMAKING FOUNDATIONS</b>									
<b>Total.....</b>	<b>35,197</b>	<b>35,067</b>	<b>21,956,869</b>	<b>14,963</b>	<b>7,114,121</b>	<b>25,282</b>	<b>6,430,457</b>	<b>16,987</b>	<b>6,506,152</b>
Zero or unreported.....	719	678	88,648	356	86,711	332	1,581	206	-2,526
\$1 under \$100,000.....	10,534	10,448	298,998	5,309	262,468	4,554	9,176	1,975	13,143
\$100,000 under \$1,000,000.....	14,149	14,146	1,174,991	5,559	781,747	11,284	191,370	6,942	98,141
\$1,000,000 under \$10,000,000.....	7,853	7,853	3,551,366	2,984	1,596,183	7,237	889,966	6,112	691,336
\$10,000,000 under \$25,000,000.....	1,087	1,087	2,288,089	428	872,952	1,038	603,647	948	562,302
\$25,000,000 under \$50,000,000.....	404	404	2,105,372	154	865,960	391	512,581	375	472,979
\$50,000,000 under \$100,000,000.....	225	225	1,816,787	89	640,998	222	568,286	215	468,871
\$100,000,000 or more.....	226	226	10,632,617	84	2,007,103	224	3,653,852	215	4,201,907
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	<b>33,421</b>	<b>33,291</b>	<b>20,731,358</b>	<b>13,876</b>	<b>6,733,371</b>	<b>24,479</b>	<b>6,152,985</b>	<b>16,506</b>	<b>6,177,071</b>
Zero or unreported.....	654	613	87,150	291	85,256	312	1,546	206	-2,526
\$1 under \$100,000.....	9,668	9,583	275,351	4,720	241,585	4,338	8,706	1,889	12,240
\$100,000 under \$1,000,000.....	13,635	13,632	1,112,689	5,357	733,892	10,976	186,094	6,787	96,308
\$1,000,000 under \$10,000,000.....	7,608	7,608	3,274,404	2,816	1,431,734	7,056	874,374	5,950	675,538
\$10,000,000 under \$25,000,000.....	1,036	1,036	2,194,975	390	829,111	992	582,827	902	550,572
\$25,000,000 under \$50,000,000.....	387	387	1,951,346	142	837,489	377	501,090	359	446,307
\$50,000,000 under \$100,000,000.....	216	216	1,775,163	83	638,052	213	551,963	207	457,276
\$100,000,000 or more.....	218	218	10,060,281	77	1,936,253	216	3,446,386	207	3,941,356
<b>Grantmaking-operating foundations</b>									
<b>Total.....</b>	<b>1,776</b>	<b>1,776</b>	<b>1,225,511</b>	<b>1,087</b>	<b>380,750</b>	<b>802</b>	<b>277,472</b>	<b>481</b>	<b>329,080</b>
Zero or unreported.....	*65	*65	*1,499	*65	*1,455	*21	*35	--	--
\$1 under \$100,000.....	866	866	23,647	589	20,882	215	470	*85	*902
\$100,000 under \$1,000,000.....	514	514	62,302	203	47,855	308	5,276	*156	*1,832
\$1,000,000 under \$10,000,000.....	245	245	276,963	168	164,449	182	15,592	162	15,798
\$10,000,000 under \$25,000,000.....	52	52	93,114	38	43,842	46	20,820	46	11,729
\$25,000,000 under \$50,000,000.....	17	17	154,026	12	28,470	14	11,491	16	26,672
\$50,000,000 unde \$100,000,000.....	9	9	41,624	6	2,946	9	16,323	8	11,595
\$100,000,000 or more.....	8	8	572,336	7	70,850	8	207,465	8	260,551

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income <sup>1</sup>		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>41,240</b>	<b>14,498,073</b>	<b>41,456</b>	<b>9,068,314</b>	<b>36,639</b>	<b>14,252,246</b>	<b>39,182</b>	<b>12,693,054</b>
Zero or unreported.....	1,055	150,822	826	-59,216	411	8,721	887	119,676
\$1 under \$100,000.....	13,866	433,092	14,172	-46,454	10,661	40,528	12,624	405,464
\$100,000 under \$1,000,000.....	15,741	1,001,959	15,854	365,324	15,125	423,146	15,223	941,064
\$1,000,000 under \$10,000,000.....	8,497	2,570,423	8,522	1,466,365	8,387	1,990,549	8,374	2,241,681
\$10,000,000 under \$25,000,000.....	1,177	1,757,848	1,179	856,110	1,162	1,494,124	1,173	1,406,462
\$25,000,000 under \$50,000,000.....	427	1,159,315	428	1,077,275	422	1,102,995	426	1,016,266
\$50,000,000 under \$100,000,000.....	237	1,148,059	236	762,908	233	1,275,898	236	998,052
\$100,000,000 or more.....	239	6,276,556	239	4,646,001	237	7,916,285	238	5,564,388
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>37,627</b>	<b>13,189,477</b>	<b>37,853</b>	<b>8,165,429</b>	<b>33,873</b>	<b>13,246,548</b>	<b>35,883</b>	<b>11,653,581</b>
Zero or unreported.....	946	147,233	781	-57,322	387	8,496	799	116,244
\$1 under \$100,000.....	12,192	379,102	12,477	-49,476	9,549	38,066	11,161	359,688
\$100,000 under \$1,000,000.....	14,759	921,039	14,838	345,762	14,299	398,665	14,275	869,969
\$1,000,000 under \$10,000,000.....	7,848	2,151,058	7,874	1,323,784	7,774	1,911,160	7,769	1,948,154
\$10,000,000 under \$25,000,000.....	1,050	1,539,158	1,052	787,706	1,040	1,402,178	1,050	1,217,543
\$25,000,000 under \$50,000,000.....	394	989,162	395	1,016,282	391	1,029,845	393	873,461
\$50,000,000 under \$100,000,000.....	218	1,064,336	217	720,478	214	1,169,999	217	934,994
\$100,000,000 or more.....	220	5,998,389	220	4,078,214	219	7,288,140	219	5,333,529
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,613</b>	<b>1,308,596</b>	<b>3,603</b>	<b>902,885</b>	<b>2,766</b>	<b>1,005,698</b>	<b>3,299</b>	<b>1,039,473</b>
Zero or unreported.....	*109	*3,588	*44	*-1,894	*24	*225	*89	*3,432
\$1 under \$100,000.....	1,674	53,990	1,695	3,022	1,113	2,462	1,462	45,776
\$100,000 under \$1,000,000.....	982	80,921	1,016	19,561	826	24,482	948	71,095
\$1,000,000 under \$10,000,000.....	649	419,365	649	142,581	613	79,389	605	293,527
\$10,000,000 under \$25,000,000.....	128	218,690	128	68,404	123	91,946	124	188,920
\$25,000,000 under \$50,000,000.....	33	170,153	33	60,993	31	73,150	33	142,805
\$50,000,000 under \$100,000,000.....	19	83,722	19	42,430	19	105,899	19	63,058
\$100,000,000 or more.....	19	278,167	19	567,787	18	628,144	19	230,858
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>35,194</b>	<b>13,719,663</b>	<b>34,873</b>	<b>8,237,205</b>	<b>32,625</b>	<b>13,776,197</b>	<b>35,197</b>	<b>12,127,592</b>
Zero or unreported.....	719	149,142	575	-60,493	345	8,651	719	118,391
\$1 under \$100,000.....	10,534	355,579	10,428	-56,581	8,693	37,618	10,534	348,890
\$100,000 under \$1,000,000.....	14,146	954,016	14,078	220,975	13,868	397,872	14,149	911,705
\$1,000,000 under \$10,000,000.....	7,853	2,347,134	7,851	1,204,233	7,797	1,882,086	7,853	2,086,961
\$10,000,000 under \$25,000,000.....	1,087	1,598,956	1,087	689,132	1,077	1,425,773	1,087	1,269,707
\$25,000,000 under \$50,000,000.....	404	1,084,326	404	1,021,045	399	1,065,526	404	967,628
\$50,000,000 under \$100,000,000.....	225	1,077,123	224	739,664	222	1,205,388	225	955,154
\$100,000,000 or more.....	226	6,153,387	226	4,479,230	225	7,753,284	226	5,469,156
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>33,418</b>	<b>13,010,162</b>	<b>33,159</b>	<b>7,721,196</b>	<b>31,168</b>	<b>13,133,777</b>	<b>33,421</b>	<b>11,564,025</b>
Zero or unreported.....	654	146,615	551	-59,465	321	8,425	654	116,045
\$1 under \$100,000.....	9,668	335,445	9,583	-60,094	8,059	35,835	9,668	330,134
\$100,000 under \$1,000,000.....	13,632	894,935	13,564	217,754	13,388	375,227	13,635	858,143
\$1,000,000 under \$10,000,000.....	7,608	2,103,748	7,606	1,170,655	7,558	1,846,912	7,608	1,924,193
\$10,000,000 under \$25,000,000.....	1,036	1,527,413	1,036	667,561	1,027	1,392,547	1,036	1,209,827
\$25,000,000 under \$50,000,000.....	387	968,444	387	982,902	384	1,022,961	387	864,193
\$50,000,000 under \$100,000,000.....	216	1,049,696	215	725,467	213	1,169,838	216	931,236
\$100,000,000 or more.....	218	5,983,865	218	4,076,415	217	7,282,032	218	5,330,255
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,776</b>	<b>709,501</b>	<b>1,714</b>	<b>516,010</b>	<b>1,458</b>	<b>642,420</b>	<b>1,776</b>	<b>563,567</b>
Zero or unreported.....	*65	*2,526	*24	*-1,028	*24	*225	*65	*2,347
\$1 under \$100,000.....	866	20,134	845	3,512	633	1,783	866	18,756
\$100,000 under \$1,000,000.....	514	59,081	514	3,221	480	22,644	514	53,562
\$1,000,000 under \$10,000,000.....	245	243,386	245	33,577	239	35,175	245	162,769
\$10,000,000 under \$25,000,000.....	52	71,543	52	21,571	50	33,226	52	59,880
\$25,000,000 under \$50,000,000.....	17	115,883	17	38,144	15	42,565	17	103,434
\$50,000,000 under \$100,000,000.....	9	27,427	9	14,197	9	35,550	9	23,918
\$100,000,000 or more.....	8	169,521	8	402,815	8	471,252	8	138,901

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on investment income				
	Number of returns	Amount	Total	Domestic foundations		Foreign foundations	
				Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>ALL FOUNDATIONS</b>							
<b>Total.....</b>	<b>35,197</b>	<b>10,910,358</b>	<b>194,157</b>	<b>35,054</b>	<b>187,363</b>	<b>30</b>	<b>6,794</b>
Zero or unreported.....	719	117,712	139	336	137	*1	*3
\$1 under \$100,000.....	10,534	319,895	573	9,723	573	--	--
\$100,000 under \$1,000,000.....	14,149	842,996	6,635	147,887	6,635	--	--
\$1,000,000 under \$10,000,000.....	7,853	1,915,881	30,703	8,159	30,695	*14	*8
\$10,000,000 under \$25,000,000.....	1,087	1,156,907	21,643	1,111	21,609	1	33
\$25,000,000 under \$50,000,000.....	404	848,349	15,910	399	15,846	5	64
\$50,000,000 under \$100,000,000.....	225	855,669	19,100	222	19,093	2	7
\$100,000,000 or more.....	226	4,852,948	99,455	217	92,775	7	6,680
<b>Nonoperating foundations</b>							
<b>Total.....</b>	<b>33,421</b>	<b>10,700,524</b>	<b>189,274</b>	<b>32,919</b>	<b>182,480</b>	<b>30</b>	<b>6,794</b>
Zero or unreported.....	654	115,398	137	312	134	*1	*3
\$1 under \$100,000.....	9,668	306,848	539	8,843	539	--	--
\$100,000 under \$1,000,000.....	13,635	815,373	6,315	14,200	6,315	--	--
\$1,000,000 under \$10,000,000.....	7,608	1,831,496	29,930	7,724	29,922	*14	*8
\$10,000,000 under \$25,000,000.....	1,036	1,139,731	20,597	1,036	20,563	1	33
\$25,000,000 under \$50,000,000.....	387	805,082	15,263	383	15,199	5	64
\$50,000,000 under \$100,000,000.....	216	850,441	17,659	209	17,652	2	7
\$100,000,000 or more.....	218	4,836,155	98,836	212	92,156	7	6,680
<b>Operating foundations</b>							
<b>Total.....</b>	<b>1,776</b>	<b>209,834</b>	<b>4,883</b>	<b>2,135</b>	<b>4,883</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	*65	*2,314	2	24	2	--	--
\$1 under \$100,000.....	866	13,046	34	880	34	--	--
\$100,000 under \$1,000,000.....	514	27,623	320	688	320	--	--
\$1,000,000 under \$10,000,000.....	245	84,386	773	435	773	--	--
\$10,000,000 under \$25,000,000.....	52	17,176	1,046	75	1,046	--	--
\$25,000,000 under \$50,000,000.....	17	43,267	647	16	647	--	--
\$50,000,000 unde \$100,000,000.....	9	5,229	1,441	13	1,441	--	--
\$100,000,000 or more.....	8	16,793	619	5	619	--	--
<b>GRANTMAKING FOUNDATIONS</b>							
<b>Total.....</b>	<b>35,197</b>	<b>10,910,358</b>	<b>189,385</b>	<b>31,739</b>	<b>182,620</b>	<b>25</b>	<b>6,765</b>
Zero or unreported.....	719	117,712	136	315	136	--	--
\$1 under \$100,000.....	10,534	319,895	521	8,111	521	--	--
\$100,000 under \$1,000,000.....	14,149	842,996	6,157	13,705	6,157	--	--
\$1,000,000 under \$10,000,000.....	7,853	1,915,881	29,129	7,739	29,122	*14	*8
\$10,000,000 under \$25,000,000.....	1,087	1,156,907	20,810	1,053	20,777	1	33
\$25,000,000 under \$50,000,000.....	404	848,349	15,728	389	15,675	4	52
\$50,000,000 under \$100,000,000.....	225	855,669	18,046	214	18,039	2	7
\$100,000,000 or more.....	226	4,852,948	98,857	214	92,192	6	6,664
<b>Grantmaking-nonoperating foundations</b>							
<b>Total.....</b>	<b>33,421</b>	<b>10,700,524</b>	<b>187,095</b>	<b>30,547</b>	<b>180,330</b>	<b>27</b>	<b>6,765</b>
Zero or unreported.....	654	115,398	134	291	134	--	--
\$1 under \$100,000.....	9,668	306,848	496	7,604	496	--	--
\$100,000 under \$1,000,000.....	13,635	815,373	5,865	13,310	5,865	--	--
\$1,000,000 under \$10,000,000.....	7,608	1,831,496	28,652	7,522	28,644	*14	*8
\$10,000,000 under \$25,000,000.....	1,036	1,139,731	20,437	1,023	20,404	1	33
\$25,000,000 under \$50,000,000.....	387	805,082	15,150	378	15,097	4	52
\$50,000,000 under \$100,000,000.....	216	850,441	17,656	208	17,649	2	7
\$100,000,000 or more.....	218	4,836,155	98,706	211	92,041	6	6,664
<b>Grantmaking-operating foundations</b>							
<b>Total.....</b>	<b>1,776</b>	<b>209,834</b>	<b>2,290</b>	<b>1,193</b>	<b>2,290</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	*65	*2,314	*2	*24	*2	--	--
\$1 under \$100,000.....	866	13,046	25	507	25	--	--
\$100,000 under \$1,000,000.....	514	27,623	292	396	292	--	--
\$1,000,000 under \$10,000,000.....	245	84,386	477	217	477	--	--
\$10,000,000 under \$25,000,000.....	52	17,176	373	30	373	--	--
\$25,000,000 under \$50,000,000.....	17	43,267	578	11	578	--	--
\$50,000,000 unde \$100,000,000.....	9	5,229	391	6	391	--	--
\$100,000,000 or more.....	8	16,793	151	3	151	--	--

Footnotes at end of table.





# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Net worth (book value)		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(45)	(46)	(47)	(48)	(49)	(50)
<b>ALL FOUNDATIONS</b>						
<b>Total.....</b>	<b>41,388</b>	<b>147,232,004</b>	<b>40,261</b>	<b>8,223,186</b>	<b>36,699</b>	<b>7,590,639</b>
Zero or unreported.....	148	43,390	552	1,362	511	1,291
\$1 under \$100,000.....	14,707	399,344	13,449	21,631	11,733	20,099
\$100,000 under \$1,000,000.....	15,924	5,136,059	15,691	269,374	14,733	274,368
\$1,000,000 under \$10,000,000.....	8,524	21,164,376	8,504	1,157,276	7,855	1,079,371
\$10,000,000 under \$25,000,000.....	1,180	14,156,191	1,175	809,558	1,049	738,281
\$25,000,000 under \$50,000,000.....	428	11,402,994	426	668,604	392	619,103
\$50,000,000 under \$100,000,000.....	237	12,987,051	232	730,107	213	672,725
\$100,000,000 or more.....	239	81,942,600	233	4,565,275	214	4,185,400
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>37,710</b>	<b>133,611,418</b>	<b>36,796</b>	<b>7,683,200</b>	<b>36,699</b>	<b>7,590,639</b>
Zero or unreported.....	148	43,390	511	1,319	511	1,291
\$1 under \$100,000.....	12,909	352,911	11,795	19,483	11,733	20,099
\$100,000 under \$1,000,000.....	14,892	4,800,194	14,767	256,216	14,733	274,368
\$1,000,000 under \$10,000,000.....	7,876	19,639,150	7,855	1,093,233	7,855	1,079,371
\$10,000,000 under \$25,000,000.....	1,053	12,690,366	1,049	753,270	1,049	738,281
\$25,000,000 under \$50,000,000.....	395	10,570,653	393	629,753	392	619,103
\$50,000,000 under \$100,000,000.....	218	11,936,226	213	688,569	213	672,725
\$100,000,000 or more.....	220	73,578,529	214	4,241,357	214	4,185,400
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,678</b>	<b>13,620,586</b>	<b>3,466</b>	<b>539,986</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	*41	*44	N/A	N/A
\$1 under \$100,000.....	1,798	46,433	1,654	2,147	N/A	N/A
\$100,000 under \$1,000,000.....	1,033	335,865	924	13,157	N/A	N/A
\$1,000,000 under \$10,000,000.....	649	1,525,226	649	64,043	N/A	N/A
\$10,000,000 under \$25,000,000.....	128	1,465,825	127	56,288	N/A	N/A
\$25,000,000 under \$50,000,000.....	33	832,341	33	38,852	N/A	N/A
\$50,000,000 under \$100,000,000.....	19	1,050,825	19	41,538	N/A	N/A
\$100,000,000 or more.....	19	8,364,071	19	323,917	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total.....</b>	<b>34,468</b>	<b>140,670,939</b>	<b>34,470</b>	<b>7,969,495</b>	<b>32,741</b>	<b>7,534,679</b>
Zero or unreported.....	*21	*744	486	1,180	465	1,112
\$1 under \$100,000.....	10,510	324,370	10,092	18,969	9,247	18,242
\$100,000 under \$1,000,000.....	14,149	4,648,357	14,108	254,308	13,577	254,831
\$1,000,000 under \$10,000,000.....	7,846	19,719,124	7,853	1,098,457	7,608	1,061,979
\$10,000,000 under \$25,000,000.....	1,087	13,039,771	1,085	772,749	1,034	732,137
\$25,000,000 under \$50,000,000.....	404	10,842,764	403	642,606	385	612,893
\$50,000,000 under \$100,000,000.....	225	12,405,657	221	707,941	212	671,990
\$100,000,000 or more.....	226	79,690,153	221	4,473,284	213	4,181,495
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>32,778</b>	<b>131,990,060</b>	<b>32,797</b>	<b>7,633,567</b>	<b>32,741</b>	<b>7,534,679</b>
Zero or unreported.....	*21	*744	465	1,137	465	1,112
\$1 under \$100,000.....	9,665	299,364	9,268	17,690	9,247	18,242
\$100,000 under \$1,000,000.....	13,635	4,445,608	13,611	244,432	13,577	254,831
\$1,000,000 under \$10,000,000.....	7,601	19,209,989	7,608	1,074,734	7,608	1,061,979
\$10,000,000 under \$25,000,000.....	1,036	12,461,454	1,034	746,966	1,034	732,137
\$25,000,000 under \$50,000,000.....	387	10,389,638	386	623,441	385	612,893
\$50,000,000 under \$100,000,000.....	216	11,869,950	212	687,830	212	671,990
\$100,000,000 or more.....	218	73,313,312	213	4,237,337	213	4,181,495
<b>Grantmaking-operating foundations</b>						
<b>Total.....</b>	<b>1,691</b>	<b>8,680,878</b>	<b>1,674</b>	<b>335,928</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	*21	*44	N/A	N/A
\$1 under \$100,000.....	845	25,005	825	1,279	N/A	N/A
\$100,000 under \$1,000,000.....	514	202,749	497	9,875	N/A	N/A
\$1,000,000 under \$10,000,000.....	245	509,134	245	23,723	N/A	N/A
\$10,000,000 under \$25,000,000.....	52	578,316	52	25,783	N/A	N/A
\$25,000,000 under \$50,000,000.....	17	453,126	17	19,165	N/A	N/A
\$50,000,000 under \$100,000,000.....	9	535,707	9	20,111	N/A	N/A
\$100,000,000 or more.....	8	6,376,841	8	235,947	N/A	N/A

Footnotes at end of table.



# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1992		Excess distributions carryover to 1993	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL FOUNDATIONS</b>						
<b>Total.....</b>	<b>39,306</b>	<b>12,592,243</b>	<b>8,980</b>	<b>2,034,620</b>	<b>28,703</b>	<b>14,700,506</b>
Zero or unreported.....	887	119,676	*25	*178	*777	*423,918
\$1 under \$100,000.....	12,644	407,260	2,235	2,206	10,059	1,536,105
\$100,000 under \$1,000,000.....	15,318	974,517	3,478	45,336	11,393	2,714,192
\$1,000,000 under \$10,000,000.....	8,389	2,289,096	2,521	229,187	5,339	4,266,424
\$10,000,000 under \$25,000,000.....	1,173	1,528,250	358	156,924	682	1,905,534
\$25,000,000 under \$50,000,000.....	426	1,047,102	165	170,294	224	1,217,947
\$50,000,000 under \$100,000,000.....	232	1,005,745	91	201,596	121	1,011,435
\$100,000,000 or more.....	236	5,220,598	106	1,228,899	107	1,624,952
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>35,981</b>	<b>11,292,616</b>	<b>8,980</b>	<b>2,034,620</b>	<b>28,703</b>	<b>14,700,506</b>
Zero or unreported.....	799	116,244	*25	*178	*777	*423,918
\$1 under \$100,000.....	11,182	360,806	2,235	2,206	10,059	1,536,105
\$100,000 under \$1,000,000.....	14,353	898,181	3,478	45,336	11,393	2,714,192
\$1,000,000 under \$10,000,000.....	7,776	1,968,175	2,521	229,187	5,339	4,266,424
\$10,000,000 under \$25,000,000.....	1,049	1,322,491	358	156,924	682	1,905,534
\$25,000,000 under \$50,000,000.....	393	882,244	165	170,294	224	1,217,947
\$50,000,000 under \$100,000,000.....	213	932,669	91	201,596	121	1,011,435
\$100,000,000 or more.....	217	4,811,806	106	1,228,899	107	1,624,952
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,325</b>	<b>1,299,627</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*89	*3,432	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,462	46,453	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	965	76,336	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	613	320,921	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	125	205,759	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	33	164,858	N/A	N/A	N/A	N/A
\$50,000,000 unde \$100,000,000.....	19	73,076	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	19	408,792	N/A	N/A	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total.....</b>	<b>35,190</b>	<b>11,932,043</b>	<b>7,028</b>	<b>2,017,448</b>	<b>26,230</b>	<b>14,262,269</b>
Zero or unreported.....	719	118,391	--	--	633	422,773
\$1 under \$100,000.....	10,534	349,111	1,078	1,494	8,504	1,429,594
\$100,000 under \$1,000,000.....	14,149	917,514	2,848	39,353	10,767	2,612,691
\$1,000,000 under \$10,000,000.....	7,853	2,115,609	2,390	222,061	5,209	4,101,843
\$10,000,000 under \$25,000,000.....	1,086	1,369,057	351	154,747	672	1,882,030
\$25,000,000 under \$50,000,000.....	404	988,065	164	169,298	218	1,182,497
\$50,000,000 under \$100,000,000.....	221	956,489	91	201,596	120	1,008,413
\$100,000,000 or more.....	224	5,117,808	106	1,228,899	106	1,622,427
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>33,414</b>	<b>11,164,973</b>	<b>7,028</b>	<b>2,017,448</b>	<b>26,230</b>	<b>14,262,269</b>
Zero or unreported.....	654	116,045	--	--	633	422,773
\$1 under \$100,000.....	9,668	330,272	1,078	1,494	8,504	1,429,594
\$100,000 under \$1,000,000.....	13,635	862,008	2,848	39,353	10,767	2,612,691
\$1,000,000 under \$10,000,000.....	7,608	1,942,137	2,390	222,061	5,209	4,101,843
\$10,000,000 under \$25,000,000.....	1,035	1,306,417	351	154,747	672	1,882,030
\$25,000,000 under \$50,000,000.....	387	870,651	164	169,298	218	1,182,497
\$50,000,000 under \$100,000,000.....	212	928,911	91	201,596	120	1,008,413
\$100,000,000 or more.....	216	4,808,532	106	1,228,899	106	1,622,427
<b>Grantmaking-operating foundations</b>						
<b>Total.....</b>	<b>1,776</b>	<b>767,070</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	65	2,347	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	866	18,839	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	514	55,506	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	245	173,472	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	52	62,640	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	17	117,413	N/A	N/A	N/A	N/A
\$50,000,000 unde \$100,000,000.....	9	27,578	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	8	309,276	N/A	N/A	N/A	N/A

N/A - not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Includes \$170 million in gross investment from 30 foreign foundations.

<sup>2</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1992 using a cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 3) because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>ALL CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,932</b>	<b>2,909</b>	<b>346,797</b>	<b>411</b>	<b>63,265</b>	<b>2,514</b>	<b>120,056</b>	<b>2,028</b>	<b>126,066</b>
Zero or unreported.....	36	36	280	*10	*(')	*26	*87	*23	*183
\$1 under \$100,000.....	964	940	5,178	123	2,024	682	1,692	480	907
\$100,000 under \$500,000.....	1,078	1,078	24,988	148	3,078	977	10,582	807	8,481
\$500,000 under \$1,000,000.....	323	323	20,078	*32	*3,024	312	9,954	270	4,729
\$1,000,000 under \$10,000,000.....	486	486	162,664	90	51,333	471	51,980	407	44,756
\$10,000,000 or more.....	47	47	133,609	9	3,806	46	45,760	41	67,010
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,902</b>	<b>2,878</b>	<b>341,009</b>	<b>401</b>	<b>62,709</b>	<b>2,490</b>	<b>119,380</b>	<b>2,015</b>	<b>125,657</b>
Zero or unreported.....	36	36	280	*10	*(')	*26	*87	*23	*183
\$1 under \$100,000.....	954	930	4,825	119	1,703	678	1,691	480	907
\$100,000 under \$500,000.....	1,070	1,070	24,930	148	3,078	970	10,517	800	8,489
\$500,000 under \$1,000,000.....	319	319	19,812	*32	*3,024	308	9,826	266	4,594
\$1,000,000 under \$10,000,000.....	477	477	158,174	83	51,098	462	51,707	406	44,678
\$10,000,000 or more.....	46	46	132,989	9	3,806	45	45,551	40	66,806
<b>Operating trusts</b>									
<b>Total.....</b>	<b>30</b>	<b>30</b>	<b>5,787</b>	<b>*10</b>	<b>*556</b>	<b>*24</b>	<b>*676</b>	<b>*13</b>	<b>*409</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*10	*353	*3	*321	*3	*(')	--	--
\$100,000 under \$500,000.....	*7	*7	*58	--	--	*7	*65	*7	*8
\$500,000 under \$1,000,000.....	*4	*4	*266	--	--	*4	*128	*4	*134
\$1,000,000 under \$10,000,000.....	9	9	4,490	7	235	9	274	1	79
\$10,000,000 or more.....	1	1	620	--	--	1	209	1	204
<b>GRANTMAKING CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,706</b>	<b>2,706</b>	<b>317,132</b>	<b>351</b>	<b>58,656</b>	<b>2,385</b>	<b>115,865</b>	<b>1,931</b>	<b>111,992</b>
Zero or unreported.....	32	32	184	*10	*(')	*22	*47	*19	*129
\$1 under \$100,000.....	825	825	4,195	83	1,203	633	1,612	444	863
\$100,000 under \$500,000.....	1,038	1,038	23,752	137	2,639	945	10,250	778	8,367
\$500,000 under \$1,000,000.....	316	316	19,755	*32	*3,024	305	9,769	266	4,594
\$1,000,000 under \$10,000,000.....	450	450	151,347	80	47,984	435	49,876	384	43,321
\$10,000,000 or more.....	45	45	117,899	9	3,806	44	44,312	39	54,716
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,691</b>	<b>2,691</b>	<b>316,118</b>	<b>347</b>	<b>58,335</b>	<b>2,377</b>	<b>115,616</b>	<b>1,926</b>	<b>111,787</b>
Zero or unreported.....	32	32	184	*10	*(')	*22	*47	*19	*129
\$1 under \$100,000.....	815	815	3,842	80	882	630	1,612	444	863
\$100,000 under \$500,000.....	1,035	1,035	23,712	137	2,639	941	10,210	775	8,367
\$500,000 under \$1,000,000.....	316	316	19,755	*32	*3,024	305	9,769	266	4,594
\$1,000,000 under \$10,000,000.....	450	450	151,347	80	47,984	435	49,876	384	43,321
\$10,000,000 or more.....	44	44	117,279	9	3,806	43	44,102	38	54,512
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>*14</b>	<b>*14</b>	<b>*1,014</b>	<b>*3</b>	<b>*321</b>	<b>*8</b>	<b>*250</b>	<b>*5</b>	<b>*204</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*10	*353	*3	*321	*3	*(')	--	--
\$100,000 under \$500,000.....	*4	*4	*41	--	--	*4	*40	*4	*(')
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	1	620	--	--	1	209	1	204

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income <sup>2</sup>		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,895</b>	<b>191,202</b>	<b>2,882</b>	<b>155,594</b>	<b>2,807</b>	<b>252,784</b>	<b>2,837</b>	<b>164,428</b>
Zero or unreported.....	36	1,741	36	-1,461	32	218	36	1,718
\$1 under \$100,000.....	927	5,115	917	64	852	3,098	908	4,653
\$100,000 under \$500,000.....	1,078	19,558	1,074	5,430	1,070	20,665	1,056	16,794
\$500,000 under \$1,000,000.....	323	14,083	323	5,994	323	16,741	316	11,526
\$1,000,000 under \$10,000,000.....	485	73,678	485	88,985	482	97,343	475	60,016
\$10,000,000 or more.....	47	77,026	47	56,583	47	114,719	47	69,720
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,864</b>	<b>185,552</b>	<b>2,851</b>	<b>155,458</b>	<b>2,777</b>	<b>251,370</b>	<b>2,822</b>	<b>161,904</b>
Zero or unreported.....	36	1,741	36	-1,461	32	218	36	1,718
\$1 under \$100,000.....	917	4,109	908	716	843	3,067	898	3,650
\$100,000 under \$500,000.....	1,070	19,509	1,067	5,421	1,063	20,613	1,052	16,759
\$500,000 under \$1,000,000.....	319	13,918	319	5,895	319	16,494	316	11,526
\$1,000,000 under \$10,000,000.....	476	70,459	476	87,714	473	96,594	474	59,457
\$10,000,000 or more.....	46	75,815	46	57,174	46	114,384	46	68,794
<b>Operating trusts</b>								
<b>Total.....</b>	<b>30</b>	<b>*5,651</b>	<b>30</b>	<b>137</b>	<b>30</b>	<b>1,414</b>	<b>15</b>	<b>2,524</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,006	*10	*-652	*10	*31	*10	*1,004
\$100,000 under \$500,000.....	*7	*49	*7	*9	*7	*52	*4	*34
\$500,000 under \$1,000,000.....	*4	*166	*4	*100	*4	*247	--	--
\$1,000,000 under \$10,000,000.....	9	3,219	9	1,271	9	749	1	559
\$10,000,000 or more.....	1	1,211	1	-591	1	335	1	926
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,706</b>	<b>184,454</b>	<b>2,679</b>	<b>132,678</b>	<b>2,648</b>	<b>232,067</b>	<b>2,706</b>	<b>162,303</b>
Zero or unreported.....	32	1,738	32	-1,553	*29	*125	32	1,717
\$1 under \$100,000.....	825	4,796	802	-601	777	2,954	825	4,368
\$100,000 under \$500,000.....	1,038	19,165	1,035	4,587	1,035	20,034	1,038	16,772
\$500,000 under \$1,000,000.....	316	13,894	316	5,860	316	16,460	316	11,526
\$1,000,000 under \$10,000,000.....	450	69,028	449	82,319	446	92,978	450	58,560
\$10,000,000 or more.....	45	75,832	45	42,067	45	99,516	45	69,359
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,691</b>	<b>182,196</b>	<b>2,664</b>	<b>133,922</b>	<b>2,633</b>	<b>231,668</b>	<b>2,691</b>	<b>160,338</b>
Zero or unreported.....	32	1,738	32	-1,553	*29	*125	32	1,717
\$1 under \$100,000.....	815	3,791	793	51	768	2,923	815	3,364
\$100,000 under \$500,000.....	1,035	19,124	1,031	4,588	1,031	20,000	1,035	16,738
\$500,000 under \$1,000,000.....	316	13,894	316	5,860	316	16,460	316	11,526
\$1,000,000 under \$10,000,000.....	450	69,028	449	82,319	446	92,978	450	58,560
\$10,000,000 or more.....	44	74,621	44	42,657	44	99,181	44	68,433
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*14</b>	<b>*2,258</b>	<b>*14</b>	<b>*-1,244</b>	<b>*14</b>	<b>*399</b>	<b>*14</b>	<b>*1,964</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,006	*10	*-652	*10	*31	*10	*1,004
\$100,000 under \$500,000.....	*4	*42	*4	*-1	*4	*33	*4	*34
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	1,211	1	-591	1	335	1	926

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>a</sup>		Excise tax on investment income				
	Number of returns	Amount	Total	Domestic trusts		Foreign trusts	
				Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>ALL CHARITABLE TRUSTS</b>							
<b>Total.....</b>	<b>2,706</b>	<b>154,636</b>	<b>4,340</b>	<b>2,751</b>	<b>4,334</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	4	32	4	--	--
\$1 under \$100,000.....	825	4,101	56	816	56	--	--
\$100,000 under \$500,000.....	1,038	15,780	380	1,056	380	--	--
\$500,000 under \$1,000,000.....	316	11,020	308	323	308	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,640	477	1,634	4	5
\$10,000,000 or more.....	45	66,405	1,953	47	1,953	--	--
<b>Nonoperating trusts</b>							
<b>Total.....</b>	<b>2,691</b>	<b>153,011</b>	<b>4,315</b>	<b>2,720</b>	<b>4,310</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	4	32	4	--	--
\$1 under \$100,000.....	815	3,098	55	806	55	--	--
\$100,000 under \$500,000.....	1,035	15,746	379	1,049	379	--	--
\$500,000 under \$1,000,000.....	316	11,020	303	319	303	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,628	468	1,623	4	5
\$10,000,000 or more.....	44	65,817	1,946	46	1,946	--	--
<b>Operating trusts</b>							
<b>Total.....</b>	<b>*14</b>	<b>*1,625</b>	<b>25</b>	<b>30</b>	<b>25</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,003	*1	*10	*1	--	--
\$100,000 under \$500,000.....	*4	*34	*1	*7	*1	--	--
\$500,000 under \$1,000,000.....	--	--	*5	*4	*5	--	--
\$1,000,000 under \$10,000,000.....	--	--	12	9	12	--	--
\$10,000,000 or more.....	1	589	7	1	7	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>							
<b>Total.....</b>	<b>2,706</b>	<b>154,636</b>	<b>3,943</b>	<b>2,603</b>	<b>3,938</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	2	29	2	--	--
\$1 under \$100,000.....	825	4,101	53	744	53	--	--
\$100,000 under \$500,000.....	1,038	15,780	368	1,027	368	--	--
\$500,000 under \$1,000,000.....	316	11,020	303	316	303	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,569	442	1,563	4	5
\$10,000,000 or more.....	45	66,405	1,649	45	1,649	--	--
<b>Grantmaking-nonoperating trusts</b>							
<b>Total.....</b>	<b>2,691</b>	<b>153,011</b>	<b>3,935</b>	<b>2,588</b>	<b>3,930</b>	<b>4</b>	<b>5</b>
Zero or unreported.....	32	1,703	2	29	2	--	--
\$1 under \$100,000.....	815	3,098	52	734	52	--	--
\$100,000 under \$500,000.....	1,035	15,746	368	1,024	368	--	--
\$500,000 under \$1,000,000.....	316	11,020	303	316	303	--	--
\$1,000,000 under \$10,000,000.....	450	55,627	1,569	442	1,563	4	5
\$10,000,000 or more.....	44	65,817	1,642	44	1,642	--	--
<b>Grantmaking-operating trusts</b>							
<b>Total.....</b>	<b>*14</b>	<b>*1,625</b>	<b>*8</b>	<b>*14</b>	<b>*8</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*1,003	*1	*10	*1	--	--
\$100,000 under \$500,000.....	*4	*34	*1	*4	*1	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	589	7	1	7	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value	Total assets (book value)		Investments in securities (book value)							
			Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)
<b>ALL CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,880</b>	<b>2,417,064</b>	<b>1,814</b>	<b>1,629,008</b>	<b>958</b>	<b>391,688</b>	<b>1,451</b>	<b>882,933</b>	<b>831</b>	<b>354,387</b>
Zero or unreported.....	*4	*824	*4	*757	--	--	*4	*374	*4	*383
\$1 under \$100,000.....	943	34,958	460	15,186	166	4,272	296	7,520	159	3,395
\$100,000 under \$500,000.....	1,078	219,222	666	102,071	342	23,797	523	53,547	301	24,728
\$500,000 under \$1,000,000.....	323	177,321	204	86,664	143	25,872	190	45,117	121	15,675
\$1,000,000 under \$10,000,000.....	486	978,108	434	672,848	273	166,034	396	402,694	215	104,120
\$10,000,000 or more.....	47	1,006,632	46	751,482	33	171,713	43	373,682	32	206,087
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,849</b>	<b>2,391,162</b>	<b>1,800</b>	<b>1,621,251</b>	<b>953</b>	<b>390,072</b>	<b>1,438</b>	<b>879,472</b>	<b>821</b>	<b>351,707</b>
Zero or unreported.....	*4	*824	*4	*757	--	--	*4	*374	*4	*383
\$1 under \$100,000.....	933	34,652	457	15,106	166	4,272	292	7,439	159	3,395
\$100,000 under \$500,000.....	1,070	218,142	662	101,576	342	23,797	520	53,319	297	24,459
\$500,000 under \$1,000,000.....	319	174,511	200	84,526	140	25,692	186	44,660	117	14,173
\$1,000,000 under \$10,000,000.....	477	963,103	432	670,104	271	164,597	394	402,225	213	103,282
\$10,000,000 or more.....	46	999,930	45	749,182	33	171,713	42	371,454	31	206,015
<b>Operating trusts</b>										
<b>Total.....</b>	<b>30</b>	<b>25,902</b>	<b>13</b>	<b>7,757</b>	<b>*6</b>	<b>*1,616</b>	<b>*13</b>	<b>*3,461</b>	<b>*10</b>	<b>*2,680</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*305	3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*7	*1,080	*4	*496	--	--	*4	*227	*4	*268
\$500,000 under \$1,000,000.....	*4	*2,809	*4	*2,138	*4	*179	*4	*457	*4	*1,502
\$1,000,000 under \$10,000,000.....	9	15,005	2	2,744	2	1,436	2	469	2	838
\$10,000,000 or more.....	1	6,702	1	2,300	--	--	1	2,228	1	72
<b>GRANTMAKING CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,674</b>	<b>2,266,776</b>	<b>1,712</b>	<b>1,514,421</b>	<b>905</b>	<b>359,585</b>	<b>1,373</b>	<b>841,611</b>	<b>779</b>	<b>313,226</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	825	31,792	412	14,007	150	3,861	267	6,917	146	3,229
\$100,000 under \$500,000.....	1,038	209,974	652	100,372	335	23,419	512	53,104	293	23,849
\$500,000 under \$1,000,000.....	316	171,314	197	81,450	136	24,346	183	42,931	117	14,173
\$1,000,000 under \$10,000,000.....	450	924,697	407	644,170	251	156,956	370	389,341	191	97,874
\$10,000,000 or more.....	45	928,999	44	674,422	32	151,003	41	349,318	31	174,101
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,659</b>	<b>2,259,228</b>	<b>1,707</b>	<b>1,512,041</b>	<b>905</b>	<b>359,585</b>	<b>1,369</b>	<b>839,302</b>	<b>778</b>	<b>313,154</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	815	31,487	409	13,927	150	3,861	263	6,837	146	3,229
\$100,000 under \$500,000.....	1,035	209,434	652	100,372	335	23,419	512	53,104	293	23,849
\$500,000 under \$1,000,000.....	316	171,314	197	81,450	136	24,346	183	42,931	117	14,173
\$1,000,000 under \$10,000,000.....	450	924,697	407	644,170	251	156,956	370	389,341	191	97,874
\$10,000,000 or more.....	44	922,297	43	672,122	32	151,003	40	347,090	30	174,029
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>*14</b>	<b>*7,548</b>	<b>*4</b>	<b>*2,380</b>	<b>--</b>	<b>--</b>	<b>*4</b>	<b>*2,308</b>	<b>1</b>	<b>72</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*305	*3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*4	*540	--	--	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	6,702	1	2,300	--	--	1	2,228	1	72

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Investments in securities (fair market value)							
	Number of returns	Amount	Total		Government obligations		Corporate stock		Corporate bonds	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)
<b>ALL CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,897</b>	<b>3,130,730</b>	<b>1,810</b>	<b>2,174,484</b>	<b>965</b>	<b>413,858</b>	<b>1,451</b>	<b>1,379,155</b>	<b>820</b>	<b>381,472</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	964	38,899	460	17,132	166	4,482	296	8,920	159	3,730
\$100,000 under \$500,000.....	1,078	267,241	666	130,373	346	25,198	526	77,876	297	27,299
\$500,000 under \$1,000,000.....	323	232,048	204	114,464	143	27,176	190	70,799	121	16,488
\$1,000,000 under \$10,000,000.....	486	1,239,955	434	866,089	277	175,914	396	578,162	212	112,012
\$10,000,000 or more.....	47	1,352,587	46	1,046,426	33	181,087	43	643,398	32	221,942
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,866</b>	<b>3,093,173</b>	<b>1,797</b>	<b>2,163,905</b>	<b>959</b>	<b>412,197</b>	<b>1,437</b>	<b>1,372,909</b>	<b>810</b>	<b>378,800</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	954	38,591	457	17,052	166	4,482	292	8,840	159	3,730
\$100,000 under \$500,000.....	1,070	266,116	662	129,875	346	25,198	523	77,659	294	27,019
\$500,000 under \$1,000,000.....	319	229,175	200	112,262	140	26,985	186	70,302	117	14,975
\$1,000,000 under \$10,000,000.....	477	1,223,114	432	863,271	275	174,444	394	577,659	210	111,167
\$10,000,000 or more.....	46	1,336,177	45	1,041,444	33	181,087	42	638,449	31	221,908
<b>Operating trusts</b>										
<b>Total.....</b>	<b>30</b>	<b>37,557</b>	<b>*13</b>	<b>*10,579</b>	<b>*6</b>	<b>*1,661</b>	<b>*13</b>	<b>*6,246</b>	<b>*10</b>	<b>*2,672</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*308	*3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*7	*1,125	*4	*497	--	--	*4	*217	*4	*280
\$500,000 under \$1,000,000.....	*4	*2,872	*4	*2,201	*4	*191	*4	*497	*4	*1,513
\$1,000,000 under \$10,000,000.....	9	16,841	2	2,818	2	1,470	2	503	2	845
\$10,000,000 or more.....	1	16,410	1	4,982	--	--	1	4,949	1	33
<b>GRANTMAKING CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,674</b>	<b>2,951,247</b>	<b>1,712</b>	<b>2,038,953</b>	<b>912</b>	<b>380,463</b>	<b>1,376</b>	<b>1,319,459</b>	<b>772</b>	<b>339,032</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	825	35,543	412	15,818	150	4,072	267	8,202	146	3,544
\$100,000 under \$500,000.....	1,038	256,142	652	127,985	338	24,817	516	76,862	290	26,305
\$500,000 under \$1,000,000.....	316	225,638	197	108,847	136	25,615	183	68,256	117	14,975
\$1,000,000 under \$10,000,000.....	450	1,172,864	407	830,831	255	166,520	370	558,788	188	105,523
\$10,000,000 or more.....	45	1,261,060	44	955,473	32	159,438	41	607,351	31	188,684
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,659</b>	<b>2,933,946</b>	<b>1,707</b>	<b>2,033,891</b>	<b>912</b>	<b>380,463</b>	<b>1,372</b>	<b>1,314,430</b>	<b>771</b>	<b>338,999</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	815	35,236	409	15,737	150	4,072	263	8,121	146	3,544
\$100,000 under \$500,000.....	1,035	255,558	652	127,985	338	24,817	516	76,862	290	26,305
\$500,000 under \$1,000,000.....	316	225,638	197	108,847	136	25,615	183	68,256	117	14,975
\$1,000,000 under \$10,000,000.....	450	1,172,864	407	830,831	255	166,520	370	558,788	188	105,523
\$10,000,000 or more.....	44	1,244,650	43	950,491	32	159,438	40	602,402	30	188,651
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>*14</b>	<b>*17,301</b>	<b>*4</b>	<b>*5,062</b>	<b>--</b>	<b>--</b>	<b>*4</b>	<b>*5,029</b>	<b>1</b>	<b>33</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*308	*3	*80	--	--	*3	*80	--	--
\$100,000 under \$500,000.....	*4	*584	--	--	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	16,410	1	4,982	--	--	1	4,949	1	33

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Net worth (book value)		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(45)	(46)	(47)	(48)	(49)	(50)
<b>ALL CHARITABLE TRUSTS</b>						
<b>Total</b> .....	<b>2,876</b>	<b>2,407,824</b>	<b>2,888</b>	<b>147,795</b>	<b>2,850</b>	<b>134,891</b>
Zero or unreported.....	*4	*824	36	107	36	103
\$1 under \$100,000.....	940	34,844	923	1,872	906	1,812
\$100,000 under \$500,000.....	1,078	218,947	1,074	12,908	1,067	12,497
\$500,000 under \$1,000,000.....	323	176,859	323	11,219	319	10,727
\$1,000,000 under \$10,000,000.....	486	972,318	486	58,528	477	55,738
\$10,000,000 or more.....	47	1,004,033	47	63,162	45	54,014
<b>Nonoperating trusts</b>						
<b>Total</b> .....	<b>2,846</b>	<b>2,385,829</b>	<b>2,857</b>	<b>146,415</b>	<b>2,850</b>	<b>134,891</b>
Zero or unreported.....	*4	*824	36	107	36	103
\$1 under \$100,000.....	930	34,539	913	1,867	906	1,812
\$100,000 under \$500,000.....	1,070	217,867	1,067	12,853	1,067	12,497
\$500,000 under \$1,000,000.....	319	174,239	319	11,087	319	10,727
\$1,000,000 under \$10,000,000.....	477	959,157	477	58,019	477	55,738
\$10,000,000 or more.....	46	999,204	46	62,483	45	54,014
<b>Operating trusts</b>						
<b>Total</b> .....	<b>30</b>	<b>21,995</b>	<b>30</b>	<b>1,380</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	*10	*305	*10	*5	N/A	N/A
\$100,000 under \$500,000.....	*7	*1,080	*7	*54	N/A	N/A
\$500,000 under \$1,000,000.....	*4	*2,619	*4	*132	N/A	N/A
\$1,000,000 under \$10,000,000.....	9	13,161	9	509	N/A	N/A
\$10,000,000 or more.....	1	4,829	1	679	N/A	N/A
<b>GRANTMAKING CHARITABLE TRUSTS</b>						
<b>Total</b> .....	<b>2,670</b>	<b>2,259,864</b>	<b>2,685</b>	<b>139,620</b>	<b>2,668</b>	<b>131,006</b>
Zero or unreported.....	--	--	32	50	32	49
\$1 under \$100,000.....	822	31,678	804	1,722	791	1,666
\$100,000 under \$500,000.....	1,038	209,840	1,038	12,432	1,035	12,071
\$500,000 under \$1,000,000.....	316	171,043	316	10,904	316	10,510
\$1,000,000 under \$10,000,000.....	450	920,768	450	55,849	450	53,905
\$10,000,000 or more.....	45	926,535	45	58,662	44	52,804
<b>Grantmaking-nonoperating trusts</b>						
<b>Total</b> .....	<b>2,656</b>	<b>2,254,189</b>	<b>2,671</b>	<b>138,907</b>	<b>2,668</b>	<b>131,006</b>
Zero or unreported.....	--	--	32	50	32	49
\$1 under \$100,000.....	812	31,373	795	1,717	791	1,666
\$100,000 under \$500,000.....	1,035	209,300	1,035	12,404	1,035	12,071
\$500,000 under \$1,000,000.....	316	171,043	316	10,904	316	10,510
\$1,000,000 under \$10,000,000.....	450	920,768	450	55,849	450	53,905
\$10,000,000 or more.....	44	921,706	44	57,983	44	52,804
<b>Grantmaking-operating trusts</b>						
<b>Total</b> .....	<b>*14</b>	<b>*5,675</b>	<b>*14</b>	<b>*713</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	*10	*305	*10	*5	N/A	N/A
\$100,000 under \$500,000.....	*4	*540	*4	*29	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	--	--	N/A	N/A
\$1,000,000 under \$10,000,000.....	--	--	--	--	N/A	N/A
\$10,000,000 or more.....	1	4,829	1	679	N/A	N/A

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 2.--All 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1992		Excess distributions carryover to 1993	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL CHARITABLE TRUSTS</b>						
<b>Total</b> .....	<b>2,838</b>	<b>166,331</b>	<b>804</b>	<b>29,578</b>	<b>2,071</b>	<b>160,042</b>
Zero or unreported.....	36	1,718	*4	*35	32	1,812
\$1 under \$100,000.....	908	4,653	211	192	722	8,141
\$100,000 under \$500,000.....	1,056	16,794	300	2,183	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	86	1,289	233	10,813
\$1,000,000 under \$10,000,000.....	476	61,918	188	14,011	287	47,431
\$10,000,000 or more.....	47	69,722	15	11,867	30	73,712
<b>Nonoperating trusts</b>						
<b>Total</b> .....	<b>2,823</b>	<b>163,808</b>	<b>804</b>	<b>29,578</b>	<b>2,071</b>	<b>160,042</b>
Zero or unreported.....	36	1,718	*4	*35	32	1,812
\$1 under \$100,000.....	898	3,650	211	192	722	8,141
\$100,000 under \$500,000.....	1,052	16,759	300	2,183	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	86	1,289	233	10,813
\$1,000,000 under \$10,000,000.....	475	61,358	188	14,011	287	47,431
\$10,000,000 or more.....	46	68,796	15	11,867	30	73,712
<b>Operating trusts</b>						
<b>Total</b> .....	<b>*15</b>	<b>*2,524</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*10	*1,004	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*34	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	1	559	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	926	N/A	N/A	N/A	N/A
<b>GRANTMAKING CHARITABLE TRUSTS</b>						
<b>Total</b> .....	<b>2,706</b>	<b>163,976</b>	<b>683</b>	<b>26,958</b>	<b>1,986</b>	<b>159,269</b>
Zero or unreported.....	32	1,717	--	--	32	1,812
\$1 under \$100,000.....	825	4,368	157	134	638	7,419
\$100,000 under \$500,000.....	1,038	16,772	268	1,823	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	82	1,073	233	10,813
\$1,000,000 under \$10,000,000.....	450	60,231	162	12,912	286	47,381
\$10,000,000 or more.....	45	69,361	14	11,016	30	73,712
<b>Grantmaking-nonoperating trusts</b>						
<b>Total</b> .....	<b>2,691</b>	<b>162,012</b>	<b>683</b>	<b>26,958</b>	<b>1,986</b>	<b>159,269</b>
Zero or unreported.....	32	1,717	--	--	32	1,812
\$1 under \$100,000.....	815	3,364	157	134	638	7,419
\$100,000 under \$500,000.....	1,035	16,738	268	1,823	767	18,133
\$500,000 under \$1,000,000.....	316	11,526	82	1,073	233	10,813
\$1,000,000 under \$10,000,000.....	450	60,231	162	12,912	286	47,381
\$10,000,000 or more.....	44	68,435	14	11,016	30	73,712
<b>Grantmaking-operating trusts</b>						
<b>Total</b> .....	<b>*14</b>	<b>*1,964</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*10	*1,004	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*34	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	--	--	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	926	N/A	N/A	N/A	N/A

N/A - not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Less than \$500.

<sup>2</sup> Includes some gross investment income from foreign trusts.

<sup>3</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1992 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 4) because trusts may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.



# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Number of returns.....</b>	<b>42,428</b>	<b>1,137</b>	<b>14,733</b>	<b>15,941</b>	<b>8,531</b>	<b>1,180</b>	<b>428</b>	<b>237</b>	<b>239</b>
<b>Total revenue.....</b>	<b>23,566,388</b>	<b>91,606</b>	<b>386,638</b>	<b>1,367,283</b>	<b>4,036,788</b>	<b>2,613,958</b>	<b>2,236,590</b>	<b>1,910,967</b>	<b>10,922,557</b>
Contributions, gifts, and grants received.....	7,902,873	87,286	342,929	925,103	1,851,583	1,037,506	908,538	653,443	2,096,484
Interest on savings and temporary cash investments.....	989,956	3,762	8,843	63,848	195,178	118,141	85,124	96,756	418,304
Dividends and interest from securities.....	6,631,079	2,971	10,190	197,436	925,386	635,331	533,788	599,811	3,726,166
Gross rents and royalties.....	236,649	--	*1,059	14,966	49,758	18,395	30,480	19,694	102,296
Net gain (or loss) from sales of assets.....	6,733,267	-2,526	13,960	113,900	758,618	583,392	494,953	492,769	4,278,202
Gross profit (less loss) from business activities.....	47,956	*-17	1,576	*608	5,982	8,444	26,025	2,203	3,135
Other income.....	1,024,604	*130	8,082	51,420	250,282	212,749	157,682	46,290	297,969
<b>Total expenses.....</b>	<b>14,498,073</b>	<b>150,822</b>	<b>433,092</b>	<b>1,001,959</b>	<b>2,570,423</b>	<b>1,757,848</b>	<b>1,159,315</b>	<b>1,148,059</b>	<b>6,276,556</b>
Contributions, gifts, and grants paid*.....	11,382,837	118,002	322,888	841,262	1,920,316	1,345,255	849,552	904,961	5,080,600
Compensation of officers.....	293,045	*244	10,647	16,069	66,188	40,959	34,000	25,088	99,850
Other salaries and wages.....	600,713	*3	18,706	21,212	139,696	96,001	50,458	40,340	234,297
Pension plans and employee benefits.....	156,478	--	1,319	1,851	19,448	18,893	12,670	13,167	89,131
Legal fees.....	73,428	518	4,339	7,785	19,041	9,554	5,303	6,083	20,807
Accounting fees.....	64,657	425	4,392	11,078	22,062	8,800	5,027	5,029	7,844
Other professional fees.....	421,700	*153	6,048	15,195	67,629	46,908	35,967	38,610	211,190
Interest.....	56,627	*5	587	6,520	24,778	5,710	8,273	2,422	8,332
Taxes.....	269,350	82	3,173	11,028	46,307	34,037	30,893	24,647	119,184
Depreciation and depletion.....	142,617	*8	1,468	6,749	25,998	18,932	21,373	12,269	55,820
Occupancy.....	181,344	*11	17,853	12,567	35,931	18,660	14,143	12,906	69,274
Travel, conferences, and meetings.....	92,517	--	8,577	5,082	10,429	7,434	5,487	5,426	50,083
Printing and publications.....	43,812	47	2,974	4,723	3,055	3,013	1,493	2,464	26,044
Other expenses.....	718,943	31,325	30,122	40,835	169,544	103,694	84,674	54,648	204,101
<b>Excess of revenue (less loss) over expenses.....</b>	<b>9,068,314</b>	<b>-59,216</b>	<b>-46,454</b>	<b>365,324</b>	<b>1,466,365</b>	<b>856,110</b>	<b>1,077,275</b>	<b>762,908</b>	<b>4,646,001</b>
Excess of revenue.....	10,893,354	*4,396	47,116	604,875	1,867,130	1,169,023	1,198,939	956,799	5,045,078
Loss.....	1,825,041	63,611	93,570	239,551	400,765	312,913	121,663	193,890	399,077
<b>Total assets (fair market value).....</b>	<b>192,207,531</b>	<b>--</b>	<b>443,117</b>	<b>5,981,293</b>	<b>25,921,651</b>	<b>18,194,523</b>	<b>14,771,809</b>	<b>16,362,363</b>	<b>110,532,775</b>
Cash, total.....	14,854,724	--	239,324	1,457,116	3,304,268	1,458,574	1,134,401	1,224,628	6,036,413
Non-interest bearing accounts.....	2,114,095	--	82,087	281,604	501,902	209,542	64,384	117,575	857,001
Savings and temporary cash investments.....	12,740,629	--	157,237	1,175,512	2,802,367	1,249,031	1,070,017	1,107,053	5,179,412
Accounts receivable, net.....	584,574	--	1,801	37,636	79,888	83,949	35,000	47,435	298,865
Pledges receivable, net.....	59,405	--	*290	*2,094	36,348	12,502	994	7,135	43
Grants receivable.....	114,706	--	--	*155	63,002	22,892	13,124	15,505	28
Receivables due from disqualified persons.....	25,062	--	*706	*5	*23,299	541	183	72	256
Other notes and loans receivable.....	1,592,711	--	2,677	150,632	273,194	138,004	51,301	64,531	912,372
Inventories.....	25,755	--	2,441	*1,494	7,144	3,430	1,957	854	8,435
Prepaid expenses and deferred charges.....	192,602	--	305	1,574	41,036	10,374	16,408	14,129	108,775
Investments, total (non-cash).....	168,449,004	--	164,531	3,865,911	20,560,260	15,460,380	12,931,168	14,488,530	100,978,224
Securities, total.....	144,378,998	--	130,585	3,305,247	18,537,424	13,574,290	11,312,084	12,828,197	84,691,169
Government obligations.....	30,519,768	--	32,150	755,946	4,942,721	3,293,743	2,890,707	3,338,103	15,266,400
Corporate stock.....	95,190,351	--	77,476	1,980,515	10,545,703	8,096,689	6,653,592	7,543,135	60,293,241
Corporate bonds.....	18,668,879	--	20,959	568,786	3,049,001	2,183,858	1,767,786	1,946,959	9,131,529
Land, buildings, and equipment (less accumulated depreciation).....	3,240,500	--	*3,369	84,156	529,254	290,684	423,031	277,667	1,632,340
Mortgage loans.....	875,162	--	3,503	47,756	147,460	107,250	100,162	105,252	363,780
Other investments.....	19,954,344	--	27,074	428,751	1,346,122	1,488,156	1,095,891	1,277,414	14,290,935
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	3,571,034	--	13,145	267,109	863,411	711,108	356,547	219,205	1,140,508
Other assets.....	2,737,951	--	17,897	197,565	669,799	292,768	230,725	280,340	1,048,857

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value).....</b>	<b>154,007,992</b>	<b>*43,507</b>	<b>428,532</b>	<b>5,341,314</b>	<b>21,831,258</b>	<b>14,562,306</b>	<b>11,772,796</b>	<b>13,329,900</b>	<b>86,698,379</b>
Cash, total.....	14,791,475	*4,714	239,377	1,460,279	3,303,660	1,453,241	1,115,138	1,194,724	6,020,343
Non-interest bearing accounts.....	2,097,628	*4,607	82,160	279,812	502,946	204,861	64,202	114,856	844,184
Savings and temporary cash investments.....	12,693,847	*107	157,217	1,180,467	2,800,714	1,248,380	1,050,936	1,079,868	5,176,159
Accounts receivable, net.....	570,992	--	1,801	37,892	77,765	76,562	35,000	47,435	294,538
Pledges receivable, net.....	58,959	--	*290	*2,094	35,876	12,502	1,020	7,135	43
Grants receivable.....	115,454	--	--	*864	63,002	22,892	13,124	15,505	67
Receivables due from disqualified persons.....	25,114	--	*706	*5	*23,361	531	183	72	256
Other notes and loans receivable.....	1,666,172	*1,702	2,677	150,789	285,679	137,591	50,192	67,821	969,721
Inventories.....	21,482	--	2,460	*1,465	7,137	3,197	1,949	854	4,421
Prepaid expenses and deferred charges.....	197,875	--	315	10,057	40,025	10,583	16,508	14,199	106,188
Investments, total (non-cash).....	131,074,161	*37,002	150,506	3,266,814	16,665,575	12,014,320	10,053,923	11,517,351	77,368,670
Securities, total.....	111,429,857	*36,806	116,570	2,754,699	14,937,794	10,354,924	8,756,762	10,223,920	64,248,381
Government obligations.....	29,267,210	--	30,568	725,746	4,666,794	3,129,476	2,714,080	3,133,741	14,866,806
Corporate stock.....	64,308,074	*36,600	63,378	1,484,915	7,411,145	5,217,975	4,388,891	5,217,969	40,487,201
Corporate bonds.....	17,854,573	*206	22,624	544,039	2,859,855	2,007,473	1,653,791	1,872,210	8,894,374
Land, buildings, and equipment (less accumulated depreciation).....	2,281,239	--	*2,968	54,816	375,800	234,437	249,480	160,922	1,202,816
Mortgage loans.....	854,440	--	3,493	52,010	135,993	112,132	99,413	105,253	346,146
Other investments.....	16,508,624	*195	27,476	405,288	1,215,988	1,312,826	948,267	1,027,255	11,571,328
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	3,053,079	*40	13,506	252,861	763,439	538,256	287,660	209,200	988,115
Other assets.....	2,433,223	*49	16,894	158,193	565,738	292,629	198,099	255,604	946,016
<b>Total liabilities (book value).....</b>	<b>6,775,987</b>	<b>*117</b>	<b>29,188</b>	<b>205,255</b>	<b>666,882</b>	<b>406,115</b>	<b>369,803</b>	<b>342,849</b>	<b>4,755,779</b>
<b>Net worth (book value).....</b>	<b>147,232,004</b>	<b>*43,390</b>	<b>399,344</b>	<b>5,136,059</b>	<b>21,164,376</b>	<b>14,156,191</b>	<b>11,402,994</b>	<b>12,987,051</b>	<b>81,942,600</b>
<b>Total assets, beginning-of-year (book value)...</b>	<b>145,330,532</b>	<b>198,567</b>	<b>474,551</b>	<b>4,915,085</b>	<b>20,178,908</b>	<b>13,550,356</b>	<b>11,055,187</b>	<b>12,492,139</b>	<b>82,465,739</b>
<b>Investments in securities, beginning-of-year (book value).....</b>	<b>104,256,705</b>	<b>108,939</b>	<b>132,260</b>	<b>2,518,345</b>	<b>13,544,391</b>	<b>9,415,865</b>	<b>8,203,345</b>	<b>9,607,615</b>	<b>60,725,945</b>
Government obligations.....	29,507,635	*14,819	34,143	738,926	4,600,953	3,126,666	2,715,204	3,137,448	15,139,476
Corporate stock.....	58,172,603	59,380	75,711	1,247,542	6,442,795	4,467,667	3,885,991	4,704,546	37,288,971
Corporate bonds.....	16,576,467	*34,741	22,406	531,877	2,500,643	1,821,532	1,602,149	1,765,620	8,297,498

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipts and disbursements method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 4.--All 4947(a)(1) Charitable Trusts: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>2,932</b>	<b>36</b>	<b>964</b>	<b>1,078</b>	<b>323</b>	<b>486</b>	<b>47</b>
<b>Total revenue.....</b>	<b>346,797</b>	<b>280</b>	<b>5,178</b>	<b>24,988</b>	<b>20,078</b>	<b>162,664</b>	<b>133,609</b>
Contributions, gifts, and grants received.....	63,265	*(')	2,024	3,078	3,024	51,333	3,806
Interest on savings and temporary cash investments.....	15,466	10	332	1,865	1,030	4,980	7,248
Dividends and interest from securities.....	120,056	*87	1,692	10,582	9,954	51,980	45,760
Gross rents and royalties.....	5,440	--	*21	625	*308	2,533	1,953
Net gain (or loss) from sales of assets.....	126,066	*183	907	8,481	4,729	44,756	67,010
Gross profit (less loss) from business activities.....	*15	--	--	--	*9	6	--
Other income.....	16,487	*(')	202	355	1,024	7,074	7,831
<b>Total expenses.....</b>	<b>191,202</b>	<b>1,741</b>	<b>5,115</b>	<b>19,558</b>	<b>14,083</b>	<b>73,678</b>	<b>77,026</b>
Contributions, gifts, and grants paid?.....	154,274	1,703	4,102	15,392	11,025	55,816	66,236
Compensation of officers.....	15,560	*16	364	2,381	1,789	7,135	3,875
Other salaries and wages.....	1,371	--	--	*2	--	1,100	269
Pension plans and employee benefits.....	*318	--	--	--	--	281	37
Legal fees.....	1,705	*11	34	233	49	609	768
Accounting fees.....	1,632	*2	165	428	203	619	216
Other professional fees.....	3,894	*1	42	269	326	1,654	1,603
Interest.....	190	--	*1	*35	*(')	31	124
Taxes.....	5,877	*4	84	550	462	2,448	2,329
Depreciation and depletion.....	823	--	--	*26	*84	589	123
Occupancy.....	548	--	*55	--	--	357	136
Travel, conferences, and meetings.....	1,080	--	*(')	*1	*(')	899	180
Printing and publications.....	94	*(')	10	10	6	62	6
Other expenses.....	3,837	*4	258	230	140	2,078	1,126
<b>Excess of revenue (less loss) over expenses.....</b>	<b>155,594</b>	<b>*-1,461</b>	<b>64</b>	<b>5,430</b>	<b>5,994</b>	<b>88,985</b>	<b>56,583</b>
Excess of revenue.....	177,241	*135	1,908	10,624	7,117	95,228	62,229
Loss.....	21,647	*1,597	1,844	5,194	1,122	6,243	5,646
<b>Total assets (fair market value).....</b>	<b>3,130,730</b>	<b>--</b>	<b>38,899</b>	<b>267,241</b>	<b>232,048</b>	<b>1,239,955</b>	<b>1,352,587</b>
Cash, total.....	225,511	--	5,955	32,758	13,417	96,663	76,719
Non-interest bearing accounts.....	31,842	--	1,538	4,185	1,107	19,012	6,000
Savings and temporary cash investments.....	193,669	--	4,418	28,573	12,310	77,650	70,718
Accounts receivable, net.....	3,029	--	*27	*153	*179	2,504	167
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*35	--	--	--	35	--	--
Other notes and loans receivable.....	33,970	--	*450	*2,991	*69	5,531	24,928
Inventories.....	*335	--	--	--	--	335	--
Prepaid expenses and deferred charges.....	748	--	*1	*10	*14	579	144
Investments, total (non-cash).....	2,637,584	--	27,633	174,942	174,183	1,057,344	1,203,482
Securities, total.....	2,174,484	--	17,132	130,373	114,464	866,089	1,046,426
Government obligations.....	413,858	--	4,482	25,198	27,176	175,914	181,087
Corporate stock.....	1,379,155	--	8,920	77,876	70,799	578,162	643,398
Corporate bonds.....	381,472	--	3,730	27,299	16,488	112,012	221,942
Land, buildings, and equipment (less accumulated depreciation).....	36,908	--	--	*1,641	*400	21,418	13,449
Mortgage loans.....	10,427	--	*6	*564	*839	8,973	44
Other investments.....	415,765	--	10,494	42,365	58,479	160,865	143,562
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	42,625	--	*(')	*3,019	*4,224	14,471	20,910
Other assets.....	186,893	--	4,833	53,368	39,927	62,528	26,237

Footnotes at end of table.

# Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992

**Table 4.--All 4947(a)(1) Charitable Trusts: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets Zero or Unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value)</b> .....	<b>2,417,064</b>	<b>824</b>	<b>34,958</b>	<b>219,222</b>	<b>177,321</b>	<b>978,108</b>	<b>1,006,632</b>
Cash, total.....	222,828	66	6,057	31,432	13,326	95,226	76,720
Non-interest bearing accounts.....	29,742	--	1,645	4,169	1,099	16,829	6,000
Savings and temporary cash investments.....	193,086	66	4,412	27,263	12,227	78,397	70,720
Accounts receivable, net.....	3,022	--	*20	*153	*179	2,504	167
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*35	--	--	--	*35	--	--
Other notes and loans receivable.....	34,252	--	450	2,991	69	5,813	24,928
Inventories.....	29	--	--	--	--	29	--
Prepaid expenses and deferred charges.....	748	--	*1	*10	*14	579	144
Investments, total (non-cash).....	2,003,484	*757	24,558	138,808	134,808	817,085	887,468
Securities, total.....	1,629,008	*757	15,186	102,071	86,664	672,848	751,482
Government obligations.....	391,688	--	4,272	23,797	25,872	166,034	171,713
Corporate stock.....	882,933	*374	7,520	53,547	45,117	402,694	373,682
Corporate bonds.....	354,387	*383	3,395	24,728	15,675	104,120	206,087
Land, buildings, and equipment (less accumulated depreciation).....	18,372	--	--	*953	*757	12,238	4,424
Mortgage loans.....	10,425	--	*6	*564	*839	8,971	44
Other investments.....	345,679	--	9,366	35,219	46,548	123,029	131,518
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	19,234	--	*(*)	*1,647	*1,649	9,137	6,801
Other assets.....	133,432	--	3,872	44,182	27,239	47,735	10,404
<b>Total liabilities (book value)</b> .....	<b>9,240</b>	<b>--</b>	<b>*114</b>	<b>275</b>	<b>462</b>	<b>5,790</b>	<b>2,599</b>
<b>Net worth (book value)</b> .....	<b>2,407,824</b>	<b>*824</b>	<b>34,844</b>	<b>218,947</b>	<b>176,859</b>	<b>972,318</b>	<b>1,004,033</b>
<b>Total assets, beginning-of-year (book value)</b> .....	<b>2,248,072</b>	<b>2,541</b>	<b>34,719</b>	<b>207,305</b>	<b>171,168</b>	<b>897,195</b>	<b>935,145</b>
<b>Investments in securities, beginning-of-year (book value)</b> .....	<b>1,480,379</b>	<b>*1,778</b>	<b>15,002</b>	<b>94,354</b>	<b>89,370</b>	<b>594,191</b>	<b>685,685</b>
Government obligations.....	385,944	*192	4,206	24,042	28,941	161,071	167,491
Corporate stock.....	801,545	*888	7,496	47,106	42,918	343,394	359,743
Corporate bonds.....	292,891	*698	3,300	23,207	17,511	89,725	158,450

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

† Less than \$500.

‡ The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 2, which are calculated using the cash receipts and disbursements method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1993

## Data Release

**F**or 1993, private foundations and charitable trusts reported \$25.7 billion in total revenues and \$11.8 billion in contributions, gifts, and grants paid out. Private foundations are generally larger in terms of asset size and more numerous than charitable trusts. The 44,004 private foundations accounted for 98.6 percent of the combined total of \$210.4 billion in assets (based on fair market value), while the 2,934 charitable trusts accounted for the remaining 1.4 percent.

A private foundation is a nonprofit, tax-exempt charitable organization that is narrowly supported and controlled, usually by an individual, family, or corporation. A charitable trust filing under Internal Revenue Code section 4947(a)(1) is also nonprofit, but is not tax-exempt and is typically supported and controlled by an individual or family. Both private foundations and charitable trusts are required to file and make public an annual information return, Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*. The statistics contained in this data release are based on the data from these forms.

### Private Foundations

Total private foundation revenues increased by nearly 8 percent from \$23.6 billion for 1992 to \$25.4 billion for 1993 [1]. The two largest sources of foundation revenue, net gains (less losses) from the sales of assets and contributions, gifts, and grants received, increased overall by approximately 13 percent over this period to \$7.6 billion and \$9.0 billion, respectively.

Total assets (based on fair market value) grew by 8 percent to \$207.5 billion for 1993 compared to the previous year. The largest component of total assets, investments in securities, increased by nearly 5 percent to \$151.2 billion. Nearly 68 percent of these investments were in corporate stock, which continued to dominate total investments in securities. The remaining 32 percent of investments in securities was in government obligations and corporate bonds. Investments in government obligations, alone, fell by 5 percent to \$29.1 billion for 1993, while investments in corporate bonds increased by 3 percent to \$19.3 billion. (Tables 1 and 3 present both fair market and book values for these asset accounts.)

### Section 4947(a)(1) Charitable Trusts

Charitable trusts, as defined under Internal Revenue Code section 4947(a)(1), reported nearly \$2.9 billion in total

assets (fair market value) for 1993, a decrease of nearly 9 percent from 1992. Investments in securities, nearly 73 percent of total assets, decreased 4 percent to \$2.1 billion. This decrease was due to a 5-percent drop in corporate stock (fair market value), which fell to \$1.3 billion. Charitable contributions, gifts, and grants paid, plummeted 18 percent to \$.13 billion (as reported on a cash basis in Table 2).

Total revenues dropped sharply for 1993, to \$291.3 million, nearly 16 percent. The largest decrease was for net gains (less losses) from sales of assets, down by nearly 21 percent, to \$99.8 million. Unlike private foundations, net gain (less losses) from sales of assets was the primary source of revenue for charitable trusts. Dividends and interest from securities accounted for \$106.7 million of revenues for 1993, followed by contributions, gifts, and grants of \$52.1 million.

### Data Sources and Limitations

Tables 1 and 3 provide information for Reporting Year 1993 for private foundations, while Tables 2 and 4 provide similar data for charitable trusts. The statistics are based on a sample of Reporting Year 1993 Forms 990-PF that were filed with the Internal Revenue Service (IRS). These returns were filed by organizations with accounting periods beginning in 1993 (and therefore ending between December 1993 and November 1994). Some part-year returns were included in the sample for organizations that changed their accounting periods, or filed initial or final returns. Approximately 63 percent of the foundations and 60 percent of charitable trusts had full-year accounting periods covering Calendar Year 1993, or part-year accounting periods that ended in December 1993. Additionally, 61 percent of total foundation assets and 52 percent of total trust assets were for the calendar-year accounting period. Therefore, the majority of the financial activities reflected in the statistics can be associated with Calendar Year 1993.

The 1993 sample was stratified based on both the size of book value of total assets and the type of organization (either a private foundation or a charitable trust). Foundation returns were selected at rates that ranged from approximately 3.5 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets). Charitable trust returns were selected at rates that ranged from 29 to 100 percent. The 5,364 returns in the 1993 sample (4,533 foundations and 831 trusts) were drawn from the estimated population totals shown in Tables 1 through 4. The magnitude of sampling error, measured by the coefficient of variation, for selected financial data is shown in Figure A.

*This data release was written by Paul Arnsberger, an economist with the Special Projects Section, Special Studies and Publications Branch, under the direction of Michael Alexander, Chief.*

**Figure A**

**Coefficients of Variation for Selected Items, by Type of Organization, Reporting Year 1993**

Item	Private foundations	Charitable trusts
Total assets (fair market value).....	1.08	4.29
Total revenue.....	1.35	6.79
Total expenses.....	1.55	4.57
Contributions, gifts, and grants paid.....	1.78	5.10

The population from which this sample was drawn consisted of 1993 Form 990-PF records posted to the IRS Business Master File during 1993 and 1994. Some of the records designated were for organizations deemed inactive or terminated. Inactive and terminated organizations are not reflected in the estimates. For the small number of active, large foundations and trusts whose returns for the 1993 Reporting Year were not yet filed or were otherwise unavailable for the statistics, data were estimated using prior-year returns.

The data presented were obtained from returns as originally filed. The data were subjected to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base.

**Explanation of Selected Terms**

*Charitable Trust* -- This type of organization, also referred to as a “nonexempt” charitable trust, is defined in Internal Revenue Code section 4947(a)(1) as an organization (1) that is not considered tax-exempt under section 501(a); (2) that has exclusively charitable interests; and (3) for which donors are allowed to claim a tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the same excise tax provisions that apply to private foundations and are required to file the same Form 990-PF. (“Publicly supported” nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*, and are, therefore, not included in the statistics [2].) Nonexempt charitable trusts must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Fiduciary Income Tax Return*.

*Distributable Amount* -- This was the minimum payout amount that was required to be distributed by the end of the year following the year for which the return was filed.

Failure to distribute income within this time period resulted in a 15-percent excise tax on the undistributed portion. The distributable amount was computed as 5 percent of “net investment assets,” called the “minimum investment return,” minus taxes on both “net investment income” and “unrelated business income,” plus or minus other adjustments, either allowed or required.

*Excess Distributions Carryover* -- The excess carryover equaled the excess of “qualifying distributions” for 1993 over the “distributable amount.” “Excess” amounts from the current year could be carried forward to be applied to the distributable amount for the following 5 years.

*Minimum Investment Return* -- This was the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire them and cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the “distributable amount.”

*Nonoperating Foundations (and Section 4947(a)(1) Charitable Trusts)* -- Nonoperating foundations and trusts generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to those (operating) foundations and trusts which engaged in charitable activities, themselves. However, some nonoperating foundations and trusts were actively involved in charitable programs of their own, in addition to making grants to other organizations. Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period.

*Operating Foundations (and Section 4947(a)(1) Charitable Trusts)* -- These organizations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. To qualify as an operating foundation or trust for a particular taxable year, the private foundation or trust had to meet both an “income test” and one of three other tests: an “assets test,” an “endowment test,” or a “support test.” (The tests are described below with reference to private foundations, but apply in the same manner to charitable trusts.)

To meet the income test, a private foundation had to spend at least 85 percent of the lesser of its “adjusted net income” or “minimum investment return” on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such pro-

grams). The assets test was met if 65 percent or more of the foundation's assets were directly used for the active conduct of charitable activities. The endowment test was met if the foundation normally made distributions for the active conduct of charitable activities in an amount not less than two-thirds of its "minimum investment return." The support test was met if the foundation normally received substantially all of its support (other than from "gross investment income") from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from "gross investment income") was normally received from any one such qualifying exempt organization; and (b) no more than 50 percent of its support was normally received from gross investment income.

*Private Foundation* -- This type of organization is defined in Internal Revenue Code section 501(c)(3) as a nonprofit corporation, association, or trust with a narrow source of funds that operated or supported social, educational, scientific, charitable, religious, or other programs dedicated to improving the general welfare of society. A private foundation is *not*: (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization that was operated by, or in connection with, any of the above described organizations; and (4) an organization that conducts tests for public safety. The primary difference between a private foundation and a public charity is the source of each type of organization's funding. A foundation usually receives its funds from an individual, a

family, or a corporation, while a public charity receives its funds primarily from a large number of sources within the general public.

*Qualifying Distributions* -- Qualifying distributions include disbursements for charitable purposes; amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the foundation's or trust's obligation to pay out its "distributable amount."

*Undistributed Income* -- Undistributed income was the portion of the required "distributable amount" still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carried over from prior years.

### Notes and References

- [1] For detailed information on private foundations and charitable trusts for 1992, see Meckstroth, Alicia and Arnsberger, Paul, "Private Foundations and Charitable Trusts: A Decade of Charitable Giving and Growth, with Highlights of 1991 and 1992," *Statistics of Income Bulletin*, Summer 1996, Volume 16, Number 1.
- [2] For more information on charities and other tax-exempt organizations, see Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1992," *Statistics of Income Bulletin*, Summer 1996, Volume 16, Number 1.

# Private Foundations and Charitable Trusts, 1993

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
				Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>ALL FOUNDATIONS</b>									
<b>Total</b> .....	<b>44,004</b>	<b>42,984</b>	<b>25,415,288</b>	<b>21,129</b>	<b>8,969,269</b>	<b>28,385</b>	<b>6,796,981</b>	<b>19,886</b>	<b>7,578,988</b>
Zero or unreported.....	1,139	934	185,080	464	32,971	242	67,582	*175	*83,043
\$1 under \$100,000.....	15,008	14,242	410,438	8,334	365,671	5,268	11,682	2,659	11,156
\$100,000 under \$1,000,000.....	16,831	16,802	1,529,422	7,675	1,078,094	12,830	191,245	8,429	162,709
\$1,000,000 under \$10,000,000.....	8,817	8,799	4,490,889	3,737	2,448,534	7,947	957,678	6,643	705,962
\$10,000,000 under \$25,000,000.....	1,244	1,242	3,047,412	511	1,367,231	1,170	634,575	1,077	720,242
\$25,000,000 under \$50,000,000.....	462	462	2,624,498	200	1,186,505	436	533,474	428	593,741
\$50,000,000 under \$100,000,000.....	252	252	2,436,193	112	1,016,088	246	587,398	237	652,287
\$100,000,000 or more.....	251	251	10,691,356	96	1,474,174	246	3,813,347	238	4,649,848
<b>Nonoperating foundations</b>									
<b>Total</b> .....	<b>40,214</b>	<b>39,350</b>	<b>23,119,555</b>	<b>18,693</b>	<b>8,077,480</b>	<b>27,080</b>	<b>6,403,916</b>	<b>19,087</b>	<b>7,056,073</b>
Zero or unreported.....	1,050	848	183,616	406	31,598	242	67,582	*175	*83,043
\$1 under \$100,000.....	13,181	12,557	345,818	7,121	307,689	4,972	11,026	2,513	10,670
\$100,000 under \$1,000,000.....	15,779	15,750	1,394,882	7,097	964,196	12,391	186,224	8,255	161,542
\$1,000,000 under \$10,000,000.....	8,184	8,175	4,089,651	3,284	2,218,188	7,538	915,280	6,324	660,980
\$10,000,000 under \$25,000,000.....	1,132	1,131	2,732,736	439	1,263,864	1,076	596,488	987	694,450
\$25,000,000 under \$50,000,000.....	426	426	2,347,452	173	1,069,318	407	510,203	396	561,461
\$50,000,000 under \$100,000,000.....	231	231	2,226,403	94	916,782	227	551,040	218	611,361
\$100,000,000 or more.....	231	231	9,798,997	79	1,305,845	227	3,566,074	219	4,272,565
<b>Operating foundations</b>									
<b>Total</b> .....	<b>3,791</b>	<b>3,635</b>	<b>2,295,733</b>	<b>2,435</b>	<b>891,789</b>	<b>1,304</b>	<b>393,064</b>	<b>798</b>	<b>522,915</b>
Zero or unreported.....	*89	*86	*1,464	*57	*1,374	--	--	--	--
\$1 under \$100,000.....	1,828	1,685	64,619	1,212	57,982	296	656	146	487
\$100,000 under \$1,000,000.....	1,052	1,052	134,540	578	113,898	438	5,022	173	1,167
\$1,000,000 under \$10,000,000.....	633	624	401,238	453	230,346	410	42,398	319	44,982
\$10,000,000 under \$25,000,000.....	112	111	314,677	73	103,366	94	38,087	90	25,792
\$25,000,000 under \$50,000,000.....	36	36	277,047	27	117,187	29	23,271	32	32,280
\$50,000,000 unde \$100,000,000.....	21	21	209,790	18	99,306	19	36,358	19	40,926
\$100,000,000 or more.....	20	20	892,359	17	168,329	19	247,273	19	377,282
<b>GRANTMAKING FOUNDATIONS</b>									
<b>Total</b> .....	<b>35,789</b>	<b>35,597</b>	<b>23,561,217</b>	<b>16,225</b>	<b>7,926,538</b>	<b>25,711</b>	<b>6,614,655</b>	<b>18,478</b>	<b>7,374,363</b>
Zero or unreported.....	649	620	182,808	*207	*30,786	242	67,582	*175	*83,043
\$1 under \$100,000.....	10,359	10,216	330,375	5,560	298,575	4,238	10,482	2,186	10,348
\$100,000 under \$1,000,000.....	14,683	14,662	1,282,386	6,435	866,629	11,776	184,210	7,917	156,823
\$1,000,000 under \$10,000,000.....	8,025	8,025	3,970,981	3,213	2,100,226	7,465	918,589	6,315	674,933
\$10,000,000 under \$25,000,000.....	1,161	1,161	2,729,452	447	1,224,015	1,108	612,469	1,022	705,711
\$25,000,000 under \$50,000,000.....	440	440	2,456,970	184	1,101,241	418	517,961	412	582,877
\$50,000,000 under \$100,000,000.....	238	238	2,283,554	99	933,725	233	562,034	226	637,279
\$100,000,000 or more.....	235	235	10,324,690	82	1,371,341	231	3,741,328	225	4,523,348
<b>Grantmaking-nonoperating foundations</b>									
<b>Total</b> .....	<b>33,892</b>	<b>33,700</b>	<b>22,393,267</b>	<b>15,110</b>	<b>7,518,864</b>	<b>25,011</b>	<b>6,363,292</b>	<b>18,062</b>	<b>7,034,093</b>
Zero or unreported.....	620	592	182,803	*207	*30,786	242	67,582	*175	*83,043
\$1 under \$100,000.....	9,372	9,230	293,579	4,922	263,683	4,060	9,903	2,125	10,362
\$100,000 under \$1,000,000.....	14,099	14,079	1,234,105	6,129	832,680	11,470	179,433	7,764	155,725
\$1,000,000 under \$10,000,000.....	7,806	7,806	3,816,388	3,084	1,992,263	7,317	905,770	6,186	651,345
\$10,000,000 under \$25,000,000.....	1,115	1,115	2,631,785	428	1,172,766	1,068	592,875	981	693,897
\$25,000,000 under \$50,000,000.....	423	423	2,313,305	173	1,069,318	405	509,808	395	560,706
\$50,000,000 under \$100,000,000.....	228	228	2,146,348	92	853,645	224	546,084	217	611,513
\$100,000,000 or more.....	228	228	9,774,954	76	1,303,723	224	3,551,837	218	4,267,502
<b>Grantmaking-operating foundations</b>									
<b>Total</b> .....	<b>1,897</b>	<b>1,897</b>	<b>1,167,950</b>	<b>1,116</b>	<b>407,674</b>	<b>701</b>	<b>251,362</b>	<b>416</b>	<b>340,270</b>
Zero or unreported.....	*29	*29	*5	--	--	--	--	--	--
\$1 under \$100,000.....	986	986	36,796	638	34,892	*178	*579	*61	*-13
\$100,000 under \$1,000,000.....	583	583	48,282	306	33,949	306	4,776	*153	*1,098
\$1,000,000 under \$10,000,000.....	219	219	154,593	129	107,963	148	12,819	129	23,588
\$10,000,000 under \$25,000,000.....	46	46	97,667	19	51,250	40	19,594	41	11,815
\$25,000,000 under \$50,000,000.....	17	17	143,665	11	31,923	13	8,153	17	22,172
\$50,000,000 unde \$100,000,000.....	10	10	137,205	7	80,080	9	15,950	9	25,766
\$100,000,000 or more.....	7	7	549,736	6	67,618	7	189,491	7	255,846

Footnotes at end of table.



Private Foundations and Charitable Trusts, 1993

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>42,814</b>	<b>15,349,133</b>	<b>42,809</b>	<b>10,066,154</b>	<b>37,474</b>	<b>15,121,899</b>	<b>40,488</b>	<b>13,608,495</b>
Zero or unreported.....	1,001	158,754	716	26,326	449	130,941	820	153,100
\$1 under \$100,000.....	14,231	456,481	14,348	-46,043	10,449	35,780	12,766	419,540
\$100,000 under \$1,000,000.....	16,632	1,004,269	16,721	525,153	15,799	484,356	16,050	933,277
\$1,000,000 under \$10,000,000.....	8,744	2,689,212	8,816	1,801,676	8,597	2,071,771	8,662	2,370,789
\$10,000,000 under \$25,000,000.....	1,240	1,648,775	1,242	1,398,637	1,225	1,525,704	1,230	1,465,656
\$25,000,000 under \$50,000,000.....	462	1,336,036	462	1,288,462	456	1,356,194	460	1,167,037
\$50,000,000 under \$100,000,000.....	252	1,404,335	252	1,031,857	250	1,449,073	250	1,237,273
\$100,000,000 or more.....	251	6,651,271	251	4,040,085	249	8,068,080	250	5,861,823
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>39,170</b>	<b>14,006,593</b>	<b>39,239</b>	<b>9,112,961</b>	<b>34,720</b>	<b>14,096,193</b>	<b>37,171</b>	<b>12,500,850</b>
Zero or unreported.....	912	157,240	684	26,377	449	130,941	763	151,594
\$1 under \$100,000.....	12,517	397,499	12,663	-51,680	9,320	34,096	11,288	377,458
\$100,000 under \$1,000,000.....	15,604	868,878	15,690	526,004	14,923	474,214	15,068	813,411
\$1,000,000 under \$10,000,000.....	8,120	2,379,595	8,183	1,710,056	8,026	1,970,111	8,046	2,108,589
\$10,000,000 under \$25,000,000.....	1,129	1,406,994	1,131	1,325,742	1,121	1,450,701	1,123	1,268,250
\$25,000,000 under \$50,000,000.....	426	1,156,104	426	1,191,347	421	1,274,159	424	1,014,659
\$50,000,000 under \$100,000,000.....	231	1,298,666	231	927,736	229	1,365,311	229	1,154,559
\$100,000,000 or more.....	231	6,341,618	231	3,457,380	231	7,396,660	230	5,612,330
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,644</b>	<b>1,342,540</b>	<b>3,570</b>	<b>953,193</b>	<b>2,753</b>	<b>1,025,706</b>	<b>3,317</b>	<b>1,107,645</b>
Zero or unreported.....	*89	*1,514	*32	*-50	--	--	*57	*1,506
\$1 under \$100,000.....	1,714	58,982	1,685	5,637	1,129	1,684	1,478	42,082
\$100,000 under \$1,000,000.....	1,029	135,391	1,031	-851	876	10,142	982	119,867
\$1,000,000 under \$10,000,000.....	624	309,618	633	91,620	571	101,660	615	262,200
\$10,000,000 under \$25,000,000.....	111	241,781	111	72,895	104	75,003	107	197,406
\$25,000,000 under \$50,000,000.....	36	179,932	36	97,115	35	82,035	36	152,377
\$50,000,000 under \$100,000,000.....	21	105,669	21	104,121	21	83,762	21	82,714
\$100,000,000 or more.....	20	309,654	20	582,705	18	671,420	20	249,493
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>35,789</b>	<b>14,399,195</b>	<b>35,438</b>	<b>9,162,022</b>	<b>32,659</b>	<b>14,649,097</b>	<b>35,789</b>	<b>12,892,055</b>
Zero or unreported.....	649	156,000	477	26,808	360	130,708	649	151,529
\$1 under \$100,000.....	10,359	390,895	10,241	-60,519	8,129	33,160	10,359	376,482
\$100,000 under \$1,000,000.....	14,683	890,694	14,622	391,693	14,172	463,783	14,683	838,233
\$1,000,000 under \$10,000,000.....	8,025	2,413,344	8,024	1,557,637	7,941	1,985,541	8,025	2,155,131
\$10,000,000 under \$25,000,000.....	1,161	1,463,872	1,161	1,265,580	1,150	1,475,505	1,161	1,323,845
\$25,000,000 under \$50,000,000.....	440	1,244,908	440	1,212,062	435	1,306,273	440	1,109,381
\$50,000,000 under \$100,000,000.....	238	1,337,278	238	946,276	237	1,410,324	238	1,194,127
\$100,000,000 or more.....	235	6,502,205	235	3,822,486	235	7,843,802	235	5,743,327
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>33,892</b>	<b>13,794,899</b>	<b>33,569</b>	<b>8,598,368</b>	<b>31,158</b>	<b>14,026,860</b>	<b>33,892</b>	<b>12,388,496</b>
Zero or unreported.....	620	155,995	477	26,808	360	130,708	620	151,524
\$1 under \$100,000.....	9,372	361,827	9,255	-68,247	7,438	32,035	9,372	354,755
\$100,000 under \$1,000,000.....	14,099	835,944	14,039	398,161	13,638	455,053	14,099	792,977
\$1,000,000 under \$10,000,000.....	7,806	2,304,595	7,805	1,511,792	7,740	1,945,628	7,806	2,057,828
\$10,000,000 under \$25,000,000.....	1,115	1,392,962	1,115	1,238,823	1,108	1,443,728	1,115	1,265,456
\$25,000,000 under \$50,000,000.....	423	1,139,599	423	1,173,706	419	1,272,037	423	1,011,315
\$50,000,000 under \$100,000,000.....	228	1,282,222	228	864,127	227	1,363,982	228	1,148,683
\$100,000,000 or more.....	228	6,321,755	228	3,453,199	228	7,383,689	228	5,605,959
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,897</b>	<b>604,296</b>	<b>1,869</b>	<b>563,654</b>	<b>1,501</b>	<b>622,237</b>	<b>1,897</b>	<b>503,559</b>
Zero or unreported.....	*29	*5	--	--	--	--	*29	*5
\$1 under \$100,000.....	986	29,068	986	7,728	691	1,125	986	21,728
\$100,000 under \$1,000,000.....	583	54,750	583	-6,468	534	8,729	583	45,255
\$1,000,000 under \$10,000,000.....	219	108,749	219	45,844	201	39,913	219	97,303
\$10,000,000 under \$25,000,000.....	46	70,910	46	26,757	42	31,777	46	58,389
\$25,000,000 under \$50,000,000.....	17	105,309	17	38,356	16	34,236	17	98,066
\$50,000,000 under \$100,000,000.....	10	55,056	10	82,149	10	46,342	10	45,444
\$100,000,000 or more.....	7	180,450	7	369,286	7	460,114	7	137,368

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>1</sup>		Excise tax on investment income				
	Number of returns	Amount	Total	Domestic foundations		Foreign foundations	
				Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>ALL FOUNDATIONS</b>							
<b>Total.....</b>	<b>35,789</b>	<b>11,652,564</b>	<b>204,035</b>	<b>35,744</b>	<b>203,058</b>	<b>26</b>	<b>977</b>
Zero or unreported.....	649	138,521	2,594	360	2,594	--	--
\$1 under \$100,000.....	10,359	348,554	572	9,432	572	--	--
\$100,000 under \$1,000,000.....	14,683	773,984	7,584	15,518	7,584	--	--
\$1,000,000 under \$10,000,000.....	8,025	1,999,806	32,470	8,359	32,461	*10	*10
\$10,000,000 under \$25,000,000.....	1,161	1,193,870	22,506	1,172	22,485	2	20
\$25,000,000 under \$50,000,000.....	440	986,410	19,486	438	19,437	3	49
\$50,000,000 under \$100,000,000.....	238	1,094,311	21,483	236	21,464	4	19
\$100,000,000 or more.....	235	5,117,109	97,340	228	96,462	7	879
<b>Nonoperating foundations</b>							
<b>Total.....</b>	<b>33,892</b>	<b>11,499,142</b>	<b>199,509</b>	<b>33,648</b>	<b>198,532</b>	<b>26</b>	<b>977</b>
Zero or unreported.....	620	138,516	2,594	360	2,594	--	--
\$1 under \$100,000.....	9,372	341,203	544	8,482	544	--	--
\$100,000 under \$1,000,000.....	14,099	759,896	7,430	14,860	7,430	--	--
\$1,000,000 under \$10,000,000.....	7,806	1,960,912	31,412	7,971	31,402	*10	*10
\$10,000,000 under \$25,000,000.....	1,115	1,184,557	21,746	1,115	21,726	2	20
\$25,000,000 under \$50,000,000.....	423	943,446	18,892	416	18,843	3	49
\$50,000,000 under \$100,000,000.....	228	1,070,436	20,877	223	20,859	4	19
\$100,000,000 or more.....	228	5,100,175	96,013	222	95,134	7	879
<b>Operating foundations</b>							
<b>Total.....</b>	<b>1,897</b>	<b>153,423</b>	<b>4,526</b>	<b>2,096</b>	<b>4,526</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	*29	*5	--	--	--	--	--
\$1 under \$100,000.....	986	7,351	28	951	28	--	--
\$100,000 under \$1,000,000.....	583	14,088	154	659	154	--	--
\$1,000,000 under \$10,000,000.....	219	38,894	1,058	388	1,058	--	--
\$10,000,000 under \$25,000,000.....	46	9,313	759	57	759	--	--
\$25,000,000 under \$50,000,000.....	17	42,963	594	22	594	--	--
\$50,000,000 unde \$100,000,000.....	10	23,874	605	13	605	--	--
\$100,000,000 or more.....	7	16,934	1,327	6	1,327	--	--
<b>GRANTMAKING FOUNDATIONS</b>							
<b>Total.....</b>	<b>35,789</b>	<b>11,652,564</b>	<b>200,275</b>	<b>31,718</b>	<b>199,345</b>	<b>24</b>	<b>930</b>
Zero or unreported.....	649	138,521	2,589	303	2,589	--	--
\$1 under \$100,000.....	10,359	348,554	525	7,551	525	--	--
\$100,000 under \$1,000,000.....	14,683	773,984	7,209	13,996	7,209	--	--
\$1,000,000 under \$10,000,000.....	8,025	1,999,806	31,461	7,868	31,451	*10	*10
\$10,000,000 under \$25,000,000.....	1,161	1,193,870	22,000	1,123	21,986	1	13
\$25,000,000 under \$50,000,000.....	440	986,410	19,138	426	19,089	3	49
\$50,000,000 under \$100,000,000.....	238	1,094,311	21,276	228	21,257	4	19
\$100,000,000 or more.....	235	5,117,109	96,078	223	95,239	6	839
<b>Grantmaking-nonoperating foundations</b>							
<b>Total.....</b>	<b>33,892</b>	<b>11,499,142</b>	<b>198,283</b>	<b>30,508</b>	<b>197,353</b>	<b>24</b>	<b>930</b>
Zero or unreported.....	620	138,516	2,589	303	2,589	--	--
\$1 under \$100,000.....	9,372	341,203	508	6,946	508	--	--
\$100,000 under \$1,000,000.....	14,099	759,896	7,074	13,595	7,074	--	--
\$1,000,000 under \$10,000,000.....	7,806	1,960,912	30,967	7,703	30,957	*10	*10
\$10,000,000 under \$25,000,000.....	1,115	1,184,557	21,689	1,105	21,676	1	13
\$25,000,000 under \$50,000,000.....	423	943,446	18,871	415	18,822	3	49
\$50,000,000 under \$100,000,000.....	228	1,070,436	20,851	221	20,832	4	19
\$100,000,000 or more.....	228	5,100,175	95,734	220	94,895	6	839
<b>Grantmaking-operating foundations</b>							
<b>Total.....</b>	<b>1,897</b>	<b>153,423</b>	<b>1,992</b>	<b>1,210</b>	<b>1,992</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	*29	*5	--	--	--	--	--
\$1 under \$100,000.....	986	7,351	17	605	17	--	--
\$100,000 under \$1,000,000.....	583	14,088	134	402	134	--	--
\$1,000,000 under \$10,000,000.....	219	38,894	495	165	495	--	--
\$10,000,000 under \$25,000,000.....	46	9,313	310	18	310	--	--
\$25,000,000 under \$50,000,000.....	17	42,963	267	11	267	--	--
\$50,000,000 unde \$100,000,000.....	10	23,874	425	7	425	--	--
\$100,000,000 or more.....	7	16,934	344	3	344	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total assets (book value)		Total investment assets (book value)		Investments in securities (book value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>42,914</b>	<b>170,418,566</b>	<b>36,232</b>	<b>158,852,009</b>	<b>26,032</b>	<b>118,838,632</b>	<b>12,809</b>	<b>28,183,662</b>
Zero or unreported.....	49	6,700	--	--	--	--	--	--
\$1 under \$100,000.....	15,008	427,564	9,674	302,759	4,115	120,444	1,115	22,502
\$100,000 under \$1,000,000.....	16,831	5,762,111	15,709	4,794,232	12,003	3,142,705	5,193	770,949
\$1,000,000 under \$10,000,000.....	8,817	23,746,932	8,655	21,379,610	7,836	16,314,757	4,852	4,783,577
\$10,000,000 under \$25,000,000.....	1,244	15,615,279	1,238	14,208,182	1,159	11,025,099	903	3,227,757
\$25,000,000 under \$50,000,000.....	462	13,365,268	457	12,293,351	435	9,907,599	344	2,736,545
\$50,000,000 under \$100,000,000.....	252	14,545,828	250	13,749,242	240	10,927,877	194	2,993,116
\$100,000,000 or more.....	251	96,948,884	250	92,124,633	244	67,400,152	208	13,649,215
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>39,212</b>	<b>154,627,438</b>	<b>33,686</b>	<b>146,752,800</b>	<b>24,844</b>	<b>110,195,208</b>	<b>12,164</b>	<b>25,498,794</b>
Zero or unreported.....	49	6,700	--	--	--	--	--	--
\$1 under \$100,000.....	13,181	373,813	8,729	277,740	3,854	114,282	998	20,665
\$100,000 under \$1,000,000.....	15,779	5,445,971	14,889	4,630,517	11,668	3,083,517	5,091	756,755
\$1,000,000 under \$10,000,000.....	8,184	21,950,670	8,057	20,128,926	7,400	15,611,066	4,551	4,561,182
\$10,000,000 under \$25,000,000.....	1,132	14,109,698	1,127	13,221,219	1,067	10,359,201	826	3,009,864
\$25,000,000 under \$50,000,000.....	426	12,277,899	423	11,514,218	407	9,404,139	325	2,565,319
\$50,000,000 under \$100,000,000.....	231	13,314,879	229	12,729,741	222	10,224,200	182	2,788,452
\$100,000,000 or more.....	231	87,147,807	231	84,250,438	225	61,398,803	192	11,796,557
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,702</b>	<b>15,791,127</b>	<b>2,546</b>	<b>12,099,209</b>	<b>1,188</b>	<b>8,643,424</b>	<b>645</b>	<b>2,684,867</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,828	53,752	944	25,019	260	6,162	*118	*1,837
\$100,000 under \$1,000,000.....	1,052	316,140	820	163,715	334	59,188	*102	*14,194
\$1,000,000 under \$10,000,000.....	633	1,796,261	598	1,250,684	436	703,691	301	222,395
\$10,000,000 under \$25,000,000.....	112	1,505,581	111	986,962	92	665,898	78	217,893
\$25,000,000 under \$50,000,000.....	36	1,087,369	34	779,133	28	503,460	19	171,226
\$50,000,000 under \$100,000,000.....	21	1,230,948	21	1,019,501	18	703,677	12	204,664
\$100,000,000 or more.....	20	9,801,076	19	7,874,195	19	6,001,348	16	1,852,658
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>35,140</b>	<b>161,404,683</b>	<b>31,243</b>	<b>152,641,953</b>	<b>23,513</b>	<b>114,584,137</b>	<b>11,941</b>	<b>27,145,894</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	10,359	315,528	7,286	247,467	3,273	96,609	939	19,566
\$100,000 under \$1,000,000.....	14,683	5,057,430	13,966	4,391,337	10,929	2,908,933	4,923	747,110
\$1,000,000 under \$10,000,000.....	8,025	21,680,627	7,925	20,015,807	7,336	15,510,690	4,507	4,514,745
\$10,000,000 under \$25,000,000.....	1,161	14,451,897	1,157	13,450,399	1,098	10,579,024	860	3,127,409
\$25,000,000 under \$50,000,000.....	440	12,683,844	438	11,895,679	419	9,629,994	332	2,657,966
\$50,000,000 under \$100,000,000.....	238	13,688,676	236	13,046,250	229	10,486,113	186	2,838,331
\$100,000,000 or more.....	235	93,526,680	235	89,595,014	229	65,372,774	195	13,240,766
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>33,272</b>	<b>152,224,294</b>	<b>29,911</b>	<b>145,071,880</b>	<b>22,888</b>	<b>109,110,578</b>	<b>11,680</b>	<b>25,320,172</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	9,372	278,918	6,751	230,384	3,126	92,722	878	18,100
\$100,000 under \$1,000,000.....	14,099	4,893,537	13,466	4,284,429	10,684	2,853,340	4,862	734,327
\$1,000,000 under \$10,000,000.....	7,806	21,129,992	7,706	19,584,616	7,171	15,269,750	4,423	4,478,467
\$10,000,000 under \$25,000,000.....	1,115	13,871,422	1,112	13,039,799	1,058	10,270,363	822	2,994,833
\$25,000,000 under \$50,000,000.....	423	12,154,294	421	11,461,838	406	9,368,977	324	2,555,041
\$50,000,000 under \$100,000,000.....	228	13,108,099	226	12,564,839	220	10,159,338	181	2,784,368
\$100,000,000 or more.....	228	86,788,031	228	83,905,975	222	61,096,088	190	11,755,036
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,869</b>	<b>9,180,389</b>	<b>1,332</b>	<b>7,570,072</b>	<b>626</b>	<b>5,473,560</b>	<b>261</b>	<b>1,825,721</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	986	36,610	534	17,083	*146	*3,886	*61	*1,466
\$100,000 under \$1,000,000.....	583	163,893	499	106,908	245	55,593	*61	*12,783
\$1,000,000 under \$10,000,000.....	219	550,635	219	431,191	166	240,940	*84	*36,278
\$10,000,000 under \$25,000,000.....	46	580,475	45	410,600	40	308,662	38	132,576
\$25,000,000 under \$50,000,000.....	17	529,550	17	433,841	13	261,017	8	102,925
\$50,000,000 under \$100,000,000.....	10	580,577	10	481,411	9	326,776	5	53,964
\$100,000,000 or more.....	7	6,738,649	7	5,689,039	7	4,276,686	5	1,485,730

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (book value)--Continued				Total assets (fair market value)		Total investment assets (fair market value)	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>ALL FOUNDATIONS</b>								
Total.....	22,165	71,663,533	10,937	18,991,438	42,865	207,536,468	36,184	194,955,561
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,097	74,751	878	23,191	15,008	428,135	9,616	316,537
\$100,000 under \$1,000,000.....	10,120	1,849,408	4,140	522,347	16,831	6,358,792	15,717	5,359,471
\$1,000,000 under \$10,000,000.....	6,998	8,552,515	4,365	2,978,665	8,817	27,689,900	8,655	25,088,667
\$10,000,000 under \$25,000,000.....	1,074	5,842,210	830	1,955,131	1,244	18,965,173	1,238	17,454,695
\$25,000,000 under \$50,000,000.....	410	5,292,585	340	1,878,469	462	15,977,283	458	14,784,469
\$50,000,000 under \$100,000,000.....	233	5,937,519	184	1,997,242	252	17,368,363	250	16,539,474
\$100,000,000 or more.....	233	44,114,544	200	9,636,392	251	120,748,821	250	115,412,248
<b>Nonoperating foundations</b>								
Total.....	21,266	66,725,171	10,408	17,971,243	39,164	189,138,515	33,667	180,731,090
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,979	71,358	846	22,259	13,181	374,593	8,701	290,542
\$100,000 under \$1,000,000.....	9,832	1,830,745	3,984	496,017	15,779	6,012,686	14,898	5,175,153
\$1,000,000 under \$10,000,000.....	6,642	8,170,733	4,136	2,879,151	8,184	25,490,097	8,057	23,614,057
\$10,000,000 under \$25,000,000.....	997	5,505,928	771	1,843,409	1,132	17,274,057	1,127	16,312,934
\$25,000,000 under \$50,000,000.....	387	5,056,212	317	1,782,608	426	14,714,842	424	13,857,873
\$50,000,000 under \$100,000,000.....	215	5,554,672	171	1,881,076	231	15,958,181	229	15,340,227
\$100,000,000 or more.....	214	40,535,523	184	9,066,723	231	109,314,060	231	106,140,306
<b>Operating foundations</b>								
Total.....	899	4,938,362	529	1,020,195	3,702	18,397,953	2,518	14,224,471
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*118	*3,393	*32	*932	1,828	53,542	916	25,995
\$100,000 under \$1,000,000.....	288	18,663	*156	*26,331	1,052	346,106	820	184,318
\$1,000,000 under \$10,000,000.....	356	381,783	230	99,513	633	2,199,802	598	1,474,610
\$10,000,000 under \$25,000,000.....	77	336,282	60	111,722	112	1,691,117	111	1,141,761
\$25,000,000 under \$50,000,000.....	23	236,373	23	95,861	36	1,262,442	34	926,597
\$50,000,000 unde \$100,000,000.....	18	382,847	13	116,166	21	1,410,182	21	1,199,248
\$100,000,000 or more.....	19	3,579,021	16	569,669	20	11,434,761	19	9,271,942
<b>GRANTMAKING FOUNDATIONS</b>								
Total.....	20,140	68,976,733	10,315	18,461,511	35,140	196,365,378	31,195	187,001,553
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,535	57,224	704	19,819	10,359	330,730	7,229	262,345
\$100,000 under \$1,000,000.....	9,172	1,653,357	3,990	508,466	14,683	5,635,818	13,974	4,928,238
\$1,000,000 under \$10,000,000.....	6,578	8,103,006	4,138	2,892,939	8,025	25,176,928	7,925	23,486,082
\$10,000,000 under \$25,000,000.....	1,016	5,566,651	790	1,884,964	1,161	17,719,348	1,157	16,643,137
\$25,000,000 under \$50,000,000.....	397	5,159,250	327	1,812,777	440	15,204,206	439	14,313,296
\$50,000,000 under \$100,000,000.....	223	5,711,780	177	1,936,002	238	16,396,379	236	15,725,344
\$100,000,000 or more.....	219	42,725,465	189	9,406,543	235	115,901,968	235	111,643,112
<b>Grantmaking-nonoperating foundations</b>								
Total.....	19,647	65,894,367	9,999	17,896,038	33,272	186,433,375	29,892	178,904,039
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,474	55,735	672	18,887	9,372	294,762	6,723	244,619
\$100,000 under \$1,000,000.....	8,949	1,636,543	3,837	482,471	14,099	5,447,335	13,475	4,801,321
\$1,000,000 under \$10,000,000.....	6,422	7,937,772	4,054	2,853,511	7,806	24,568,785	7,706	23,004,380
\$10,000,000 under \$25,000,000.....	989	5,438,437	766	1,837,092	1,115	17,024,763	1,112	16,124,180
\$25,000,000 under \$50,000,000.....	386	5,035,560	316	1,778,376	423	14,591,237	422	13,805,493
\$50,000,000 under \$100,000,000.....	214	5,493,894	171	1,881,076	228	15,734,026	226	15,157,951
\$100,000,000 or more.....	212	40,296,425	183	9,044,627	228	108,772,467	228	105,766,095
<b>Grantmaking-operating foundations</b>								
Total.....	493	3,082,367	316	565,472	1,869	9,932,003	1,303	8,097,514
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*61	*1,488	*32	*932	986	35,969	506	17,726
\$100,000 under \$1,000,000.....	222	16,815	*153	*25,995	583	188,483	499	126,917
\$1,000,000 under \$10,000,000.....	157	165,234	*84	*39,428	219	608,143	219	481,702
\$10,000,000 under \$25,000,000.....	27	128,214	24	47,872	46	694,585	45	518,957
\$25,000,000 under \$50,000,000.....	11	123,690	11	34,402	17	612,970	17	507,803
\$50,000,000 unde \$100,000,000.....	9	217,885	6	54,927	10	662,353	10	567,393
\$100,000,000 or more.....	7	2,429,040	6	361,916	7	7,129,501	7	5,877,016

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

### Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (fair market value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>26,003</b>	<b>151,175,018</b>	<b>12,771</b>	<b>29,083,004</b>	<b>22,134</b>	<b>102,786,788</b>	<b>10,920</b>	<b>19,305,225</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	4,086	134,253	1,115	22,454	3,068	88,102	878	23,697
\$100,000 under \$1,000,000.....	12,002	3,666,739	5,173	789,272	10,108	2,335,307	4,151	542,160
\$1,000,000 under \$10,000,000.....	7,836	19,717,643	4,852	4,965,233	6,998	11,689,086	4,336	3,063,324
\$10,000,000 under \$25,000,000.....	1,159	14,071,522	886	3,329,466	1,083	8,714,907	830	2,027,150
\$25,000,000 under \$50,000,000.....	436	12,029,418	344	2,821,554	411	7,284,036	340	1,923,827
\$50,000,000 under \$100,000,000.....	240	13,360,999	194	3,088,582	233	8,219,181	185	2,053,236
\$100,000,000 or more.....	244	88,194,443	208	14,066,443	233	64,456,169	200	9,671,831
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>24,836</b>	<b>141,670,807</b>	<b>12,126</b>	<b>26,363,766</b>	<b>21,256</b>	<b>97,031,816</b>	<b>10,391</b>	<b>18,275,224</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,826	127,386	998	20,519	2,950	84,127	846	22,740
\$100,000 under \$1,000,000.....	11,688	3,587,881	5,071	775,171	9,840	2,298,883	3,995	513,827
\$1,000,000 under \$10,000,000.....	7,400	18,874,507	4,551	4,735,030	6,642	11,179,619	4,107	2,959,858
\$10,000,000 under \$25,000,000.....	1,067	13,280,215	808	3,097,643	1,006	8,267,575	771	1,914,997
\$25,000,000 under \$50,000,000.....	408	11,457,388	325	2,645,892	388	6,986,243	317	1,825,253
\$50,000,000 under \$100,000,000.....	222	12,564,188	182	2,880,591	215	7,744,617	172	1,938,980
\$100,000,000 or more.....	225	81,779,242	192	12,208,921	214	60,470,752	184	9,099,569
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,167</b>	<b>9,504,211</b>	<b>645</b>	<b>2,719,238</b>	<b>878</b>	<b>5,754,972</b>	<b>529</b>	<b>1,030,001</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	260	6,867	*118	*1,935	*118	*3,975	*32	*957
\$100,000 under \$1,000,000.....	314	78,858	*102	*14,101	268	36,424	*156	*28,333
\$1,000,000 under \$10,000,000.....	436	843,136	301	230,203	356	509,466	230	103,467
\$10,000,000 under \$25,000,000.....	92	791,308	78	231,823	77	447,331	60	112,153
\$25,000,000 under \$50,000,000.....	28	572,030	19	175,663	23	297,793	23	98,574
\$50,000,000 under \$100,000,000.....	18	796,811	12	207,991	18	474,564	13	114,256
\$100,000,000 or more.....	19	6,415,201	16	1,857,522	19	3,985,417	16	572,262
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>23,505</b>	<b>146,309,359</b>	<b>11,903</b>	<b>28,023,577</b>	<b>20,130</b>	<b>99,514,995</b>	<b>10,298</b>	<b>18,770,787</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,244	111,507	939	19,556	2,506	71,678	704	20,273
\$100,000 under \$1,000,000.....	10,949	3,422,261	4,903	765,664	9,180	2,128,549	4,001	528,047
\$1,000,000 under \$10,000,000.....	7,336	18,803,263	4,507	4,691,949	6,578	11,136,412	4,109	2,974,902
\$10,000,000 under \$25,000,000.....	1,098	13,578,946	842	3,225,034	1,025	8,396,885	790	1,957,027
\$25,000,000 under \$50,000,000.....	420	11,708,710	332	2,741,155	398	7,111,010	327	1,856,545
\$50,000,000 under \$100,000,000.....	229	12,890,543	186	2,931,466	223	7,964,988	178	1,994,089
\$100,000,000 or more.....	229	85,794,128	195	13,648,751	219	62,705,473	189	9,439,904
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>22,880</b>	<b>140,521,220</b>	<b>11,642</b>	<b>26,176,858</b>	<b>19,636</b>	<b>96,146,396</b>	<b>9,982</b>	<b>18,197,966</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,098	107,249	878	17,992	2,446	69,941	672	19,316
\$100,000 under \$1,000,000.....	10,704	3,346,826	4,842	752,790	8,958	2,093,991	3,848	500,045
\$1,000,000 under \$10,000,000.....	7,171	18,511,273	4,423	4,652,389	6,422	10,924,751	4,025	2,934,133
\$10,000,000 under \$25,000,000.....	1,058	13,183,866	804	3,082,502	998	8,192,842	766	1,908,522
\$25,000,000 under \$50,000,000.....	407	11,422,226	324	2,635,614	387	6,965,591	316	1,821,021
\$50,000,000 under \$100,000,000.....	220	12,502,309	181	2,876,506	214	7,686,823	172	1,938,980
\$100,000,000 or more.....	222	81,447,471	190	12,159,064	212	60,212,458	183	9,075,949
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>626</b>	<b>5,788,139</b>	<b>261</b>	<b>1,846,718</b>	<b>493</b>	<b>3,368,599</b>	<b>316</b>	<b>572,821</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*146	*4,258	*61	*1,564	*61	*1,737	*32	*957
\$100,000 under \$1,000,000.....	245	75,435	*61	*12,874	222	34,559	*153	*28,002
\$1,000,000 under \$10,000,000.....	166	291,990	*84	*39,560	157	211,660	*84	*40,769
\$10,000,000 under \$25,000,000.....	40	395,080	38	142,532	27	204,043	24	48,505
\$25,000,000 under \$50,000,000.....	13	286,485	8	105,541	11	145,419	11	35,525
\$50,000,000 under \$100,000,000.....	9	388,234	5	54,960	9	278,165	6	55,108
\$100,000,000 or more.....	7	4,346,658	5	1,489,687	7	2,493,015	6	363,955

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Net worth (book value)		Noncharitable-use assets (fair market value)		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>42,953</b>	<b>162,852,821</b>	<b>42,295</b>	<b>176,662,836</b>	<b>42,210</b>	<b>8,803,801</b>	<b>38,609</b>	<b>8,149,272</b>
Zero or unreported.....	*146	*-194	445	1,410,928	417	59,213	417	56,625
\$1 under \$100,000.....	14,951	379,712	14,174	427,618	14,117	21,154	12,317	19,884
\$100,000 under \$1,000,000.....	16,831	5,588,498	16,686	5,660,784	16,686	281,809	15,736	268,891
\$1,000,000 under \$10,000,000.....	8,817	23,151,569	8,799	24,951,429	8,799	1,245,773	8,139	1,167,061
\$10,000,000 under \$25,000,000.....	1,243	15,231,649	1,241	17,302,111	1,241	864,391	1,128	798,615
\$25,000,000 under \$50,000,000.....	462	12,907,407	460	14,278,702	460	710,869	423	679,064
\$50,000,000 under \$100,000,000.....	252	14,187,118	246	15,611,128	246	777,591	225	711,740
\$100,000,000 or more.....	251	91,407,062	244	97,020,136	244	4,843,001	224	4,447,392
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>39,223</b>	<b>148,547,271</b>	<b>38,924</b>	<b>165,365,401</b>	<b>38,866</b>	<b>8,241,878</b>	<b>38,609</b>	<b>8,149,272</b>
Zero or unreported.....	*118	*-163	417	1,410,928	417	59,213	417	56,625
\$1 under \$100,000.....	13,123	330,275	12,603	387,541	12,546	19,154	12,317	19,884
\$100,000 under \$1,000,000.....	15,779	5,296,925	15,736	5,444,548	15,736	270,998	15,736	268,891
\$1,000,000 under \$10,000,000.....	8,184	21,521,855	8,166	23,638,095	8,166	1,180,106	8,139	1,167,061
\$10,000,000 under \$25,000,000.....	1,131	13,837,713	1,129	16,308,041	1,129	815,077	1,128	798,615
\$25,000,000 under \$50,000,000.....	426	11,968,537	424	13,559,238	424	674,896	423	679,064
\$50,000,000 under \$100,000,000.....	231	12,998,102	225	14,687,109	225	731,390	225	711,740
\$100,000,000 or more.....	231	82,594,027	224	89,929,903	224	4,491,045	224	4,447,392
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,730</b>	<b>14,305,550</b>	<b>3,372</b>	<b>11,297,435</b>	<b>3,343</b>	<b>561,923</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*29	*-31	*29	*( <sup>2</sup> )	--	--	N/A	N/A
\$1 under \$100,000.....	1,828	49,437	1,571	40,078	1,571	2,000	N/A	N/A
\$100,000 under \$1,000,000.....	1,052	291,574	950	216,236	950	10,812	N/A	N/A
\$1,000,000 under \$10,000,000.....	633	1,629,714	633	1,313,334	633	65,667	N/A	N/A
\$10,000,000 under \$25,000,000.....	112	1,393,936	112	994,070	112	49,314	N/A	N/A
\$25,000,000 under \$50,000,000.....	36	938,870	36	719,465	36	35,973	N/A	N/A
\$50,000,000 unde \$100,000,000.....	21	1,189,016	21	924,019	21	46,201	N/A	N/A
\$100,000,000 or more.....	20	8,813,035	20	7,090,233	20	351,956	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>35,111</b>	<b>155,343,623</b>	<b>35,206</b>	<b>170,844,655</b>	<b>35,177</b>	<b>8,518,252</b>	<b>33,292</b>	<b>8,092,388</b>
Zero or unreported.....	*29	*-34	417	1,410,913	388	59,212	388	56,625
\$1 under \$100,000.....	10,302	288,327	10,070	349,210	10,070	17,341	9,055	16,473
\$100,000 under \$1,000,000.....	14,683	4,974,046	14,642	5,265,289	14,642	262,665	14,099	251,101
\$1,000,000 under \$10,000,000.....	8,025	21,389,442	8,016	23,589,353	8,016	1,179,213	7,770	1,145,860
\$10,000,000 under \$25,000,000.....	1,160	14,191,743	1,161	16,692,523	1,161	834,378	1,114	793,845
\$25,000,000 under \$50,000,000.....	440	12,413,041	438	13,860,711	438	690,025	420	677,127
\$50,000,000 under \$100,000,000.....	238	13,431,684	233	15,125,179	233	753,293	223	709,954
\$100,000,000 or more.....	235	88,655,373	229	94,551,477	229	4,722,124	222	4,441,402
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>33,242</b>	<b>146,600,128</b>	<b>33,406</b>	<b>164,219,313</b>	<b>33,406</b>	<b>8,186,988</b>	<b>33,292</b>	<b>8,092,388</b>
Zero or unreported.....	*29	*-34	388	1,410,913	388	59,212	388	56,625
\$1 under \$100,000.....	9,315	254,643	9,141	322,654	9,141	16,017	9,055	16,473
\$100,000 under \$1,000,000.....	14,099	4,812,461	14,099	5,118,388	14,099	255,320	14,099	251,101
\$1,000,000 under \$10,000,000.....	7,806	20,876,790	7,797	23,182,128	7,797	1,158,852	7,770	1,145,860
\$10,000,000 under \$25,000,000.....	1,114	13,628,916	1,115	16,210,094	1,115	810,257	1,114	793,845
\$25,000,000 under \$50,000,000.....	423	11,913,013	421	13,518,957	421	672,937	420	677,127
\$50,000,000 under \$100,000,000.....	228	12,863,545	223	14,650,867	223	729,578	223	709,954
\$100,000,000 or more.....	228	82,250,794	222	89,805,312	222	4,484,816	222	4,441,402
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,869</b>	<b>8,743,495</b>	<b>1,800</b>	<b>6,625,342</b>	<b>1,771</b>	<b>331,263</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	*29	*( <sup>2</sup> )	--	--	N/A	N/A
\$1 under \$100,000.....	986	33,685	929	26,556	929	1,324	N/A	N/A
\$100,000 under \$1,000,000.....	583	161,585	543	146,901	543	7,345	N/A	N/A
\$1,000,000 under \$10,000,000.....	219	512,652	219	407,225	219	20,361	N/A	N/A
\$10,000,000 under \$25,000,000.....	46	562,828	46	482,429	46	24,121	N/A	N/A
\$25,000,000 under \$50,000,000.....	17	500,028	17	341,754	17	17,088	N/A	N/A
\$50,000,000 unde \$100,000,000.....	10	568,139	10	474,312	10	23,716	N/A	N/A
\$100,000,000 or more.....	7	6,404,580	7	4,746,165	7	237,308	N/A	N/A

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1993		Excess distributions carryover to 1993	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(57)	(58)	(59)	(60)	(61)	(62)
<b>ALL FOUNDATIONS</b>						
<b>Total.....</b>	<b>40,558</b>	<b>13,847,791</b>	<b>10,565</b>	<b>2,131,871</b>	<b>28,923</b>	<b>16,548,717</b>
Zero or unreported.....	820	153,100	*32	*1,463	759	330,448
\$1 under \$100,000.....	12,766	433,561	2,814	2,683	9,996	1,637,191
\$100,000 under \$1,000,000.....	16,132	947,626	4,098	43,289	11,650	3,795,559
\$1,000,000 under \$10,000,000.....	8,653	2,471,544	2,856	261,279	5,291	4,227,208
\$10,000,000 under \$25,000,000.....	1,234	1,490,716	388	177,564	731	2,074,937
\$25,000,000 under \$50,000,000.....	460	1,227,118	164	176,940	259	1,386,198
\$50,000,000 under \$100,000,000.....	246	1,260,339	100	218,607	125	1,093,521
\$100,000,000 or more.....	248	5,863,786	112	1,250,045	112	2,003,654
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>37,220</b>	<b>12,300,527</b>	<b>10,565</b>	<b>2,131,871</b>	<b>28,923</b>	<b>16,548,717</b>
Zero or unreported.....	763	151,594	*32	*1,463	759	330,448
\$1 under \$100,000.....	11,288	390,658	2,814	2,683	9,996	1,637,191
\$100,000 under \$1,000,000.....	15,129	824,200	4,098	43,289	11,650	3,795,559
\$1,000,000 under \$10,000,000.....	8,037	2,153,042	2,856	261,279	5,291	4,227,208
\$10,000,000 under \$25,000,000.....	1,126	1,279,176	388	177,564	731	2,074,937
\$25,000,000 under \$50,000,000.....	424	1,027,899	164	176,940	259	1,386,198
\$50,000,000 under \$100,000,000.....	225	1,169,534	100	218,607	125	1,093,521
\$100,000,000 or more.....	228	5,304,424	112	1,250,045	112	2,003,654
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,338</b>	<b>1,547,264</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*57	*1,506	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,478	42,903	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	1,002	123,426	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	615	318,503	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	108	211,540	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	36	199,218	N/A	N/A	N/A	N/A
\$50,000,000 unde \$100,000,000.....	21	90,806	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	20	559,362	N/A	N/A	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total.....</b>	<b>35,774</b>	<b>13,009,262</b>	<b>7,992</b>	<b>2,117,775</b>	<b>25,838</b>	<b>15,765,024</b>
Zero or unreported.....	649	151,529	*32	*1,463	588	316,530
\$1 under \$100,000.....	10,359	376,852	1,336	1,785	8,065	1,295,302
\$100,000 under \$1,000,000.....	14,683	843,436	3,183	36,940	10,885	3,694,163
\$1,000,000 under \$10,000,000.....	8,016	2,230,059	2,689	257,984	5,081	3,943,761
\$10,000,000 under \$25,000,000.....	1,161	1,336,896	379	174,527	726	2,045,045
\$25,000,000 under \$50,000,000.....	440	1,144,539	162	176,879	258	1,383,884
\$50,000,000 under \$100,000,000.....	234	1,210,165	99	218,152	124	1,085,892
\$100,000,000 or more.....	233	5,715,785	112	1,250,045	110	2,000,447
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>33,877</b>	<b>12,158,237</b>	<b>7,992</b>	<b>2,117,775</b>	<b>25,838</b>	<b>15,765,024</b>
Zero or unreported.....	620	151,524	*32	*1,463	588	316,530
\$1 under \$100,000.....	9,372	354,918	1,336	1,785	8,065	1,295,302
\$100,000 under \$1,000,000.....	14,099	794,935	3,183	36,940	10,885	3,694,163
\$1,000,000 under \$10,000,000.....	7,797	2,096,581	2,689	257,984	5,081	3,943,761
\$10,000,000 under \$25,000,000.....	1,115	1,274,436	379	174,527	726	2,045,045
\$25,000,000 under \$50,000,000.....	423	1,024,303	162	176,879	258	1,383,884
\$50,000,000 under \$100,000,000.....	224	1,163,658	99	218,152	124	1,085,892
\$100,000,000 or more.....	226	5,297,883	112	1,250,045	110	2,000,447
<b>Grantmaking-operating foundations</b>						
<b>Total.....</b>	<b>1,897</b>	<b>851,025</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*29	*5	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	986	21,934	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	583	48,501	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	219	133,479	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	46	62,460	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	17	120,236	N/A	N/A	N/A	N/A
\$50,000,000 unde \$100,000,000.....	10	46,508	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	7	417,902	N/A	N/A	N/A	N/A

N/A - not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1993 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 3) because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

<sup>2</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1993

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>ALL CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,934</b>	<b>2,934</b>	<b>291,327</b>	<b>425</b>	<b>52,105</b>	<b>2,542</b>	<b>106,667</b>	<b>2,020</b>	<b>99,772</b>
Zero or unreported.....	95	95	952	*35	*386	*28	*92	*28	*441
\$1 under \$100,000.....	927	927	4,348	187	973	713	1,936	470	929
\$100,000 under \$500,000.....	1,090	1,090	46,144	134	22,579	1,002	11,304	806	9,982
\$500,000 under \$1,000,000.....	313	313	20,886	*13	*2,481	305	9,230	255	7,395
\$1,000,000 under \$10,000,000.....	470	470	116,437	47	14,776	458	46,999	423	41,563
\$10,000,000 or more.....	40	40	102,560	8	10,911	38	37,106	38	39,461
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,889</b>	<b>2,889</b>	<b>283,205</b>	<b>412</b>	<b>49,333</b>	<b>2,516</b>	<b>106,263</b>	<b>1,982</b>	<b>99,488</b>
Zero or unreported.....	95	95	952	*35	*386	*28	*92	*28	*441
\$1 under \$100,000.....	906	906	4,295	187	973	706	1,934	457	922
\$100,000 under \$500,000.....	1,080	1,080	45,918	132	22,445	996	11,276	796	10,001
\$500,000 under \$1,000,000.....	310	310	20,772	*13	*2,481	302	9,135	252	7,379
\$1,000,000 under \$10,000,000.....	458	458	108,708	37	12,137	446	46,721	412	41,284
\$10,000,000 or more.....	40	40	102,560	8	10,911	38	37,106	38	39,461
<b>Operating trusts</b>									
<b>Total.....</b>	<b>46</b>	<b>46</b>	<b>8,122</b>	<b>*13</b>	<b>*2,773</b>	<b>*27</b>	<b>*404</b>	<b>38</b>	<b>283</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*21	*21	*54	--	--	*7	*2	*14	*7
\$100,000 under \$500,000.....	*10	*10	*226	*3	*134	*5	*28	*10	*-19
\$500,000 under \$1,000,000.....	*3	*3	*114	--	--	*3	*96	*3	*15
\$1,000,000 under \$10,000,000.....	12	12	7,729	10	2,639	12	278	11	279
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,701</b>	<b>2,701</b>	<b>273,403</b>	<b>341</b>	<b>46,669</b>	<b>2,418</b>	<b>101,225</b>	<b>1,925</b>	<b>97,528</b>
Zero or unreported.....	63	63	583	*3	*17	*28	*92	*28	*441
\$1 under \$100,000.....	794	794	4,145	159	944	651	1,829	429	886
\$100,000 under \$500,000.....	1,048	1,048	43,442	124	20,480	965	10,978	777	9,801
\$500,000 under \$1,000,000.....	305	305	18,917	*10	*824	297	9,060	247	7,270
\$1,000,000 under \$10,000,000.....	452	452	108,549	37	13,492	441	46,124	407	40,467
\$10,000,000 or more.....	39	39	97,767	8	10,911	37	33,141	37	38,663
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,679</b>	<b>2,679</b>	<b>270,715</b>	<b>338</b>	<b>44,180</b>	<b>2,408</b>	<b>101,141</b>	<b>1,903</b>	<b>97,528</b>
Zero or unreported.....	63	63	583	*3	*17	*28	*92	*28	*441
\$1 under \$100,000.....	784	784	4,102	159	944	647	1,827	419	879
\$100,000 under \$500,000.....	1,038	1,038	43,216	121	20,346	959	10,950	767	9,820
\$500,000 under \$1,000,000.....	305	305	18,917	*10	*824	297	9,060	247	7,270
\$1,000,000 under \$10,000,000.....	451	451	106,129	36	11,137	440	46,071	406	40,456
\$10,000,000 or more.....	39	39	97,767	8	10,911	37	33,141	37	38,663
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>*22</b>	<b>*22</b>	<b>*2,688</b>	<b>*4</b>	<b>*2,489</b>	<b>*10</b>	<b>*84</b>	<b>*22</b>	<b>*-1</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*10	*42	--	--	*3	*2	*10	*7
\$100,000 under \$500,000.....	*10	*10	*226	*3	*134	*5	*28	*10	*-19
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	1	2,420	1	2,355	1	53	1	11
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--

Footnotes at end of table.



Private Foundations and Charitable Trusts, 1993

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,931</b>	<b>160,681</b>	<b>2,917</b>	<b>130,646</b>	<b>2,806</b>	<b>224,533</b>	<b>2,861</b>	<b>134,583</b>
Zero or unreported.....	95	3,319	92	-2,367	60	352	95	3,265
\$1 under \$100,000.....	923	7,082	917	-2,733	842	3,065	881	6,556
\$100,000 under \$500,000.....	1,090	16,672	1,087	29,472	1,085	22,447	1,080	14,085
\$500,000 under \$1,000,000.....	313	12,397	313	8,489	313	18,773	308	9,913
\$1,000,000 under \$10,000,000.....	470	70,249	469	46,188	467	92,754	458	55,184
\$10,000,000 or more.....	40	50,962	40	51,598	40	87,142	40	45,580
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,885</b>	<b>155,941</b>	<b>2,871</b>	<b>127,263</b>	<b>2,764</b>	<b>223,323</b>	<b>2,831</b>	<b>133,765</b>
Zero or unreported.....	95	3,319	92	-2,367	60	352	95	3,265
\$1 under \$100,000.....	903	7,030	896	-2,735	825	2,984	864	6,512
\$100,000 under \$500,000.....	1,080	16,486	1,077	29,432	1,074	22,254	1,069	13,927
\$500,000 under \$1,000,000.....	310	12,289	310	8,483	310	18,667	308	9,913
\$1,000,000 under \$10,000,000.....	458	65,856	457	42,852	455	91,924	456	54,569
\$10,000,000 or more.....	40	50,962	40	51,598	40	87,142	40	45,580
<b>Operating trusts</b>								
<b>Total.....</b>	<b>46</b>	<b>4,740</b>	<b>46</b>	<b>3,382</b>	<b>42</b>	<b>1,210</b>	<b>*30</b>	<b>*818</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*21	*52	*21	*2	*17	*80	*17	*45
\$100,000 under \$500,000.....	*10	*187	*10	*39	*10	*194	*10	*158
\$500,000 under \$1,000,000.....	*3	*109	*3	*6	*3	*106	--	--
\$1,000,000 under \$10,000,000.....	12	4,393	12	3,336	12	830	2	615
\$10,000,000 or more.....	--	--	--	--	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,701</b>	<b>154,533</b>	<b>2,687</b>	<b>118,869</b>	<b>2,649</b>	<b>216,038</b>	<b>2,701</b>	<b>133,171</b>
Zero or unreported.....	63	2,924	63	-2,341	60	352	63	2,870
\$1 under \$100,000.....	794	6,869	784	-2,725	752	2,916	794	6,395
\$100,000 under \$500,000.....	1,048	16,567	1,045	26,874	1,045	21,793	1,048	14,066
\$500,000 under \$1,000,000.....	305	12,238	305	6,680	305	18,514	305	9,907
\$1,000,000 under \$10,000,000.....	452	65,745	451	42,804	449	89,662	452	54,599
\$10,000,000 or more.....	39	50,190	39	47,577	39	82,802	39	45,334
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,679</b>	<b>154,239</b>	<b>2,665</b>	<b>116,475</b>	<b>2,627</b>	<b>215,715</b>	<b>2,679</b>	<b>132,921</b>
Zero or unreported.....	63	2,924	63	-2,341	60	352	63	2,870
\$1 under \$100,000.....	784	6,824	773	-2,721	741	2,845	784	6,355
\$100,000 under \$500,000.....	1,038	16,381	1,035	26,835	1,035	21,599	1,038	13,908
\$500,000 under \$1,000,000.....	305	12,238	305	6,680	305	18,514	305	9,907
\$1,000,000 under \$10,000,000.....	451	65,684	450	40,446	448	89,604	451	54,547
\$10,000,000 or more.....	39	50,190	39	47,577	39	82,802	39	45,334
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*22</b>	<b>*294</b>	<b>*22</b>	<b>*2,394</b>	<b>*22</b>	<b>*323</b>	<b>*22</b>	<b>*250</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*46	*10	*3	*10	*71	*10	*40
\$100,000 under \$500,000.....	*10	*187	*10	*39	*10	*194	*10	*158
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	62	1	2,358	1	59	1	52
\$10,000,000 or more.....	--	--	--	--	--	--	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>1</sup>		Excise tax on net investment income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total</b> .....	<b>2,701</b>	<b>126,050</b>	<b>2,717</b>	<b>3,910</b>	<b>2,839</b>	<b>2,328,577</b>	<b>2,745</b>	<b>2,088,870</b>
Zero or unreported.....	63	2,817	*56	*5	--	--	--	--
\$1 under \$100,000.....	794	6,067	803	54	927	35,156	878	26,610
\$100,000 under \$500,000.....	1,048	13,052	1,051	406	1,090	252,284	1,074	208,566
\$500,000 under \$1,000,000.....	305	9,485	308	342	313	180,986	285	141,845
\$1,000,000 under \$10,000,000.....	452	52,012	461	1,665	470	979,440	470	873,677
\$10,000,000 or more.....	39	42,616	39	1,437	40	880,710	40	838,172
<b>Nonoperating trusts</b>								
<b>Total</b> .....	<b>2,679</b>	<b>125,814</b>	<b>2,675</b>	<b>3,887</b>	<b>2,794</b>	<b>2,302,648</b>	<b>2,703</b>	<b>2,072,880</b>
Zero or unreported.....	63	2,817	*56	*5	--	--	--	--
\$1 under \$100,000.....	784	6,028	786	52	906	34,253	860	25,712
\$100,000 under \$500,000.....	1,038	12,902	1,040	402	1,080	249,908	1,063	206,190
\$500,000 under \$1,000,000.....	305	9,485	305	340	310	178,933	282	140,187
\$1,000,000 under \$10,000,000.....	451	51,966	449	1,650	458	958,845	458	862,620
\$10,000,000 or more.....	39	42,616	39	1,437	40	880,710	40	838,172
<b>Operating trusts</b>								
<b>Total</b> .....	<b>*22</b>	<b>*236</b>	<b>42</b>	<b>23</b>	<b>46</b>	<b>25,929</b>	<b>42</b>	<b>15,990</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*39	*17	*2	*21	*904	*17	*898
\$100,000 under \$500,000.....	*10	*150	*10	*4	*10	*2,376	*10	*2,376
\$500,000 under \$1,000,000.....	--	--	*3	*2	*3	*2,054	*3	*1,658
\$1,000,000 under \$10,000,000.....	1	47	12	15	12	20,595	12	11,058
\$10,000,000 or more.....	--	--	--	--	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total</b> .....	<b>2,701</b>	<b>126,050</b>	<b>2,568</b>	<b>3,744</b>	<b>2,638</b>	<b>2,203,990</b>	<b>2,547</b>	<b>1,980,176</b>
Zero or unreported.....	63	2,817	*56	*5	--	--	--	--
\$1 under \$100,000.....	794	6,067	716	51	794	32,831	748	24,358
\$100,000 under \$500,000.....	1,048	13,052	1,014	393	1,048	241,406	1,031	202,900
\$500,000 under \$1,000,000.....	305	9,485	300	337	305	176,039	277	137,363
\$1,000,000 under \$10,000,000.....	452	52,012	444	1,607	452	943,968	452	848,332
\$10,000,000 or more.....	39	42,616	38	1,351	39	809,746	39	767,222
<b>Grantmaking-nonoperating trusts</b>								
<b>Total</b> .....	<b>2,679</b>	<b>125,814</b>	<b>2,546</b>	<b>3,738</b>	<b>2,616</b>	<b>2,197,925</b>	<b>2,525</b>	<b>1,974,111</b>
Zero or unreported.....	63	2,817	*56	*5	--	--	--	--
\$1 under \$100,000.....	784	6,028	706	50	784	32,141	738	23,668
\$100,000 under \$500,000.....	1,038	12,902	1,003	389	1,038	239,030	1,021	200,524
\$500,000 under \$1,000,000.....	305	9,485	300	337	305	176,039	277	137,363
\$1,000,000 under \$10,000,000.....	451	51,966	443	1,606	451	940,969	451	845,334
\$10,000,000 or more.....	39	42,616	38	1,351	39	809,746	39	767,222
<b>Grantmaking-operating trusts</b>								
<b>Total</b> .....	<b>*22</b>	<b>*236</b>	<b>*22</b>	<b>*6</b>	<b>*22</b>	<b>*6,065</b>	<b>*22</b>	<b>*6,065</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*39	*10	*1	*10	*690	*10	*690
\$100,000 under \$500,000.....	*10	*150	*10	*4	*10	*2,376	*10	*2,376
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	47	1	1	1	2,999	1	2,999
\$10,000,000 or more.....	--	--	--	--	--	--	--	--

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1993

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,090</b>	<b>1,635,307</b>	<b>1,015</b>	<b>394,066</b>	<b>1,773</b>	<b>906,437</b>	<b>862</b>	<b>334,804</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	538	16,708	208	5,405	385	9,073	103	2,230
\$100,000 under \$500,000.....	852	163,914	394	33,418	748	94,108	388	36,389
\$500,000 under \$1,000,000.....	233	92,895	102	18,090	220	58,596	92	16,209
\$1,000,000 under \$10,000,000.....	429	723,529	285	194,746	384	416,320	251	112,464
\$10,000,000 or more.....	38	638,260	27	142,408	37	328,340	29	167,513
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,073</b>	<b>1,625,216</b>	<b>1,008</b>	<b>391,077</b>	<b>1,759</b>	<b>901,819</b>	<b>855</b>	<b>332,321</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	535	16,522	208	5,405	381	8,887	103	2,230
\$100,000 under \$500,000.....	844	162,787	391	33,264	743	93,331	385	36,192
\$500,000 under \$1,000,000.....	230	91,323	100	18,025	217	58,245	89	15,054
\$1,000,000 under \$10,000,000.....	426	716,323	283	191,976	381	413,016	249	111,332
\$10,000,000 or more.....	38	638,260	27	142,408	37	328,340	29	167,513
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*17</b>	<b>*10,091</b>	<b>*7</b>	<b>2,990</b>	<b>*14</b>	<b>*4,618</b>	<b>*7</b>	<b>*2,484</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*186	--	--	*3	*186	--	--
\$100,000 under \$500,000.....	*8	*1,127	*3	*154	*5	*776	*3	*196
\$500,000 under \$1,000,000.....	*3	*1,572	*3	*66	*3	*351	*3	*1,155
\$1,000,000 under \$10,000,000.....	3	7,206	2	2,770	3	3,304	2	1,132
\$10,000,000 or more.....	--	--	--	--	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,025</b>	<b>1,539,530</b>	<b>991</b>	<b>370,998</b>	<b>1,716</b>	<b>875,397</b>	<b>835</b>	<b>293,135</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	507	15,804	197	5,117	360	8,617	92	2,070
\$100,000 under \$500,000.....	835	161,691	387	33,239	732	92,643	382	35,808
\$500,000 under \$1,000,000.....	225	89,229	100	18,025	212	56,230	86	14,975
\$1,000,000 under \$10,000,000.....	421	705,164	281	191,353	376	405,803	246	108,008
\$10,000,000 or more.....	37	567,641	26	123,263	36	312,104	28	132,273
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,013</b>	<b>1,535,236</b>	<b>988</b>	<b>370,844</b>	<b>1,706</b>	<b>871,725</b>	<b>831</b>	<b>292,668</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	504	15,618	197	5,117	357	8,431	92	2,070
\$100,000 under \$500,000.....	827	160,564	385	33,085	727	91,867	380	35,612
\$500,000 under \$1,000,000.....	225	89,229	100	18,025	212	56,230	86	14,975
\$1,000,000 under \$10,000,000.....	420	702,184	281	191,353	375	403,093	245	107,738
\$10,000,000 or more.....	37	567,641	26	123,263	36	312,104	28	132,273
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*12</b>	<b>*4,294</b>	<b>*3</b>	<b>*154</b>	<b>*10</b>	<b>*3,672</b>	<b>*4</b>	<b>*467</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*186	--	--	*3	*186	--	--
\$100,000 under \$500,000.....	*8	*1,127	*3	*154	*5	*776	*3	*196
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	2,980	--	--	1	2,710	1	271
\$10,000,000 or more.....	--	--	--	--	--	--	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total</b> .....	<b>2,839</b>	<b>2,859,281</b>	<b>2,745</b>	<b>2,568,873</b>	<b>2,087</b>	<b>2,080,601</b>	<b>1,012</b>	<b>416,560</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	927	38,974	878	28,563	536	18,534	205	5,432
\$100,000 under \$500,000.....	1,090	281,238	1,074	230,213	852	183,918	394	35,248
\$500,000 under \$1,000,000.....	313	224,720	285	170,326	233	118,474	102	18,798
\$1,000,000 under \$10,000,000.....	470	1,169,161	470	1,049,759	429	885,718	285	210,129
\$10,000,000 or more.....	40	1,145,189	40	1,090,012	38	873,957	27	146,952
<b>Nonoperating trusts</b>								
<b>Total</b> .....	<b>2,794</b>	<b>2,832,151</b>	<b>2,703</b>	<b>2,551,312</b>	<b>2,070</b>	<b>2,070,412</b>	<b>1,005</b>	<b>413,627</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	906	38,065	860	27,660	532	18,343	205	5,432
\$100,000 under \$500,000.....	1,080	278,854	1,063	227,829	844	182,784	391	35,092
\$500,000 under \$1,000,000.....	310	222,737	282	168,738	230	116,973	100	18,731
\$1,000,000 under \$10,000,000.....	458	1,147,306	458	1,037,072	426	878,356	283	207,420
\$10,000,000 or more.....	40	1,145,189	40	1,090,012	38	873,957	27	146,952
<b>Operating trusts</b>								
<b>Total</b> .....	<b>46</b>	<b>27,130</b>	<b>42</b>	<b>17,561</b>	<b>*17</b>	<b>*10,189</b>	<b>*7</b>	<b>*2,933</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*21	*909	*17	*903	*3	*191	--	--
\$100,000 under \$500,000.....	*10	*2,384	*10	*2,384	*8	*1,135	*3	*156
\$500,000 under \$1,000,000.....	*3	*1,983	*3	*1,587	*3	*1,501	*3	*68
\$1,000,000 under \$10,000,000.....	12	21,854	12	12,687	3	7,362	2	2,710
\$10,000,000 or more.....	--	--	--	--	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total</b> .....	<b>2,638</b>	<b>2,723,587</b>	<b>2,547</b>	<b>2,448,638</b>	<b>2,023</b>	<b>1,974,581</b>	<b>988</b>	<b>394,142</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	794	36,145	748	26,502	505	17,666	195	5,144
\$100,000 under \$500,000.....	1,048	270,166	1,031	224,291	835	181,434	387	35,069
\$500,000 under \$1,000,000.....	305	219,646	277	165,718	225	114,687	100	18,731
\$1,000,000 under \$10,000,000.....	452	1,129,339	452	1,019,694	421	864,086	281	206,800
\$10,000,000 or more.....	39	1,067,595	39	1,012,432	37	796,708	26	128,398
<b>Grantmaking-nonoperating trusts</b>								
<b>Total</b> .....	<b>2,616</b>	<b>2,717,244</b>	<b>2,525</b>	<b>2,442,295</b>	<b>2,010</b>	<b>1,970,009</b>	<b>986</b>	<b>393,986</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	784	36,145	738	25,807	501	17,474	195	5,144
\$100,000 under \$500,000.....	1,038	267,782	1,021	221,907	827	180,300	385	34,913
\$500,000 under \$1,000,000.....	305	219,646	277	165,718	225	114,687	100	18,731
\$1,000,000 under \$10,000,000.....	451	1,126,075	451	1,016,431	420	860,840	281	206,800
\$10,000,000 or more.....	39	1,067,595	39	1,012,432	37	796,708	26	128,398
<b>Grantmaking-operating trusts</b>								
<b>Total</b> .....	<b>*22</b>	<b>*6,343</b>	<b>*22</b>	<b>*6,343</b>	<b>*12</b>	<b>*4,571</b>	<b>*3</b>	<b>*156</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*695	*10	*695	*3	*191	--	--
\$100,000 under \$500,000.....	*10	*2,384	*10	*2,384	*8	*1,135	*3	*156
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	3,264	1	3,264	1	3,246	--	--
\$10,000,000 or more.....	--	--	--	--	--	--	--	--

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1993

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Investments in securities (fair market value)--Continued				Net worth (book value)		Noncharitable-use assets (fair market value)	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>1,771</b>	<b>1,314,345</b>	<b>871</b>	<b>349,696</b>	<b>2,868</b>	<b>2,320,263</b>	<b>2,838</b>	<b>2,796,500</b>
Zero or unreported.....	--	--	--	--	*29	*4	*31	*1,831
\$1 under \$100,000.....	382	10,812	103	2,291	927	34,972	895	44,426
\$100,000 under \$500,000.....	748	111,365	388	37,305	1,090	252,063	1,090	276,940
\$500,000 under \$1,000,000.....	220	83,246	92	16,430	313	180,535	313	218,148
\$1,000,000 under \$10,000,000.....	384	556,101	260	119,487	470	973,406	470	1,141,080
\$10,000,000 or more.....	37	552,820	29	174,184	40	879,291	40	1,114,075
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>1,756</b>	<b>1,309,432</b>	<b>863</b>	<b>347,353</b>	<b>2,822</b>	<b>2,296,337</b>	<b>2,796</b>	<b>2,779,754</b>
Zero or unreported.....	--	--	--	--	*29	*4	*31	*1,831
\$1 under \$100,000.....	379	10,621	103	2,291	906	34,069	878	43,531
\$100,000 under \$500,000.....	743	110,579	385	37,112	1,080	249,686	1,080	274,582
\$500,000 under \$1,000,000.....	217	82,876	89	15,367	310	178,612	310	216,267
\$1,000,000 under \$10,000,000.....	381	552,536	258	118,399	458	954,682	458	1,129,469
\$10,000,000 or more.....	37	552,820	29	174,184	40	879,291	40	1,114,075
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*14</b>	<b>*4,912</b>	<b>*7</b>	<b>*2,343</b>	<b>46</b>	<b>23,926</b>	<b>42</b>	<b>16,746</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*191	--	--	*21	*904	*17	*895
\$100,000 under \$500,000.....	*5	*786	*3	*193	*10	*2,376	*10	*2,358
\$500,000 under \$1,000,000.....	*3	*370	*3	*1,063	*3	*1,923	*3	*1,881
\$1,000,000 under \$10,000,000.....	3	3,565	2	1,088	12	18,724	12	11,612
\$10,000,000 or more.....	--	--	--	--	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>1,713</b>	<b>1,270,379</b>	<b>844</b>	<b>310,061</b>	<b>2,638</b>	<b>2,198,758</b>	<b>2,637</b>	<b>2,673,310</b>
Zero or unreported.....	--	--	--	--	--	--	*28	*1,826
\$1 under \$100,000.....	358	10,393	92	2,128	794	32,651	765	42,160
\$100,000 under \$500,000.....	732	109,628	382	36,738	1,048	241,185	1,048	266,836
\$500,000 under \$1,000,000.....	212	80,670	86	15,287	305	175,720	305	214,485
\$1,000,000 under \$10,000,000.....	376	542,464	255	114,821	452	939,805	452	1,111,327
\$10,000,000 or more.....	36	527,224	28	141,086	39	809,397	39	1,036,676
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>1,704</b>	<b>1,266,450</b>	<b>840</b>	<b>309,574</b>	<b>2,616</b>	<b>2,192,693</b>	<b>2,615</b>	<b>2,669,158</b>
Zero or unreported.....	--	--	--	--	--	--	*28	*1,826
\$1 under \$100,000.....	354	10,202	92	2,128	784	31,961	755	41,464
\$100,000 under \$500,000.....	727	108,841	380	36,545	1,038	238,809	1,038	264,478
\$500,000 under \$1,000,000.....	212	80,670	86	15,287	305	175,720	305	214,485
\$1,000,000 under \$10,000,000.....	375	539,513	254	114,527	451	936,806	451	1,110,229
\$10,000,000 or more.....	36	527,224	28	141,086	39	809,397	39	1,036,676
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*10</b>	<b>*3,929</b>	<b>*4</b>	<b>*487</b>	<b>*22</b>	<b>*6,065</b>	<b>*22</b>	<b>*4,152</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*191	--	--	*10	*690	*10	*695
\$100,000 under \$500,000.....	*5	*786	*3	*193	*10	*2,376	*10	*2,358
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	2,951	1	294	1	2,999	1	1,098
\$10,000,000 or more.....	--	--	--	--	--	--	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1993		Excess distributions carryover to 1993	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>ALL CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,838</b>	<b>139,765</b>	<b>2,795</b>	<b>127,337</b>	<b>2,837</b>	<b>136,949</b>	<b>868</b>	<b>30,434</b>	<b>1,992</b>	<b>160,627</b>
Zero or unreported.....	*31	*92	*31	*87	95	3,265	--	--	95	3,585
\$1 under \$100,000.....	895	2,221	878	2,140	856	6,363	254	292	624	48,629
\$100,000 under \$500,000.....	1,090	13,835	1,080	13,304	1,080	14,101	392	3,199	688	20,218
\$500,000 under \$1,000,000.....	313	10,907	310	10,414	308	9,986	77	1,271	233	11,352
\$1,000,000 under \$10,000,000.....	470	57,006	458	54,502	459	57,649	131	12,105	326	50,750
\$10,000,000 or more.....	40	55,704	39	46,890	40	45,586	14	13,567	26	26,093
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,796</b>	<b>138,928</b>	<b>2,795</b>	<b>127,337</b>	<b>2,804</b>	<b>136,125</b>	<b>868</b>	<b>30,434</b>	<b>1,992</b>	<b>160,627</b>
Zero or unreported.....	*31	*92	*31	*87	95	3,265	--	--	95	3,585
\$1 under \$100,000.....	878	2,176	878	2,140	835	6,312	254	292	624	48,629
\$100,000 under \$500,000.....	1,080	13,717	1,080	13,304	1,069	13,943	392	3,199	688	20,218
\$500,000 under \$1,000,000.....	310	10,813	310	10,414	308	9,986	77	1,271	233	11,352
\$1,000,000 under \$10,000,000.....	458	56,426	458	54,502	457	57,033	131	12,105	326	50,750
\$10,000,000 or more.....	40	55,704	39	46,890	40	45,586	14	13,567	26	26,093
<b>Operating trusts</b>										
<b>Total.....</b>	<b>42</b>	<b>837</b>	--	--	<b>33</b>	<b>825</b>	--	--	--	--
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*17	*45	--	--	*21	*52	--	--	--	--
\$100,000 under \$500,000.....	*10	*118	--	--	*10	*158	--	--	--	--
\$500,000 under \$1,000,000.....	*3	*94	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	12	581	--	--	2	615	--	--	--	--
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,637</b>	<b>133,606</b>	<b>2,614</b>	<b>125,877</b>	<b>2,672</b>	<b>135,239</b>	<b>754</b>	<b>29,416</b>	<b>1,896</b>	<b>158,001</b>
Zero or unreported.....	*28	*91	*28	*87	63	2,870	--	--	63	3,087
\$1 under \$100,000.....	765	2,108	755	2,030	765	6,195	191	228	564	48,291
\$100,000 under \$500,000.....	1,048	13,330	1,038	12,806	1,048	14,066	350	2,756	688	20,218
\$500,000 under \$1,000,000.....	305	10,724	305	10,328	305	9,980	74	1,248	231	9,816
\$1,000,000 under \$10,000,000.....	452	55,519	451	53,868	452	56,788	125	11,617	325	50,609
\$10,000,000 or more.....	39	51,834	38	46,758	39	45,340	14	13,567	25	25,980
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,615</b>	<b>133,398</b>	<b>2,614</b>	<b>125,877</b>	<b>2,650</b>	<b>134,989</b>	<b>754</b>	<b>29,416</b>	<b>1,896</b>	<b>158,001</b>
Zero or unreported.....	*28	*91	*28	*87	63	2,870	--	--	63	3,087
\$1 under \$100,000.....	755	2,073	755	2,030	755	6,155	191	228	564	48,291
\$100,000 under \$500,000.....	1,038	13,212	1,038	12,806	1,038	13,908	350	2,756	688	20,218
\$500,000 under \$1,000,000.....	305	10,724	305	10,328	305	9,980	74	1,248	231	9,816
\$1,000,000 under \$10,000,000.....	451	55,464	451	53,868	451	56,736	125	11,617	325	50,609
\$10,000,000 or more.....	39	51,834	38	46,758	39	45,340	14	13,567	25	25,980
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>*22</b>	<b>*208</b>	--	--	<b>*22</b>	<b>*250</b>	--	--	--	--
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*10	*35	--	--	*10	*40	--	--	--	--
\$100,000 under \$500,000.....	*10	*118	--	--	*10	*158	--	--	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	55	--	--	1	52	--	--	--	--
\$10,000,000 or more.....	--	--	--	--	--	--	--	--	--	--

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that trusts actually disbursed for charitable purposes for 1993 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 4) because trusts may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1993

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>44,004</b>	<b>1,139</b>	<b>15,008</b>	<b>16,831</b>	<b>8,817</b>	<b>1,244</b>	<b>462</b>	<b>252</b>	<b>251</b>
<b>Total revenue.....</b>	<b>25,415,288</b>	<b>185,080</b>	<b>410,438</b>	<b>1,529,422</b>	<b>4,490,889</b>	<b>3,047,412</b>	<b>2,624,498</b>	<b>2,436,193</b>	<b>10,691,356</b>
Contributions, gifts, and grants received..	8,969,269	32,971	365,671	1,078,094	2,448,534	1,367,231	1,186,505	1,016,088	1,474,174
Interest on savings and temporary cash investments.....	867,547	1,248	6,642	57,187	169,700	93,173	76,643	83,475	379,479
Dividends and interest from securities.....	6,796,981	67,582	11,682	191,245	957,678	634,575	533,474	587,398	3,813,347
Gross rents and royalties.....	250,379	*128	*316	15,049	52,900	32,319	25,057	14,000	110,610
Net gain (or loss) from sales of assets.....	7,578,988	*83,043	11,156	162,709	705,962	720,242	593,741	652,287	4,649,848
Gross profit (or loss) from business activities.....	111,963	-	2,785	*2,436	17,777	52,202	30,744	2,477	3,541
Other income.....	840,159	*107	12,184	22,700	138,337	147,671	178,335	80,468	260,358
<b>Total expenses.....</b>	<b>15,349,133</b>	<b>158,754</b>	<b>456,481</b>	<b>1,004,269</b>	<b>2,689,212</b>	<b>1,648,775</b>	<b>1,336,036</b>	<b>1,404,335</b>	<b>6,651,271</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	11,916,040	136,489	350,630	773,521	2,043,857	1,191,225	991,722	1,128,494	5,300,102
Compensation of officers.....	322,198	*3,978	9,663	25,716	70,977	46,757	33,847	27,436	103,824
Other salaries and wages.....	649,942	*5,993	18,182	57,565	110,492	107,397	58,589	45,303	246,423
Pension plans and employee benefits.....	241,642	*1,222	1,262	5,834	19,409	23,394	14,153	14,163	162,207
Legal fees.....	73,762	*674	2,819	7,378	17,200	7,475	5,899	10,767	21,552
Accounting fees.....	68,996	1,072	4,215	11,744	23,529	9,454	5,666	4,984	8,331
Other professional fees.....	491,919	*1,923	12,966	13,253	77,481	52,460	40,744	43,925	249,167
Interest.....	58,947	*19	858	6,152	20,433	9,750	9,681	5,042	7,012
Taxes.....	273,554	595	3,292	13,700	43,466	30,182	33,043	25,216	124,061
Depreciation and depletion.....	148,794	-	1,816	8,956	26,478	20,958	18,686	14,165	57,734
Occupancy.....	172,704	*1,513	5,888	17,076	26,327	22,730	15,807	12,320	71,044
Travel, conferences, and meetings.....	98,418	*735	5,753	9,861	9,633	11,516	7,525	7,365	46,028
Printing and publications.....	46,981	27	3,548	3,151	2,823	4,921	2,128	2,130	28,252
Other expenses.....	785,230	4,512	35,587	50,361	197,107	110,556	98,547	63,026	225,533
<b>Excess of revenue (less loss) over expenses.....</b>	<b>10,066,154</b>	<b>26,326</b>	<b>-46,043</b>	<b>525,153</b>	<b>1,801,676</b>	<b>1,398,637</b>	<b>1,288,462</b>	<b>1,031,857</b>	<b>4,040,085</b>
Excess of revenue.....	12,024,175	*71,218	57,212	703,280	2,366,054	1,550,582	1,421,107	1,172,128	4,682,594
Loss.....	-1,958,021	-44,892	-103,255	-178,128	-564,378	-151,945	-132,645	-140,270	-642,509
<b>Total assets (fair market value).....</b>	<b>207,536,468</b>	<b>-</b>	<b>428,135</b>	<b>6,358,792</b>	<b>27,689,900</b>	<b>18,965,173</b>	<b>15,977,283</b>	<b>17,368,363</b>	<b>120,748,821</b>
Cash, total.....	16,027,262	-	220,322	1,519,074	3,361,417	1,534,583	1,125,480	1,145,815	7,120,571
Non-interest bearing accounts.....	2,323,723	-	73,926	357,199	578,964	206,237	167,049	169,388	770,960
Savings and temporary cash investments.....	13,703,538	-	146,396	1,161,875	2,782,454	1,328,346	958,430	976,427	6,349,610
Accounts receivable, net.....	585,715	-	1,725	39,621	52,462	75,152	43,287	97,667	275,800
Pledges receivable, net.....	84,248	-	-	*5,073	*24,713	11,021	23,717	755	18,969
Grants receivable.....	150,675	-	*39	*3,160	26,751	47,685	52,963	14,113	5,965
Receivables due from disqualified person.....	66,897	-	*2,581	*3,521	*28,264	785	31,441	75	230
Other notes and loans receivable.....	1,927,878	-	2,807	114,542	300,055	180,839	76,305	91,395	1,161,935
Inventories.....	24,739	-	*1,456	*4,758	5,559	3,855	826	928	7,359
Prepaid expenses and deferred charges.....	282,169	-	315	4,734	45,938	9,170	13,436	5,966	202,610
Investments, total (non-cash).....	181,252,022	-	170,141	4,197,596	22,306,213	16,126,348	13,826,039	15,563,047	109,062,638
Securities, total.....	151,175,018	-	134,253	3,666,739	19,717,643	14,071,522	12,029,418	13,360,999	88,194,443
Government obligations.....	29,083,004	-	22,454	789,272	4,965,233	3,329,466	2,821,554	3,088,582	14,066,443
Corporate stock.....	102,786,788	-	88,102	2,335,307	11,689,086	8,714,907	7,284,036	8,219,181	64,456,169
Corporate bonds.....	19,305,225	-	23,697	542,160	3,063,324	2,027,150	1,923,827	2,053,236	9,671,831
Land, buildings, and equipment (less accumulated depreciation).....	3,478,679	-	*2,535	82,009	536,010	332,524	342,000	258,183	1,925,418
Mortgage loans.....	987,339	-	*3,797	35,840	222,767	134,537	92,800	77,256	420,341
Other investments.....	25,610,986	-	29,555	413,007	1,829,793	1,587,764	1,361,821	1,866,609	18,522,436
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	4,076,296	-	12,464	264,639	874,978	547,265	513,282	286,642	1,577,027
Other assets.....	3,058,563	-	16,284	202,074	663,548	428,471	270,507	161,961	1,315,717

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value)</b> .....	<b>170,418,566</b>	<b>*6,700</b>	<b>427,564</b>	<b>5,762,111</b>	<b>23,746,932</b>	<b>15,615,279</b>	<b>13,365,268</b>	<b>14,545,828</b>	<b>96,948,884</b>
Cash, total.....	15,965,041	*2	220,569	1,519,801	3,363,692	1,538,602	1,117,239	1,146,518	7,058,618
Non-interest bearing accounts.....	2,230,132	*2	73,417	346,959	579,406	206,095	166,906	169,355	687,990
Savings and temporary cash investments.....	13,734,909	--	147,151	1,172,842	2,784,286	1,332,507	950,332	977,163	6,370,628
Accounts receivable, net.....	587,181	*6,655	1,771	39,928	52,920	69,919	43,021	97,667	275,300
Pledges receivable, net.....	84,248	--	--	*5,073	*24,713	11,021	23,717	755	18,969
Grants receivable.....	147,476	--	--	--	26,751	47,685	52,963	14,113	5,965
Receivables due from disqualified persons.....	66,939	*42	*2,581	*3,521	*28,264	785	31,441	75	230
Other notes and loans receivable.....	1,960,822	--	2,807	114,964	308,780	179,352	76,805	93,485	1,184,629
Inventories.....	21,329	--	*1,205	*4,722	5,559	3,580	820	928	4,517
Prepaid expenses and deferred charges.....	244,848	--	315	4,775	44,348	9,252	16,067	6,252	163,839
Investments, total (non-cash).....	145,117,101	--	155,608	3,621,390	18,595,325	12,875,675	11,343,018	12,772,078	85,754,006
Securities, total.....	118,838,632	--	120,444	3,142,705	16,314,757	11,025,099	9,907,599	10,927,877	67,400,152
Government obligations.....	28,183,662	--	22,502	770,949	4,783,577	3,227,757	2,736,545	2,993,116	13,649,215
Corporate stock.....	71,663,533	--	74,751	1,849,408	8,552,515	5,842,210	5,292,585	5,937,519	44,114,544
Corporate bonds.....	18,991,438	--	23,191	522,347	2,978,665	1,955,131	1,878,469	1,997,242	9,636,392
Land, buildings, and equipment (less accumulated depreciation).....	2,421,750	--	*1,922	60,986	447,991	239,584	214,227	156,504	1,300,535
Mortgage loans.....	988,100	--	*3,797	35,529	212,938	162,093	91,932	77,258	404,554
Other investments.....	22,868,618	--	29,445	382,170	1,619,639	1,448,900	1,129,261	1,610,440	16,648,765
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	3,608,505	--	26,044	254,083	744,097	483,253	401,179	270,882	1,428,967
Other assets.....	2,615,071	--	16,664	193,854	552,483	396,155	258,998	143,074	1,053,844
<b>Total liabilities (book value)</b> .....	<b>7,565,744</b>	<b>*6,894</b>	<b>47,853</b>	<b>173,613</b>	<b>595,362</b>	<b>383,630</b>	<b>457,861</b>	<b>358,710</b>	<b>5,541,822</b>
<b>Net worth (book value)</b> .....	<b>162,852,821</b>	<b>*-194</b>	<b>379,712</b>	<b>5,588,498</b>	<b>23,151,569</b>	<b>15,231,649</b>	<b>12,907,407</b>	<b>14,187,118</b>	<b>91,407,062</b>
<b>Total assets, beginning-of-year (book value)</b> .....	<b>160,067,275</b>	<b>1,868,083</b>	<b>460,542</b>	<b>5,165,899</b>	<b>21,849,218</b>	<b>14,101,885</b>	<b>11,874,071</b>	<b>13,336,162</b>	<b>91,411,414</b>
<b>Investments in securities, beginning-of-year (book value)</b> .....	<b>112,986,629</b>	<b>1,767,300</b>	<b>137,558</b>	<b>2,645,485</b>	<b>15,010,423</b>	<b>10,002,341</b>	<b>8,755,718</b>	<b>9,895,724</b>	<b>64,772,080</b>
Government obligations.....	29,533,338	*507,320	47,628	700,203	4,731,427	3,212,928	2,575,799	2,996,131	14,761,903
Corporate stock.....	65,183,685	*819,674	67,619	1,460,930	7,340,539	5,025,491	4,397,304	5,020,982	41,051,147
Corporate bonds.....	18,269,606	*440,306	22,311	484,352	2,938,457	1,763,923	1,782,615	1,878,610	8,959,031

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipts and disbursements method of accounting.

NOTE: Detail may not add to totals because of rounding.



# Private Foundations and Charitable Trusts, 1993

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>2,934</b>	<b>95</b>	<b>927</b>	<b>1,090</b>	<b>313</b>	<b>470</b>	<b>40</b>
<b>Total revenue.....</b>	<b>291,327</b>	<b>952</b>	<b>4,348</b>	<b>46,144</b>	<b>20,886</b>	<b>116,437</b>	<b>102,560</b>
Contributions, gifts, and grants received.....	52,105	*386	973	22,579	*2,481	14,776	10,911
Interest on savings and temporary cash investments.....	13,653	*29	322	1,188	713	4,575	6,825
Dividends and interest from securities.....	106,667	*92	1,936	11,304	9,230	46,999	37,106
Gross rents and royalties.....	4,288	--	13	*356	*721	1,385	1,814
Net gain (or loss) from sales of assets.....	99,772	*441	929	9,982	7,395	41,563	39,461
Gross profit (or loss) from business activities.....	*33	--	*22	--	*10	--	--
Other income.....	14,809	*3	153	736	336	7,138	6,443
<b>Total expenses.....</b>	<b>160,681</b>	<b>3,319</b>	<b>7,082</b>	<b>16,672</b>	<b>12,397</b>	<b>70,249</b>	<b>50,962</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	125,512	2,817	6,067	12,687	9,485	51,996	42,460
Compensation of officers.....	15,390	*69	397	2,358	1,707	7,491	3,367
Other salaries and wages.....	1,552	--	*4	*30	--	1,302	215
Pension plans and employee benefits.....	*524	--	--	--	--	481	44
Legal fees.....	2,210	*41	117	123	76	1,292	560
Accounting fees.....	1,654	*22	190	414	135	733	159
Other professional fees.....	3,279	*16	35	241	228	1,734	1,024
Interest.....	20	--	--	*2	--	10	8
Taxes.....	4,835	16	103	547	373	2,229	1,567
Depreciation and depletion.....	760	--	--	*18	*130	564	47
Occupancy.....	859	*137	* <sup>(2)</sup>	* <sup>(2)</sup>	*1	683	37
Travel, conferences, and meetings.....	228	--	--	* <sup>(2)</sup>	*1	119	108
Printing and publications.....	84	*1	8	14	8	48	6
Other expenses.....	3,776	*200	160	237	252	1,566	1,360
<b>Excess of revenue (less loss) over expenses.....</b>	<b>130,646</b>	<b>-2,367</b>	<b>-2,733</b>	<b>29,472</b>	<b>8,489</b>	<b>46,188</b>	<b>51,598</b>
Excess of revenue.....	148,977	--	1,012	30,523	9,310	55,548	52,584
Loss.....	-18,331	-2,367	-3,746	-1,051	-821	-9,360	-986
<b>Total assets (fair market value).....</b>	<b>2,859,281</b>	<b>--</b>	<b>38,974</b>	<b>281,238</b>	<b>224,720</b>	<b>1,169,161</b>	<b>1,145,189</b>
Cash, total.....	176,223	--	6,225	25,075	10,452	84,914	49,557
Non-interest bearing accounts.....	33,657	--	586	4,665	1,834	15,659	10,913
Savings and temporary cash investments.....	142,566	--	5,639	20,410	8,617	69,255	38,645
Accounts receivable, net.....	6,475	--	*2	*107	*131	5,635	600
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*148	--	--	--	*148	--	--
Other notes and loans receivable.....	34,738	--	*16	*2,274	*50	5,128	27,271
Inventories.....	44	--	--	--	--	44	--
Prepaid expenses and deferred charges.....	468	--	--	*11	--	385	72
Investments, total (non-cash).....	2,426,307	--	22,924	209,803	161,708	980,504	1,051,367
Securities, total.....	2,080,601	--	18,534	183,918	118,474	885,718	873,957
Government obligations.....	416,560	--	5,432	35,248	18,798	210,129	146,952
Corporate stock.....	1,314,345	--	10,812	111,365	83,246	556,101	552,820
Corporate bonds.....	349,696	--	2,291	37,305	16,430	119,487	174,184
Land, buildings, and equipment (less accumulated depreciation).....	23,148	--	--	*1,369	*3,758	17,014	1,007
Mortgage loans.....	11,199	--	*5	*410	*334	10,451	--
Other investments.....	311,358	--	4,385	24,106	39,143	67,322	176,403
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	27,378	--	--	1,982	3,779	6,824	14,793
Other assets.....	187,499	--	9,807	41,985	48,452	85,728	1,529

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1993

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>2,328,577</b>	--	<b>35,156</b>	<b>252,284</b>	<b>180,986</b>	<b>979,440</b>	<b>880,710</b>
Cash, total.....	174,775	--	6,306	24,894	10,430	83,611	49,534
Non-interest bearing accounts.....	33,654	--	663	4,593	1,826	15,659	10,913
Savings and temporary cash investments.....	141,122	--	5,643	20,301	8,604	67,952	38,621
Accounts receivable, net.....	6,475	--	*2	*107	*131	5,635	600
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*156	--	--	--	*156	--	--
Other notes and loans receivable.....	35,166	--	*16	*2,274	*50	5,555	27,271
Inventories.....	44	--	--	--	--	44	--
Prepaid expenses and deferred charges.....	472	--	--	*11	--	385	75
Investments, total (non-cash).....	1,947,749	--	20,967	188,265	133,241	805,725	799,551
Securities, total.....	1,635,307	--	16,708	163,914	92,895	723,529	638,260
Government obligations.....	394,066	--	5,405	33,418	18,090	194,746	142,408
Corporate stock.....	906,437	--	9,073	94,108	58,596	416,320	328,340
Corporate bonds.....	334,804	--	2,230	36,389	16,209	112,464	167,513
Land, buildings, and equipment (less accumulated depreciation).....	15,271	--	--	*1,298	*2,682	10,331	959
Mortgage loans.....	11,197	--	*5	*410	*334	10,449	--
Other investments.....	285,974	--	4,254	22,643	37,330	61,416	160,332
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	11,181	--	--	*968	*1,882	5,771	2,560
Other assets.....	152,560	--	7,865	35,764	35,097	72,713	1,120
<b>Total liabilities (book value).....</b>	<b>8,314</b>	<b>*4</b>	<b>184</b>	<b>221</b>	<b>451</b>	<b>6,035</b>	<b>1,419</b>
<b>Net worth (book value).....</b>	<b>2,320,263</b>	<b>*4</b>	<b>34,972</b>	<b>252,063</b>	<b>180,535</b>	<b>973,406</b>	<b>879,291</b>
<b>Total assets, beginning-of-year (book value)...</b>	<b>2,173,877</b>	<b>2,447</b>	<b>40,890</b>	<b>221,259</b>	<b>170,445</b>	<b>912,237</b>	<b>826,600</b>
<b>Investments in securities, beginning-of-year (book value).....</b>	<b>1,493,513</b>	<b>*678</b>	<b>16,224</b>	<b>129,852</b>	<b>83,325</b>	<b>671,018</b>	<b>592,415</b>
Government obligations.....	377,430	*177	5,572	25,717	18,362	185,037	142,565
Corporate stock.....	808,085	*437	8,431	69,067	49,922	382,539	297,690
Corporate bonds.....	307,997	*64	2,221	35,067	15,041	103,443	152,160

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 2, which are calculated using the cash receipts and disbursements method of accounting.

<sup>2</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1994

by Paul Arnsberger

**F**or 1994, private foundations and charitable trusts reported \$30.3 billion in total revenues and \$12.5 billion in contributions, gifts, and grants paid out. Private foundations are generally larger in terms of asset size and more numerous than charitable trusts. The 45,841 private foundations accounted for 98.5 percent of the combined total of \$225.9 billion in assets (based on their fair market value), while the 2,909 charitable trusts accounted for the remaining 1.5 percent.

A private foundation is a nonprofit, tax-exempt charitable organization, but in contrast to most charities, it is narrowly supported and controlled, usually by an individual, family, or corporation. A charitable trust filing under Internal Revenue Code section 4947(a)(1) is also a nonprofit organization, but it is not tax-exempt and is typically supported and controlled by an individual or family. Both private foundations and charitable trusts are required to file and make public an annual information return, Form 990-PF, Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation). The statistics contained in this data release are based on data from these forms.

Figure A shows a 2-year comparison of selected data items for private foundations and charitable trusts [1]. Both types of organizations reported aggregate increases in all the major asset, revenue, and expense items. A large part of the 32-percent increase in the contributions, gifts, and grants received by private foundations can be attributed to a single organization, which received a gift of nearly \$900 million [2]. Charitable trusts received over twice as much in contributions, gifts, and grants as those reported for 1993. The reason for such a large gain is twofold: many established trusts received significant contributions during the year; and several more new trusts were set up with very large gifts. Net gains from sales of assets rose sharply as well, because a few of the largest trusts reported huge increases in this area.

## Data Sources and Limitations

Tables 1 and 3 provide information for Reporting Year 1994 for private foundations, while Tables 2 and 4 provide similar data for charitable trusts. The statistics are based on a sample of Reporting Year 1994 Forms 990-PF that were filed by organizations with accounting periods beginning in 1994 (and, therefore, ending between December 1994 and November 1995). Some part-year

returns were included in the sample for organizations that changed their accounting periods or filed initial or final returns. Approximately 63 percent of the foundations and 60 percent of charitable trusts had full-year accounting periods covering Calendar Year 1994 (or part-year accounting periods that ended in December 1994). Additionally, 59 percent of total foundation assets and 55 percent of total trust assets were reported for the calendar-year accounting period. Therefore, the majority of the financial activities reflected in the statistics can be associated with Calendar Year 1994.

The 1994 stratified sample was based on type of organization (either private foundation or charitable trust) and, for the first time, size of fair market value of total assets. (Previous-year samples were based on the book value of total assets.) Foundation returns were selected at rates that ranged from approximately 2.4 percent (for the

**Both types of organizations reported aggregate increases in all the major asset, revenue, and expense items.**

more numerous, but very small asset-size returns) to 100 percent (for the relatively few returns reporting large amounts of assets). Charitable trust returns were selected at rates that ranged from 13.6 to 100 percent. The 5,914 returns in the 1994 combined

sample (5,246 foundations and 668 trusts) were drawn from the estimated population totals shown in Tables 1 through 4.

Because the estimates are based on a sample, they are subject to sampling error. To properly use the data, the magnitude of the potential sampling error needs to be known. Coefficients of variation (CV's) are used to measure this magnitude. Figure B presents coefficients of variation for selected financial data. The smaller the coefficient of variation, the more reliable the estimate is judged to be.

The population from which this sample was drawn consisted of Form 990-PF records posted to the IRS Business Master File during 1994 and 1995. For the small number of large foundations and trusts whose returns for the 1994 Reporting Year were not yet filed or were otherwise unavailable for statistics, data were estimated using prior-year returns.

The data presented were obtained from returns as originally filed. These returns were subjected to comprehensive testing and correction procedures to ensure statistical reliability and validity. In most cases, changes made to the original return through administrative processing,

*This data release was written by Paul Arnsberger, an economist with the Special Projects Section, Special Studies and Publications Branch, under the direction of Michael Alexander, Chief.*

# Private Foundations and Charitable Trusts, 1994

**Figure A**

**Private Foundations and Charitable Trusts: Percentage Increases in Selected Financial Items, 1993-1994**

[Money amounts are in millions of dollars]

Item	Private foundations			Charitable trusts		
	1993	1994	Percentage increase	1993	1994	Percentage increase
	(1)	(2)	(3)	(4)	(5)	(6)
Total assets (fair market value).....	207,536	222,543	7.2	2,859.3	3,376.5	18.1
Investments in securities.....	151,175	173,323	14.7	2,080.6	2,473.3	18.9
Cash.....	16,027	16,166	0.9	176.2	238.8	35.5
Total revenue.....	24,415	29,860	22.3	291.3	425.0	45.9
Contributions, gifts, and grants received.....	8,969	11,847	32.1	52.1	106.2	103.9
Net gain (or loss) from sale of assets.....	7,579	8,705	14.9	99.8	160.2	60.6
Dividends and interest from securities.....	6,797	6,957	2.4	106.7	121.5	13.9
Total expenses.....	15,349	16,452	7.2	160.7	206.0	28.2
Contributions, gifts, and grants paid.....	11,916	12,660	6.2	125.5	165.1	31.6

audit procedures, or a taxpayer amendment were not incorporated into the data base.

**Explanation of Selected Terms**

*Charitable Trust* -- This type of organization, also referred to as a “nonexempt” charitable trust, is defined in Internal Revenue Code section 4947(a)(1) as an organization (1) that is not considered tax-exempt under section 501(a); (2) that has exclusively charitable interests; and (3) for which donors are allowed to claim an income tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the same excise tax provisions as private foundations (described under *Distributable Amount* below) and are required to file the same Form 990-PF. (“Publicly supported” nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*, and are, therefore, not included in the statistics [3].) Nonexempt charitable trusts must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes and must report such income and tax on Form 1041, *U.S. Income Tax Return for Estates and Trusts*.

*Distributable Amount* -- This was the minimum payout amount required to be distributed by the end of the year following the year for which the return was filed. Failure to distribute income within this period resulted in a 15-percent excise tax on the undistributed portion. The distributable amount was computed as 5 percent of “net investment assets” (called the “minimum investment return”), minus taxes on both “net investment income”

and “unrelated business income,” plus or minus other adjustments either allowed or required.

*Excess Distributions Carryover* -- The excess carryover equaled the excess of “qualifying distributions” for 1994 (see below) over the “distributable amount” (see above). “Excess” amounts from the current year could be carried forward to be applied to the distributable amount for the following 5 years.

*Minimum Investment Return* -- This was the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire them and cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the “distributable amount” (see above).

*Nonoperating Foundations (and Section 4947(a)(1) Charitable Trusts)* -- Nonoperating foundations and trusts generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, unlike (operating) foundations and trusts which engaged in charitable activities themselves. However, some nonoperating foundations and trusts were actively involved in charitable programs of their own, in addition to making grants to other organizations. Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a specified period.

*Operating Foundations (and Section 4947(a)(1) Charitable Trusts)* -- These organizations generally expended their income for direct, active involvement in a tax-

**Figure B**

**Coefficients of Variation for Selected Items, by Type of Organization, 1994**

Item	Private foundations	Charitable trusts
Total assets (fair market value).....	1.18	4.16
Total revenue.....	1.70	12.80
Total expenses.....	1.96	7.64
Contributions, gifts, and grants paid.....	2.28	9.11

exempt activity, such as operating a library or museum or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes applicable to their non-operating counterparts. To qualify as an operating foundation or trust for a particular taxable year, the private foundation or trust had to meet both an “income test” and one of the following: an “assets test,” an “endowment test,” or a “support test.” (The tests described below with reference to private foundations also apply to charitable trusts.)

To meet the “income test,” a private foundation had to spend at least 85 percent of the lesser of its “adjusted net income” or “minimum investment return” on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such programs). The “assets test” was met if 65 percent or more of the foundation’s assets were directly used for the active conduct of charitable activities. The “endowment test” was met if the foundation normally made distributions for the active conduct of charitable activities in an amount not less than two-thirds of its “minimum investment return.” The “support test” was met if the foundation normally received substantially all of its support (other than from “gross investment income”) from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from “gross investment income”) was normally received from any one such qualifying exempt organization; and (b) no more than 50 percent of its support was normally received from “gross investment income.”

*Private Foundation* -- This type of organization is defined in Internal Revenue Code section 501(c)(3) as a nonprofit corporation, association, or trust with a narrow source of funds that operated or supported social, educational, scientific, charitable, religious, or other programs

dedicated to improving the general welfare of society. A private foundation is *not*: (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization that is operated by, or in connection with, any of the above-described organizations; and (4) an organization that conducts tests for public safety. The primary difference between a private foundation and a public charity is the source of funding for each type of organization. A foundation usually receives its funds from an individual, a family, or a corporation, while a public charity receives its funds primarily from a large number of sources within the general public.

*Qualifying Distributions* -- Qualifying distributions include disbursements for charitable purposes; amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions can be credited toward a foundation or trust’s obligation to pay out its “distributable amount.”

*Undistributed Income* -- Undistributed income is the portion of the required “distributable amount” still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carried over from prior years.

**Notes and References**

- [1] For information on private foundations and charitable trusts for 1993, see Arnsberger, Paul, “Private Foundations and Charitable Trusts, 1993,” *Statistics of Income Bulletin*, Winter 1996-1997, Volume 16, Number 3.
- [2] The Ewing Marion Kauffman Foundation of Missouri reported revenue of \$892 million in 1994 thanks almost entirely to an \$891 million contribution from the EMK Charitable Remainder Trust. (Mr. Kauffman died in 1993.)  
  
Because Forms 990-PF on which private foundations report their financial information are public documents, the names of individual foundations can be used in this article.
- [3] For more information on charities and other tax-exempt organizations, see Hilgert, Cecelia, “Charities and Other Tax-Exempt Organizations, 1993,” *Statistics of Income Bulletin*, Spring 1997, Volume 16, Number 4.

# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>ALL FOUNDATIONS</b>									
<b>Total.....</b>	<b>45,841</b>	<b>44,540</b>	<b>29,859,556</b>	<b>22,550</b>	<b>11,846,829</b>	<b>29,707</b>	<b>6,957,273</b>	<b>20,521</b>	<b>8,704,686</b>
Zero or unreported.....	837	544	151,280	*322	*150,916	*107	*341	72	-56
\$1 under \$100,000.....	15,236	14,378	508,152	8,333	475,509	5,273	16,433	2,454	503
\$100,000 under \$1,000,000.....	17,668	17,552	1,854,958	8,493	1,354,759	13,501	206,000	8,550	151,296
\$1,000,000 under \$10,000,000.....	9,743	9,709	5,656,936	4,320	3,494,759	8,587	950,944	7,356	673,925
\$10,000,000 under \$25,000,000.....	1,331	1,331	3,508,263	649	1,954,946	1,247	662,827	1,155	591,072
\$25,000,000 under \$50,000,000.....	495	495	2,430,555	211	1,050,026	471	562,705	441	519,096
\$50,000,000 under \$100,000,000.....	269	269	2,399,455	119	898,179	265	606,905	247	621,542
\$100,000,000 or more.....	262	262	13,349,957	103	2,467,735	256	3,951,119	246	6,147,307
<b>Nonoperating foundations</b>									
<b>Total.....</b>	<b>42,020</b>	<b>40,892</b>	<b>26,229,332</b>	<b>19,953</b>	<b>9,718,197</b>	<b>28,279</b>	<b>6,517,904</b>	<b>19,633</b>	<b>8,254,838</b>
Zero or unreported.....	794	501	151,235	286	150,904	*107	*341	72	-56
\$1 under \$100,000.....	13,577	12,862	463,172	7,253	432,645	5,023	16,085	2,383	501
\$100,000 under \$1,000,000.....	16,443	16,352	1,607,007	7,676	1,159,531	12,965	197,898	8,280	150,022
\$1,000,000 under \$10,000,000.....	9,055	9,026	5,150,103	3,824	3,222,733	8,126	901,139	6,982	653,350
\$10,000,000 under \$25,000,000.....	1,210	1,210	3,212,181	551	1,842,517	1,144	622,054	1,058	557,947
\$25,000,000 under \$50,000,000.....	457	457	2,129,892	180	915,147	437	539,000	408	501,715
\$50,000,000 under \$100,000,000.....	246	246	2,141,935	99	824,825	243	567,680	227	542,283
\$100,000,000 or more.....	239	239	11,373,807	84	1,169,895	233	3,673,707	224	5,849,076
<b>Operating foundations</b>									
<b>Total.....</b>	<b>3,821</b>	<b>3,648</b>	<b>3,630,224</b>	<b>2,597</b>	<b>2,128,632</b>	<b>1,429</b>	<b>439,369</b>	<b>888</b>	<b>449,848</b>
Zero or unreported.....	*43	*43	*46	*36	*12	--	--	--	--
\$1 under \$100,000.....	1,659	1,516	44,979	1,080	42,864	*250	*349	*72	*3
\$100,000 under \$1,000,000.....	1,225	1,200	247,951	817	195,228	535	8,102	270	1,274
\$1,000,000 under \$10,000,000.....	689	684	506,833	497	272,027	461	49,805	375	20,575
\$10,000,000 under \$25,000,000.....	121	121	296,082	98	112,429	103	40,772	97	33,124
\$25,000,000 under \$50,000,000.....	38	38	300,663	31	134,879	34	23,705	33	17,381
\$50,000,000 under \$100,000,000.....	23	23	257,520	20	73,354	22	39,224	20	79,260
\$100,000,000 or more.....	23	23	1,976,150	19	1,297,839	23	277,412	22	298,230
<b>GRANTMAKING FOUNDATIONS</b>									
<b>Total.....</b>	<b>36,847</b>	<b>36,653</b>	<b>27,666,996</b>	<b>17,542</b>	<b>10,515,798</b>	<b>27,198</b>	<b>6,767,048</b>	<b>19,128</b>	<b>8,495,123</b>
Zero or unreported.....	*286	*286	*150,889	*179	*150,848	*72	*29	*36	*-11
\$1 under \$100,000.....	10,409	10,266	420,821	5,844	396,272	4,401	15,052	2,125	507
\$100,000 under \$1,000,000.....	15,148	15,098	1,364,072	6,847	946,294	12,560	198,907	8,036	142,796
\$1,000,000 under \$10,000,000.....	8,809	8,809	5,008,030	3,718	3,061,717	8,055	904,023	6,957	653,415
\$10,000,000 under \$25,000,000.....	1,221	1,221	3,043,876	561	1,656,195	1,168	634,152	1,083	556,377
\$25,000,000 under \$50,000,000.....	471	471	2,341,299	192	1,017,308	450	545,804	421	509,508
\$50,000,000 under \$100,000,000.....	252	252	2,182,527	106	835,846	248	578,083	234	548,367
\$100,000,000 or more.....	251	251	13,155,482	95	2,451,318	245	3,890,998	237	6,084,165
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	<b>35,139</b>	<b>34,946</b>	<b>25,024,216</b>	<b>16,415</b>	<b>8,759,397</b>	<b>26,469</b>	<b>6,465,853</b>	<b>18,757</b>	<b>8,195,180</b>
Zero or unreported.....	*286	*286	*150,889	*179	*150,848	*72	*29	*36	*-11
\$1 under \$100,000.....	9,679	9,536	396,326	5,372	372,592	4,258	14,846	2,125	507
\$100,000 under \$1,000,000.....	14,502	14,452	1,268,040	6,421	861,652	12,200	192,857	7,870	141,232
\$1,000,000 under \$10,000,000.....	8,572	8,572	4,743,466	3,562	2,890,196	7,912	886,248	6,831	645,163
\$10,000,000 under \$25,000,000.....	1,172	1,172	2,920,773	523	1,581,991	1,126	617,130	1,044	546,170
\$25,000,000 under \$50,000,000.....	452	452	2,127,207	178	915,138	434	536,874	405	501,414
\$50,000,000 under \$100,000,000.....	241	241	2,095,098	98	818,825	238	558,492	224	543,436
\$100,000,000 or more.....	236	236	11,322,416	82	1,168,155	230	3,659,378	222	5,817,277
<b>Grantmaking-operating foundations</b>									
<b>Total.....</b>	<b>1,707</b>	<b>1,707</b>	<b>2,642,781</b>	<b>1,128</b>	<b>1,756,401</b>	<b>729</b>	<b>301,195</b>	<b>371</b>	<b>299,934</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	730	730	24,495	472	23,680	*143	*206	--	--
\$100,000 under \$1,000,000.....	646	646	96,032	426	84,642	360	6,050	*166	*1,563
\$1,000,000 under \$10,000,000.....	237	237	264,564	156	171,521	143	17,775	125	8,252
\$10,000,000 under \$25,000,000.....	49	49	123,103	38	74,204	42	17,022	39	10,207
\$25,000,000 under \$50,000,000.....	19	19	214,092	14	102,170	16	8,930	16	8,094
\$50,000,000 under \$100,000,000.....	11	11	87,428	8	17,021	10	19,592	10	4,930
\$100,000,000 or more.....	15	15	1,833,065	13	1,283,162	15	231,620	15	266,887

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>43,851</b>	<b>16,451,885</b>	<b>44,604</b>	<b>13,407,671</b>	<b>39,215</b>	<b>15,018,453</b>	<b>41,487</b>	<b>14,441,229</b>
Zero or unreported.....	651	160,435	365	-9,155	*186	*324	*358	*159,643
\$1 under \$100,000.....	14,199	565,265	14,700	-57,113	10,866	42,825	12,633	527,493
\$100,000 under \$1,000,000.....	17,060	1,165,250	17,481	689,708	16,522	491,913	16,727	1,061,912
\$1,000,000 under \$10,000,000.....	9,591	3,001,675	9,702	2,655,261	9,319	2,139,007	9,436	2,618,887
\$10,000,000 under \$25,000,000.....	1,324	1,940,909	1,331	1,567,354	1,305	1,460,688	1,313	1,676,904
\$25,000,000 under \$50,000,000.....	495	1,458,633	494	971,922	490	1,197,847	494	1,286,039
\$50,000,000 under \$100,000,000.....	269	1,237,873	269	1,161,581	265	1,435,983	266	1,086,134
\$100,000,000 or more.....	262	6,921,845	262	6,428,112	261	8,249,865	261	6,024,216
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>40,183</b>	<b>14,668,279</b>	<b>40,955</b>	<b>11,561,053</b>	<b>36,326</b>	<b>13,111,177</b>	<b>38,078</b>	<b>13,056,659</b>
Zero or unreported.....	608	160,401	358	-9,166	*179	*324	*322	*159,631
\$1 under \$100,000.....	12,647	522,457	13,112	-59,284	9,815	40,868	11,259	505,074
\$100,000 under \$1,000,000.....	15,876	944,031	16,322	662,975	15,477	461,899	15,596	880,871
\$1,000,000 under \$10,000,000.....	8,907	2,592,526	9,013	2,557,577	8,730	2,047,430	8,768	2,321,776
\$10,000,000 under \$25,000,000.....	1,203	1,750,778	1,210	1,461,403	1,192	1,369,735	1,196	1,533,579
\$25,000,000 under \$50,000,000.....	457	1,218,864	456	911,028	453	1,147,462	456	1,078,898
\$50,000,000 under \$100,000,000.....	246	1,125,876	246	1,016,059	242	1,297,632	243	1,000,790
\$100,000,000 or more.....	239	6,353,347	239	5,020,460	239	6,745,828	238	5,576,041
<b>Operating foundations</b>								
<b>Operating foundations</b>	<b>3,668</b>	<b>1,783,606</b>	<b>3,648</b>	<b>1,846,618</b>	<b>2,888</b>	<b>1,907,276</b>	<b>3,409</b>	<b>1,384,569</b>
<b>Total.....</b>	<b>*43</b>	<b>*35</b>	<b>*7</b>	<b>*11</b>	<b>*7</b>	<b>*(1)</b>	<b>*36</b>	<b>*12</b>
Zero or unreported.....	1,552	42,808	1,588	2,171	1,051	1,957	1,373	22,420
\$1 under \$100,000.....	1,185	221,218	1,160	26,733	1,045	30,014	1,130	181,041
\$100,000 under \$1,000,000.....	684	409,149	689	97,684	589	91,577	668	297,111
\$1,000,000 under \$10,000,000.....	121	190,131	121	105,951	113	90,953	117	143,325
\$10,000,000 under \$25,000,000.....	38	239,769	38	60,893	37	50,385	38	207,141
\$25,000,000 under \$50,000,000.....	23	111,998	23	145,522	23	138,351	23	85,344
\$50,000,000 under \$100,000,000.....	23	568,498	23	1,407,652	22	1,504,038	23	448,175
\$100,000,000 or more.....								
<b>Total.....</b>	<b>36,821</b>	<b>15,448,728</b>	<b>36,574</b>	<b>12,218,268</b>	<b>34,061</b>	<b>14,551,208</b>	<b>36,847</b>	<b>13,729,651</b>
Zero or unreported.....	*286	*159,638	*143	*-8,749	*72	*56	*286	*159,623
\$1 under \$100,000.....	10,409	501,722	10,373	-80,901	8,349	40,293	10,409	482,027
\$100,000 under \$1,000,000.....	15,123	944,279	15,067	419,793	14,809	466,584	15,148	893,309
\$1,000,000 under \$10,000,000.....	8,809	2,715,448	8,796	2,292,583	8,655	2,041,407	8,809	2,429,625
\$10,000,000 under \$25,000,000.....	1,221	1,783,323	1,221	1,260,553	1,208	1,371,085	1,221	1,565,815
\$25,000,000 under \$50,000,000.....	471	1,384,402	471	956,898	468	1,169,916	471	1,234,824
\$50,000,000 under \$100,000,000.....	252	1,162,163	252	1,020,363	250	1,334,579	252	1,038,962
\$100,000,000 or more.....	251	6,797,754	251	6,357,728	251	8,127,288	251	5,925,466
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>35,114</b>	<b>14,405,970</b>	<b>34,867</b>	<b>10,618,245</b>	<b>32,680</b>	<b>12,999,038</b>	<b>35,139</b>	<b>12,920,946</b>
Zero or unreported.....	*286	*159,638	*143	*-8,749	*72	*56	*286	*159,623
\$1 under \$100,000.....	9,679	474,900	9,643	-78,574	7,869	38,831	9,679	470,587
\$100,000 under \$1,000,000.....	14,477	867,030	14,421	401,009	14,218	439,665	14,502	819,472
\$1,000,000 under \$10,000,000.....	8,572	2,517,970	8,559	2,225,497	8,434	2,009,714	8,572	2,301,328
\$10,000,000 under \$25,000,000.....	1,172	1,728,766	1,172	1,192,007	1,163	1,339,395	1,172	1,528,604
\$25,000,000 under \$50,000,000.....	452	1,214,226	452	912,981	449	1,145,103	452	1,076,835
\$50,000,000 under \$100,000,000.....	241	1,108,919	241	986,179	239	1,291,811	241	995,756
\$100,000,000 or more.....	236	6,334,522	236	4,987,895	236	6,734,464	236	5,568,743
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,707</b>	<b>1,042,758</b>	<b>1,707</b>	<b>1,600,023</b>	<b>1,381</b>	<b>1,552,170</b>	<b>1,707</b>	<b>808,705</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	730	26,822	730	-2,327	479	1,462	730	11,440
\$100,000 under \$1,000,000.....	646	77,248	646	18,783	591	26,920	646	73,838
\$1,000,000 under \$10,000,000.....	237	197,478	237	67,086	221	31,693	237	128,297
\$10,000,000 under \$25,000,000.....	49	54,557	49	68,546	45	31,690	49	37,212
\$25,000,000 under \$50,000,000.....	19	170,176	19	43,916	19	24,813	19	157,989
\$50,000,000 under \$100,000,000.....	11	53,244	11	34,184	11	42,767	11	43,206
\$100,000,000 or more.....	15	463,232	15	1,369,833	15	1,392,824	15	356,723

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on investment income				
	Number of returns	Amount	Total	Domestic foundations		Foreign foundations	
				Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>ALL FOUNDATIONS</b>							
<b>Total.....</b>	<b>36,847</b>	<b>12,308,958</b>	<b>189,328</b>	<b>37,041</b>	<b>188,131</b>	<b>19</b>	<b>1,197</b>
Zero or unreported.....	*286	*159,533	16	*143	*6	--	--
\$1 under \$100,000.....	10,409	471,851	624	9,429	624	--	--
\$100,000 under \$1,000,000.....	15,148	822,578	7,605	16,172	7,605	--	--
\$1,000,000 under \$10,000,000.....	8,809	2,228,559	33,378	9,089	33,378	--	--
\$10,000,000 under \$25,000,000.....	1,221	1,451,868	21,764	1,255	21,733	2	31
\$25,000,000 under \$50,000,000.....	471	1,094,730	17,956	465	17,896	3	60
\$50,000,000 under \$100,000,000.....	252	924,910	19,433	251	19,416	4	17
\$100,000,000 or more.....	251	5,154,929	88,562	237	87,473	10	1,089
<b>Nonoperating foundations</b>							
<b>Total.....</b>	<b>35,139</b>	<b>11,968,731</b>	<b>184,290</b>	<b>34,839</b>	<b>183,173</b>	<b>18</b>	<b>1,117</b>
Zero or unreported.....	*286	*159,533	16	*143	*6	--	--
\$1 under \$100,000.....	9,679	461,966	597	8,592	597	--	--
\$100,000 under \$1,000,000.....	14,502	780,395	7,257	15,312	7,257	--	--
\$1,000,000 under \$10,000,000.....	8,572	2,196,946	32,430	8,702	32,430	--	--
\$10,000,000 under \$25,000,000.....	1,172	1,444,357	20,752	1,179	20,721	2	31
\$25,000,000 under \$50,000,000.....	452	1,004,998	17,530	445	17,470	3	60
\$50,000,000 under \$100,000,000.....	241	915,100	18,298	237	18,280	4	17
\$100,000,000 or more.....	236	5,005,436	87,420	229	86,411	9	1,008
<b>Operating foundations</b>							
<b>Total.....</b>	<b>1,707</b>	<b>340,227</b>	<b>5,039</b>	<b>2,202</b>	<b>4,958</b>	<b>1</b>	<b>80</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	730	9,885	28	837	28	--	--
\$100,000 under \$1,000,000.....	646	42,183	348	860	348	--	--
\$1,000,000 under \$10,000,000.....	237	31,613	948	387	948	--	--
\$10,000,000 under \$25,000,000.....	49	7,511	1,012	76	1,012	--	--
\$25,000,000 under \$50,000,000.....	19	89,732	426	20	426	--	--
\$50,000,000 under \$100,000,000.....	11	9,810	1,135	14	1,135	--	--
\$100,000,000 or more.....	15	149,493	1,142	8	1,062	1	80
<b>GRANTMAKING FOUNDATIONS</b>							
<b>Total.....</b>	<b>36,847</b>	<b>12,308,958</b>	<b>184,591</b>	<b>33,040</b>	<b>183,424</b>	<b>17</b>	<b>1,167</b>
Zero or unreported.....	*286	*159,533	*1	*72	*1	--	--
\$1 under \$100,000.....	10,409	471,851	579	7,591	579	--	--
\$100,000 under \$1,000,000.....	15,148	822,578	7,147	14,665	7,147	--	--
\$1,000,000 under \$10,000,000.....	8,809	2,228,559	32,055	8,596	32,055	--	--
\$10,000,000 under \$25,000,000.....	1,221	1,451,868	20,580	1,189	20,549	2	31
\$25,000,000 under \$50,000,000.....	471	1,094,730	17,687	453	17,653	2	34
\$50,000,000 under \$100,000,000.....	252	924,910	18,481	241	18,463	4	17
\$100,000,000 or more.....	251	5,154,929	88,062	233	86,977	9	1,085
<b>Grantmaking-nonoperating foundations</b>							
<b>Total.....</b>	<b>35,139</b>	<b>11,968,731</b>	<b>182,186</b>	<b>31,852</b>	<b>181,099</b>	<b>16</b>	<b>1,087</b>
Zero or unreported.....	*286	*159,533	*1	*72	*1	--	--
\$1 under \$100,000.....	9,679	461,966	561	7,147	561	--	--
\$100,000 under \$1,000,000.....	14,502	780,395	6,849	14,159	6,849	--	--
\$1,000,000 under \$10,000,000.....	8,572	2,196,946	31,694	8,416	31,694	--	--
\$10,000,000 under \$25,000,000.....	1,172	1,444,357	20,215	1,155	20,184	2	31
\$25,000,000 under \$50,000,000.....	452	1,004,998	17,470	442	17,436	2	34
\$50,000,000 under \$100,000,000.....	241	915,100	18,206	234	18,189	4	17
\$100,000,000 or more.....	236	5,005,436	87,190	227	86,186	8	1,004
<b>Grantmaking-operating foundations</b>							
<b>Total.....</b>	<b>1,707</b>	<b>340,227</b>	<b>2,406</b>	<b>1,188</b>	<b>2,325</b>	<b>1</b>	<b>80</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	730	9,885	18	444	18	--	--
\$100,000 under \$1,000,000.....	646	42,183	299	507	299	--	--
\$1,000,000 under \$10,000,000.....	237	31,613	361	180	361	--	--
\$10,000,000 under \$25,000,000.....	49	7,511	365	34	365	--	--
\$25,000,000 under \$50,000,000.....	19	89,732	217	11	217	--	--
\$50,000,000 under \$100,000,000.....	11	9,810	275	7	275	--	--
\$100,000,000 or more.....	15	149,493	871	6	791	1	80

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total assets (book value)		Total investment assets (book value)		Investments in securities (book value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>ALL FOUNDATIONS</b>								
<b>Total</b> .....	<b>44,920</b>	<b>187,838,923</b>	<b>38,658</b>	<b>175,330,943</b>	<b>28,040</b>	<b>141,604,267</b>	<b>13,784</b>	<b>29,318,724</b>
Zero or unreported.....	*7	*28	*7	*25	--	--	--	--
\$1 under \$100,000.....	15,165	453,382	10,065	315,723	4,014	140,043	1,045	24,589
\$100,000 under \$1,000,000.....	17,653	6,251,680	16,665	5,237,279	13,092	3,568,606	5,561	935,244
\$1,000,000 under \$10,000,000.....	9,738	25,582,048	9,577	22,794,642	8,695	17,618,785	5,509	5,009,430
\$10,000,000 under \$25,000,000.....	1,331	17,207,632	1,325	15,709,556	1,246	12,457,555	904	3,436,711
\$25,000,000 under \$50,000,000.....	495	14,173,004	490	13,000,666	476	10,478,626	353	2,794,629
\$50,000,000 under \$100,000,000.....	269	15,800,157	269	14,912,207	262	12,139,535	197	3,049,127
\$100,000,000 or more.....	262	108,370,991	260	103,360,845	256	85,201,116	215	14,068,995
<b>Nonoperating foundations</b>								
<b>Total</b> .....	<b>41,135</b>	<b>169,368,420</b>	<b>35,938</b>	<b>160,883,117</b>	<b>26,668</b>	<b>130,789,279</b>	<b>13,075</b>	<b>26,677,113</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	13,505	398,721	9,200	287,612	3,763	133,785	974	22,327
\$100,000 under \$1,000,000.....	16,428	5,799,008	15,640	5,002,265	12,608	3,469,033	5,387	913,922
\$1,000,000 under \$10,000,000.....	9,050	23,571,537	8,956	21,573,673	8,234	16,840,594	5,180	4,757,921
\$10,000,000 under \$25,000,000.....	1,210	15,615,822	1,206	14,695,160	1,146	11,720,392	826	3,224,748
\$25,000,000 under \$50,000,000.....	457	13,056,760	453	12,223,330	442	9,976,168	330	2,658,976
\$50,000,000 under \$100,000,000.....	246	14,440,022	246	13,905,607	241	11,429,660	183	2,849,318
\$100,000,000 or more.....	239	96,486,549	238	93,195,471	235	77,219,647	195	12,249,900
<b>Operating foundations</b>								
<b>Total</b> .....	<b>3,785</b>	<b>18,470,502</b>	<b>2,720</b>	<b>14,447,826</b>	<b>1,371</b>	<b>10,814,989</b>	<b>710</b>	<b>2,641,611</b>
Zero or unreported.....	*7	*28	*7	*25	--	--	--	--
\$1 under \$100,000.....	1,659	54,661	865	28,111	*250	*6,259	*72	*2,261
\$100,000 under \$1,000,000.....	1,225	452,671	1,026	235,014	484	59,573	174	21,322
\$1,000,000 under \$10,000,000.....	689	2,010,511	621	1,220,969	461	778,191	329	251,509
\$10,000,000 under \$25,000,000.....	121	1,591,810	119	1,014,396	100	737,163	78	211,962
\$25,000,000 under \$50,000,000.....	38	1,116,243	37	777,335	34	502,459	23	135,653
\$50,000,000 under \$100,000,000.....	23	1,360,135	23	1,006,601	21	709,875	14	199,808
\$100,000,000 or more.....	23	11,884,443	22	10,165,374	21	7,981,469	20	1,819,095
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total</b> .....	<b>36,525</b>	<b>179,381,799</b>	<b>33,035</b>	<b>169,348,927</b>	<b>25,390</b>	<b>137,176,390</b>	<b>12,818</b>	<b>28,340,574</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	10,373	342,993	7,548	244,594	3,334	117,476	866	20,804
\$100,000 under \$1,000,000.....	15,148	5,433,256	14,611	4,790,438	11,925	3,341,886	5,301	909,364
\$1,000,000 under \$10,000,000.....	8,809	23,254,772	8,690	21,348,472	8,022	16,592,122	5,072	4,721,919
\$10,000,000 under \$25,000,000.....	1,221	15,824,133	1,217	14,772,773	1,162	11,822,448	847	3,267,522
\$25,000,000 under \$50,000,000.....	471	13,544,623	467	12,554,196	454	10,158,203	338	2,728,163
\$50,000,000 under \$100,000,000.....	252	14,693,900	252	14,072,524	246	11,591,889	186	2,882,856
\$100,000,000 or more.....	251	106,288,121	250	101,565,928	246	83,552,367	207	13,809,946
<b>Grantmaking-nonoperating foundations</b>								
<b>Total</b> .....	<b>34,818</b>	<b>166,402,944</b>	<b>31,752</b>	<b>158,794,510</b>	<b>24,717</b>	<b>129,310,680</b>	<b>12,556</b>	<b>26,422,578</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	9,643	312,572	7,111	230,220	3,191	113,476	831	19,008
\$100,000 under \$1,000,000.....	14,502	5,194,300	14,060	4,641,280	11,616	3,265,126	5,208	890,652
\$1,000,000 under \$10,000,000.....	8,572	22,581,141	8,488	20,885,459	7,885	16,334,029	5,002	4,634,493
\$10,000,000 under \$25,000,000.....	1,172	15,140,223	1,169	14,353,220	1,120	11,486,983	815	3,178,672
\$25,000,000 under \$50,000,000.....	452	12,937,380	448	12,144,779	438	9,923,860	328	2,655,972
\$50,000,000 under \$100,000,000.....	241	14,067,086	241	13,602,118	236	11,212,275	179	2,803,332
\$100,000,000 or more.....	236	96,170,241	235	92,937,433	232	76,974,931	194	12,240,451
<b>Grantmaking-operating foundations</b>								
<b>Total</b> .....	<b>1,707</b>	<b>12,978,855</b>	<b>1,283</b>	<b>10,554,417</b>	<b>672</b>	<b>7,865,709</b>	<b>262</b>	<b>1,917,996</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	730	30,421	436	14,374	*143	*4,000	*36	*1,797
\$100,000 under \$1,000,000.....	646	238,957	551	149,158	309	76,760	*94	*18,712
\$1,000,000 under \$10,000,000.....	237	673,631	203	463,013	138	258,093	70	87,426
\$10,000,000 under \$25,000,000.....	49	683,910	48	419,553	42	335,465	32	88,850
\$25,000,000 under \$50,000,000.....	19	607,243	19	409,417	16	234,343	10	72,191
\$50,000,000 under \$100,000,000.....	11	626,813	11	470,406	10	379,613	7	79,524
\$100,000,000 or more.....	15	10,117,880	15	8,628,495	14	6,577,435	13	1,569,495

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (book value)--Continued				Total assets (fair market value)		Total investment assets (fair market value)	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>ALL FOUNDATIONS</b>								
<b>Total.....</b>	<b>23,812</b>	<b>92,997,671</b>	<b>11,356</b>	<b>19,287,872</b>	<b>45,004</b>	<b>222,542,546</b>	<b>38,755</b>	<b>208,494,676</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,998	89,861	794	25,593	15,236	445,579	10,136	318,172
\$100,000 under \$1,000,000.....	10,855	2,049,784	4,425	583,578	17,668	6,883,010	16,680	5,835,865
\$1,000,000 under \$10,000,000.....	7,837	9,625,844	4,569	2,983,511	9,743	29,732,167	9,593	26,610,798
\$10,000,000 under \$25,000,000.....	1,170	6,972,274	825	2,048,571	1,331	20,336,887	1,325	18,714,032
\$25,000,000 under \$50,000,000.....	451	5,790,791	348	1,893,206	495	17,282,258	491	15,908,068
\$50,000,000 under \$100,000,000.....	251	7,110,995	189	1,979,414	269	18,632,946	269	17,723,180
\$100,000,000 or more.....	251	61,358,122	206	9,774,000	262	129,229,697	260	123,384,561
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>22,778</b>	<b>85,944,945</b>	<b>10,759</b>	<b>18,167,221</b>	<b>41,226</b>	<b>201,097,736</b>	<b>36,006</b>	<b>192,036,672</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,891	89,244	722	22,213	13,577	392,847	9,235	290,119
\$100,000 under \$1,000,000.....	10,473	1,998,562	4,276	556,548	16,443	6,399,357	15,655	5,580,134
\$1,000,000 under \$10,000,000.....	7,451	9,216,532	4,316	2,866,142	9,055	27,358,389	8,972	25,215,604
\$10,000,000 under \$25,000,000.....	1,079	6,584,247	756	1,911,396	1,210	18,544,085	1,206	17,549,912
\$25,000,000 under \$50,000,000.....	423	5,504,988	326	1,812,203	457	15,934,238	454	14,945,197
\$50,000,000 under \$100,000,000.....	231	6,729,296	175	1,851,046	246	16,964,649	246	16,419,787
\$100,000,000 or more.....	230	55,822,074	188	9,147,673	239	115,504,173	238	112,035,918
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,035</b>	<b>7,052,726</b>	<b>597</b>	<b>1,120,651</b>	<b>3,778</b>	<b>21,444,810</b>	<b>2,749</b>	<b>16,458,004</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*107	*617	*72	*3,380	1,659	52,733	901	28,053
\$100,000 under \$1,000,000.....	381	51,221	150	27,030	1,225	483,654	1,026	255,731
\$1,000,000 under \$10,000,000.....	386	409,312	253	117,370	689	2,373,778	621	1,395,194
\$10,000,000 under \$25,000,000.....	91	388,027	69	137,175	121	1,792,802	119	1,164,120
\$25,000,000 under \$50,000,000.....	28	285,803	22	81,003	38	1,348,020	37	962,871
\$50,000,000 under \$100,000,000.....	20	381,699	14	128,368	23	1,668,298	23	1,303,392
\$100,000,000 or more.....	21	5,536,047	18	626,327	23	13,725,524	22	11,348,643
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total.....</b>	<b>21,673</b>	<b>90,218,200</b>	<b>10,576</b>	<b>18,617,616</b>	<b>36,561</b>	<b>212,090,506</b>	<b>33,119</b>	<b>201,086,096</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,533	75,826	651	20,845	10,409	334,903	7,619	247,065
\$100,000 under \$1,000,000.....	9,847	1,877,545	4,186	554,977	15,148	5,975,448	14,611	5,309,756
\$1,000,000 under \$10,000,000.....	7,290	9,017,697	4,255	2,852,507	8,809	26,884,894	8,702	24,868,473
\$10,000,000 under \$25,000,000.....	1,091	6,634,904	769	1,920,022	1,221	18,716,460	1,217	17,600,104
\$25,000,000 under \$50,000,000.....	432	5,578,304	334	1,851,735	471	16,456,968	468	15,341,951
\$50,000,000 under \$100,000,000.....	237	6,800,780	181	1,908,252	252	17,345,590	252	16,714,102
\$100,000,000 or more.....	242	60,233,143	199	9,509,277	251	126,376,244	250	121,004,644
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>21,136</b>	<b>84,915,843</b>	<b>10,314</b>	<b>17,972,259</b>	<b>34,853</b>	<b>197,438,356</b>	<b>31,836</b>	<b>189,537,662</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,462	75,641	615	18,828	9,679	307,179	7,183	233,004
\$100,000 under \$1,000,000.....	9,587	1,840,696	4,086	533,778	14,502	5,714,558	14,060	5,143,570
\$1,000,000 under \$10,000,000.....	7,158	8,886,963	4,185	2,812,573	8,572	26,141,347	8,499	24,358,725
\$10,000,000 under \$25,000,000.....	1,056	6,438,938	744	1,869,373	1,172	17,972,985	1,169	17,129,660
\$25,000,000 under \$50,000,000.....	419	5,456,759	325	1,811,129	452	15,757,758	449	14,845,210
\$50,000,000 under \$100,000,000.....	227	6,578,405	173	1,830,539	241	16,568,943	241	16,095,824
\$100,000,000 or more.....	228	55,638,442	186	9,096,039	236	114,975,586	235	111,731,669
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>537</b>	<b>5,302,357</b>	<b>261</b>	<b>645,357</b>	<b>1,707</b>	<b>14,652,150</b>	<b>1,283</b>	<b>11,548,434</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*72	*186	*36	*2,017	730	27,725	436	14,061
\$100,000 under \$1,000,000.....	261	36,849	*100	*21,199	646	260,889	551	166,186
\$1,000,000 under \$10,000,000.....	133	130,734	70	39,933	237	743,546	203	509,748
\$10,000,000 under \$25,000,000.....	35	195,966	25	50,648	49	743,475	48	470,444
\$25,000,000 under \$50,000,000.....	13	121,545	9	40,607	19	699,210	19	496,741
\$50,000,000 under \$100,000,000.....	10	222,376	8	77,713	11	618,647	11	618,279
\$100,000,000 or more.....	14	4,594,701	13	413,238	15	11,400,659	15	9,272,975

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (fair market value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>ALL FOUNDATIONS</b>								
<b>Total</b> .....	<b>28,053</b>	<b>173,322,823</b>	<b>13,750</b>	<b>29,302,988</b>	<b>23,836</b>	<b>124,840,567</b>	<b>11,311</b>	<b>19,179,268</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	4,014	143,109	1,009	21,515	2,998	96,470	794	25,123
\$100,000 under \$1,000,000.....	13,092	4,152,304	5,561	923,375	10,855	2,653,573	4,385	575,357
\$1,000,000 under \$10,000,000.....	8,706	21,219,965	5,509	4,992,854	7,860	13,244,212	4,564	2,982,899
\$10,000,000 under \$25,000,000.....	1,247	15,231,803	905	3,452,322	1,171	9,746,941	825	2,032,540
\$25,000,000 under \$50,000,000.....	477	13,112,765	353	2,802,476	450	8,426,549	348	1,883,740
\$50,000,000 under \$100,000,000.....	262	14,710,099	197	3,042,409	252	9,671,647	189	1,996,043
\$100,000,000 or more.....	256	104,752,779	215	14,068,037	251	81,001,176	206	9,683,566
<b>Nonoperating foundations</b>								
<b>Total</b> .....	<b>26,682</b>	<b>161,300,168</b>	<b>13,040</b>	<b>26,665,518</b>	<b>22,802</b>	<b>116,570,952</b>	<b>10,719</b>	<b>18,063,698</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,763	137,172	938	19,350	2,891	95,849	722	21,973
\$100,000 under \$1,000,000.....	12,608	4,032,953	5,387	902,438	10,473	2,582,353	4,236	548,162
\$1,000,000 under \$10,000,000.....	8,245	20,312,308	5,180	4,737,243	7,474	12,708,775	4,316	2,866,290
\$10,000,000 under \$25,000,000.....	1,147	14,374,030	827	3,240,700	1,080	9,236,994	756	1,896,336
\$25,000,000 under \$50,000,000.....	443	12,509,068	330	2,665,303	422	8,044,120	326	1,799,645
\$50,000,000 under \$100,000,000.....	241	13,781,722	183	2,846,238	232	9,068,321	175	1,867,164
\$100,000,000 or more.....	235	96,152,915	195	12,254,246	230	74,834,541	188	9,064,129
<b>Operating foundations</b>								
<b>Total</b> .....	<b>1,371</b>	<b>12,022,655</b>	<b>710</b>	<b>2,637,470</b>	<b>1,035</b>	<b>8,269,615</b>	<b>592</b>	<b>1,115,570</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*250	*5,937	*72	*2,165	*107	*621	*72	*3,151
\$100,000 under \$1,000,000.....	484	119,351	174	20,937	381	71,220	150	27,194
\$1,000,000 under \$10,000,000.....	461	907,657	329	255,611	386	535,437	248	116,609
\$10,000,000 under \$25,000,000.....	100	857,773	78	211,622	91	509,947	69	136,205
\$25,000,000 under \$50,000,000.....	34	603,697	23	137,173	28	382,430	22	84,095
\$50,000,000 under \$100,000,000.....	21	928,376	14	196,171	20	603,326	14	128,879
\$100,000,000 or more.....	21	8,599,863	20	1,813,791	21	6,166,635	18	619,437
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total</b> .....	<b>25,388</b>	<b>167,910,567</b>	<b>12,783</b>	<b>28,331,022</b>	<b>21,682</b>	<b>121,067,500</b>	<b>10,535</b>	<b>18,512,044</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,334	120,454	831	17,779	2,533	82,298	651	20,378
\$100,000 under \$1,000,000.....	11,910	3,855,169	5,301	898,175	9,832	2,410,854	4,146	546,140
\$1,000,000 under \$10,000,000.....	8,034	19,956,200	5,072	4,704,715	7,313	12,399,311	4,255	2,852,174
\$10,000,000 under \$25,000,000.....	1,163	14,439,166	848	3,283,950	1,092	9,248,938	769	1,906,277
\$25,000,000 under \$50,000,000.....	455	12,748,753	338	2,734,467	431	8,172,723	334	1,841,562
\$50,000,000 under \$100,000,000.....	246	14,041,624	186	2,878,215	238	9,239,961	181	1,923,447
\$100,000,000 or more.....	246	102,749,201	207	13,813,722	242	79,513,415	199	9,422,065
<b>Grantmaking-nonoperating foundations</b>								
<b>Total</b> .....	<b>24,716</b>	<b>159,461,205</b>	<b>12,521</b>	<b>26,414,952</b>	<b>21,145</b>	<b>115,180,770</b>	<b>10,274</b>	<b>17,865,483</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,191	116,686	795	16,079	2,462	82,090	615	18,517
\$100,000 under \$1,000,000.....	11,600	3,759,920	5,208	879,593	9,571	2,355,571	4,046	524,756
\$1,000,000 under \$10,000,000.....	7,896	19,659,170	5,002	4,616,967	7,181	12,229,339	4,185	2,812,864
\$10,000,000 under \$25,000,000.....	1,121	14,063,976	816	3,197,364	1,057	9,011,668	744	1,854,944
\$25,000,000 under \$50,000,000.....	439	12,455,862	328	2,661,856	418	7,995,540	325	1,798,466
\$50,000,000 under \$100,000,000.....	236	13,542,768	179	2,798,377	228	8,897,412	173	1,846,979
\$100,000,000 or more.....	232	95,862,823	194	12,244,717	228	74,609,150	186	9,008,956
<b>Grantmaking-operating foundations</b>								
<b>Total</b> .....	<b>672</b>	<b>8,449,362</b>	<b>262</b>	<b>1,916,070</b>	<b>537</b>	<b>5,886,731</b>	<b>261</b>	<b>646,561</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*143	*3,768	*36	*1,700	*72	*207	*36	*1,860
\$100,000 under \$1,000,000.....	309	95,250	*94	*18,582	261	55,283	*100	*21,384
\$1,000,000 under \$10,000,000.....	138	297,030	70	87,747	133	169,972	70	39,310
\$10,000,000 under \$25,000,000.....	42	375,189	32	86,586	35	237,270	25	51,333
\$25,000,000 under \$50,000,000.....	16	292,891	10	72,611	13	177,183	9	43,096
\$50,000,000 under \$100,000,000.....	10	498,856	7	79,838	10	342,550	8	76,469
\$100,000,000 or more.....	14	6,886,378	13	1,569,005	14	4,904,265	13	413,108

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Net worth (book value)		Noncharitable-use assets		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
<b>ALL FOUNDATIONS</b>								
<b>Total</b> .....	<b>44,992</b>	<b>179,850,282</b>	<b>44,887</b>	<b>183,058,532</b>	<b>44,647</b>	<b>9,116,867</b>	<b>40,724</b>	<b>8,368,956</b>
Zero or unreported.....	*115	*-24,998	*215	*21,942	*215	*1,097	*215	*1,091
\$1 under \$100,000.....	15,165	402,547	14,986	448,825	14,771	21,925	12,997	20,943
\$100,000 under \$1,000,000.....	17,627	6,022,896	17,612	6,028,471	17,587	296,069	16,362	278,292
\$1,000,000 under \$10,000,000.....	9,728	24,667,171	9,733	26,136,641	9,733	1,298,429	9,017	1,206,959
\$10,000,000 under \$25,000,000.....	1,331	16,719,356	1,329	18,215,204	1,329	903,522	1,207	845,112
\$25,000,000 under \$50,000,000.....	495	13,698,289	492	15,458,764	492	768,726	453	720,414
\$50,000,000 under \$100,000,000.....	269	15,411,005	264	16,554,762	264	823,421	241	757,446
\$100,000,000 or more.....	262	102,954,016	256	100,193,923	256	5,003,678	232	4,538,699
<b>Nonoperating foundations</b>								
<b>Total</b> .....	<b>41,232</b>	<b>162,545,427</b>	<b>41,216</b>	<b>170,210,048</b>	<b>41,012</b>	<b>8,474,860</b>	<b>40,724</b>	<b>8,368,956</b>
Zero or unreported.....	*107	*-25,027	*215	*21,942	*215	*1,097	*215	*1,091
\$1 under \$100,000.....	13,505	355,026	13,398	414,841	13,219	20,395	12,997	20,943
\$100,000 under \$1,000,000.....	16,428	5,628,188	16,418	5,732,810	16,392	281,535	16,362	278,292
\$1,000,000 under \$10,000,000.....	9,040	22,865,845	9,050	24,631,368	9,050	1,223,165	9,017	1,206,959
\$10,000,000 under \$25,000,000.....	1,210	15,237,190	1,208	17,167,490	1,208	851,136	1,207	845,112
\$25,000,000 under \$50,000,000.....	457	12,663,688	454	14,663,948	454	728,985	453	720,414
\$50,000,000 under \$100,000,000.....	246	14,149,319	241	15,557,707	241	773,568	241	757,446
\$100,000,000 or more.....	239	91,671,198	233	92,019,942	233	4,594,979	232	4,538,699
<b>Operating foundations</b>								
<b>Total</b> .....	<b>3,760</b>	<b>17,304,855</b>	<b>3,671</b>	<b>12,848,484</b>	<b>3,635</b>	<b>642,006</b>	--	--
Zero or unreported.....	*7	*28	--	--	--	--	--	--
\$1 under \$100,000.....	1,659	47,521	1,588	33,984	1,552	1,530	--	--
\$100,000 under \$1,000,000.....	1,200	394,708	1,195	295,661	1,195	14,534	--	--
\$1,000,000 under \$10,000,000.....	689	1,801,326	684	1,505,273	684	75,264	--	--
\$10,000,000 under \$25,000,000.....	121	1,482,166	121	1,047,714	121	52,386	--	--
\$25,000,000 under \$50,000,000.....	38	1,034,601	38	794,816	38	39,741	--	--
\$50,000,000 under \$100,000,000.....	23	1,261,687	23	997,054	23	49,853	--	--
\$100,000,000 or more.....	23	11,282,818	23	8,173,982	23	408,699	--	--
<b>GRANTMAKING FOUNDATIONS</b>								
<b>Total</b> .....	<b>36,586</b>	<b>172,399,660</b>	<b>36,650</b>	<b>176,685,348</b>	<b>36,650</b>	<b>8,813,139</b>	<b>34,803</b>	<b>8,288,092</b>
Zero or unreported.....	*72	*-25,025	*107	*1,012	*107	*51	*107	*50
\$1 under \$100,000.....	10,373	298,377	10,409	367,393	10,409	18,152	9,572	17,907
\$100,000 under \$1,000,000.....	15,148	5,338,195	15,148	5,515,108	15,148	275,290	14,487	261,625
\$1,000,000 under \$10,000,000.....	8,799	22,825,905	8,804	24,592,480	8,804	1,226,529	8,551	1,181,013
\$10,000,000 under \$25,000,000.....	1,221	15,490,172	1,219	17,254,401	1,219	859,918	1,170	827,013
\$25,000,000 under \$50,000,000.....	471	13,158,035	469	14,965,887	469	744,082	449	717,939
\$50,000,000 under \$100,000,000.....	252	14,415,898	248	15,887,405	248	790,053	237	749,732
\$100,000,000 or more.....	251	100,898,103	246	98,101,662	246	4,899,065	230	4,532,812
<b>Grantmaking-nonoperating foundations</b>								
<b>Total</b> .....	<b>34,879</b>	<b>160,187,737</b>	<b>34,943</b>	<b>168,413,938</b>	<b>34,943</b>	<b>8,399,568</b>	<b>34,803</b>	<b>8,288,092</b>
Zero or unreported.....	*72	*-25,025	*107	*1,012	*107	*51	*107	*50
\$1 under \$100,000.....	9,643	274,876	9,679	350,219	9,679	17,293	9,572	17,907
\$100,000 under \$1,000,000.....	14,502	5,105,804	14,502	5,316,917	14,502	265,380	14,487	261,625
\$1,000,000 under \$10,000,000.....	8,561	22,218,690	8,567	24,004,639	8,567	1,197,137	8,551	1,181,013
\$10,000,000 under \$25,000,000.....	1,172	14,835,761	1,170	16,828,061	1,170	838,601	1,170	827,013
\$25,000,000 under \$50,000,000.....	452	12,600,215	450	14,613,772	450	726,476	449	717,939
\$50,000,000 under \$100,000,000.....	241	13,807,301	237	15,401,603	237	765,763	237	749,732
\$100,000,000 or more.....	236	91,370,118	231	91,897,715	231	4,588,868	230	4,532,812
<b>Grantmaking-operating foundations</b>								
<b>Total</b> .....	<b>1,707</b>	<b>12,211,923</b>	<b>1,707</b>	<b>8,271,410</b>	<b>1,707</b>	<b>413,570</b>	--	--
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	730	23,501	730	17,174	730	859	--	--
\$100,000 under \$1,000,000.....	646	232,392	646	198,191	646	9,909	--	--
\$1,000,000 under \$10,000,000.....	237	607,215	237	587,840	237	29,392	--	--
\$10,000,000 under \$25,000,000.....	49	654,411	49	426,340	49	21,317	--	--
\$25,000,000 under \$50,000,000.....	19	557,821	19	352,115	19	17,606	--	--
\$50,000,000 under \$100,000,000.....	11	608,597	11	485,802	11	24,290	--	--
\$100,000,000 or more.....	15	9,527,985	15	6,203,947	15	310,197	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1994		Excess distributions carryover to 1995	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(57)	(58)	(59)	(60)	(61)	(62)
<b>ALL FOUNDATIONS</b>						
<b>Total</b> .....	<b>41,570</b>	<b>14,746,753</b>	<b>11,728</b>	<b>2,228,018</b>	<b>29,404</b>	<b>17,091,859</b>
Zero or unreported.....	*358	*159,643	--	--	472	660,988
\$1 under \$100,000.....	12,633	529,394	3,034	2,097	10,178	1,668,632
\$100,000 under \$1,000,000.....	16,806	1,082,982	4,534	51,690	11,768	2,410,608
\$1,000,000 under \$10,000,000.....	9,441	2,693,377	3,307	285,902	5,708	4,796,285
\$10,000,000 under \$25,000,000.....	1,317	1,738,832	441	189,232	763	2,468,413
\$25,000,000 under \$50,000,000.....	493	1,321,680	187	200,990	266	1,548,249
\$50,000,000 under \$100,000,000.....	264	1,120,938	108	250,976	134	1,298,386
\$100,000,000 or more.....	258	6,099,907	118	1,247,130	115	2,240,298
<b>Nonoperating foundations</b>						
<b>Total</b> .....	<b>38,100</b>	<b>12,859,270</b>	<b>11,728</b>	<b>2,228,018</b>	<b>29,404</b>	<b>17,091,859</b>
Zero or unreported.....	*322	*159,631	--	--	472	660,988
\$1 under \$100,000.....	11,259	506,629	3,034	2,097	10,178	1,668,632
\$100,000 under \$1,000,000.....	15,626	894,176	4,534	51,690	11,768	2,410,608
\$1,000,000 under \$10,000,000.....	8,763	2,337,563	3,307	285,902	5,708	4,796,285
\$10,000,000 under \$25,000,000.....	1,199	1,569,100	441	189,232	763	2,468,413
\$25,000,000 under \$50,000,000.....	455	1,088,542	187	200,990	266	1,548,249
\$50,000,000 under \$100,000,000.....	241	1,016,923	108	250,976	134	1,298,386
\$100,000,000 or more.....	235	5,286,707	118	1,247,130	115	2,240,298
<b>Operating foundations</b>						
<b>Total</b> .....	<b>3,470</b>	<b>1,887,483</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	*36	*12	--	--	--	--
\$1 under \$100,000.....	1,373	22,766	--	--	--	--
\$100,000 under \$1,000,000.....	1,181	188,807	--	--	--	--
\$1,000,000 under \$10,000,000.....	678	355,814	--	--	--	--
\$10,000,000 under \$25,000,000.....	118	169,732	--	--	--	--
\$25,000,000 under \$50,000,000.....	38	233,138	--	--	--	--
\$50,000,000 under \$100,000,000.....	23	104,015	--	--	--	--
\$100,000,000 or more.....	23	813,200	--	--	--	--
<b>GRANTMAKING FOUNDATIONS</b>						
<b>Total</b> .....	<b>36,835</b>	<b>13,937,968</b>	<b>8,636</b>	<b>2,199,259</b>	<b>26,376</b>	<b>16,387,978</b>
Zero or unreported.....	*286	*159,623	--	--	*286	*504,759
\$1 under \$100,000.....	10,409	482,033	1,288	1,140	8,391	1,550,448
\$100,000 under \$1,000,000.....	15,148	899,840	3,503	44,455	10,898	2,240,908
\$1,000,000 under \$10,000,000.....	8,804	2,485,758	3,014	273,131	5,546	4,587,987
\$10,000,000 under \$25,000,000.....	1,221	1,606,068	421	185,641	747	2,438,892
\$25,000,000 under \$50,000,000.....	470	1,262,582	186	199,759	263	1,543,234
\$50,000,000 under \$100,000,000.....	250	1,054,862	106	248,003	132	1,285,772
\$100,000,000 or more.....	248	5,987,201	118	1,247,130	113	2,235,978
<b>Grantmaking-nonoperating foundations</b>						
<b>Total</b> .....	<b>35,128</b>	<b>12,703,367</b>	<b>8,636</b>	<b>2,199,259</b>	<b>26,376</b>	<b>16,387,978</b>
Zero or unreported.....	*286	*159,623	--	--	*286	*504,759
\$1 under \$100,000.....	9,679	470,591	1,288	1,140	8,391	1,550,448
\$100,000 under \$1,000,000.....	14,502	824,204	3,503	44,455	10,898	2,240,908
\$1,000,000 under \$10,000,000.....	8,567	2,315,694	3,014	273,131	5,546	4,587,987
\$10,000,000 under \$25,000,000.....	1,172	1,558,761	421	185,641	747	2,438,892
\$25,000,000 under \$50,000,000.....	451	1,085,800	186	199,759	263	1,543,234
\$50,000,000 under \$100,000,000.....	239	1,010,296	106	248,003	132	1,285,772
\$100,000,000 or more.....	233	5,278,397	118	1,247,130	113	2,235,978
<b>Grantmaking-operating foundations</b>						
<b>Total</b> .....	<b>1,707</b>	<b>1,234,600</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--
\$1 under \$100,000.....	730	11,442	--	--	--	--
\$100,000 under \$1,000,000.....	646	75,635	--	--	--	--
\$1,000,000 under \$10,000,000.....	237	170,064	--	--	--	--
\$10,000,000 under \$25,000,000.....	49	47,308	--	--	--	--
\$25,000,000 under \$50,000,000.....	19	176,782	--	--	--	--
\$50,000,000 under \$100,000,000.....	11	44,565	--	--	--	--
\$100,000,000 or more.....	15	708,803	--	--	--	--

N/A - not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

1 Less than \$500.

2 The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1994 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 3) because foundations may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1994

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>ALL CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,909</b>	<b>2,909</b>	<b>425,011</b>	<b>399</b>	<b>106,229</b>	<b>2,654</b>	<b>121,547</b>	<b>2,106</b>	<b>160,227</b>
Zero or unreported.....	*52	*52	*63	--	--	*37	*54	*22	*-1
\$1 under \$100,000.....	852	852	6,400	230	3,233	692	1,671	467	1,251
\$100,000 under \$500,000.....	1,055	1,055	34,263	69	12,210	994	11,366	769	8,010
\$500,000 under \$1,000,000.....	363	363	25,522	*34	*5,031	363	11,090	329	7,157
\$1,000,000 under \$10,000,000.....	538	538	180,364	59	73,721	521	56,319	471	34,257
\$10,000,000 or more.....	49	49	178,399	6	12,035	46	41,047	48	109,554
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,881</b>	<b>2,881</b>	<b>420,081</b>	<b>399</b>	<b>106,229</b>	<b>2,637</b>	<b>120,328</b>	<b>2,095</b>	<b>159,960</b>
Zero or unreported.....	*52	*52	*63	--	--	*37	*54	*22	*-1
\$1 under \$100,000.....	845	845	6,396	230	3,233	692	1,671	467	1,251
\$100,000 under \$500,000.....	1,047	1,047	34,083	69	12,210	990	11,339	765	7,946
\$500,000 under \$1,000,000.....	359	359	25,361	*34	*5,031	359	11,083	325	7,153
\$1,000,000 under \$10,000,000.....	531	531	177,120	59	73,721	514	56,164	469	34,176
\$10,000,000 or more.....	48	48	177,058	6	12,035	45	40,017	47	109,435
<b>Operating trusts</b>									
<b>Total.....</b>	<b>*28</b>	<b>*28</b>	<b>*4,929</b>	<b>--</b>	<b>--</b>	<b>*16</b>	<b>*1,220</b>	<b>*11</b>	<b>*267</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*5	--	--	--	--	--	--
\$100,000 under \$500,000.....	*8	*8	*179	--	--	*4	*27	*4	*64
\$500,000 under \$1,000,000.....	*4	*4	*161	--	--	*4	*8	*4	*5
\$1,000,000 under \$10,000,000.....	7	7	3,244	--	--	7	155	2	80
\$10,000,000 or more.....	1	1	1,341	--	--	1	1,030	1	118
<b>GRANTMAKING CHARITABLE TRUSTS</b>									
<b>Total.....</b>	<b>2,689</b>	<b>2,689</b>	<b>403,917</b>	<b>309</b>	<b>98,035</b>	<b>2,511</b>	<b>114,783</b>	<b>2,039</b>	<b>158,111</b>
Zero or unreported.....	*44	*44	*59	--	--	*37	*54	*22	*-1
\$1 under \$100,000.....	692	692	4,789	*144	*1,946	590	1,417	438	1,247
\$100,000 under \$500,000.....	1,034	1,034	33,656	69	12,210	982	11,204	757	7,828
\$500,000 under \$1,000,000.....	355	355	25,262	*34	*5,031	355	11,008	321	7,179
\$1,000,000 under \$10,000,000.....	517	517	167,581	55	66,813	504	54,974	457	33,084
\$10,000,000 or more.....	46	46	172,570	6	12,035	43	36,126	45	108,774
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,678</b>	<b>2,678</b>	<b>402,255</b>	<b>309</b>	<b>98,035</b>	<b>2,505</b>	<b>113,681</b>	<b>2,033</b>	<b>157,832</b>
Zero or unreported.....	*44	*44	*59	--	--	*37	*54	*22	*-1
\$1 under \$100,000.....	692	692	4,789	*144	*1,946	590	1,417	438	1,247
\$100,000 under \$500,000.....	1,026	1,026	33,477	69	12,210	978	11,177	752	7,764
\$500,000 under \$1,000,000.....	355	355	25,262	*34	*5,031	355	11,008	321	7,179
\$1,000,000 under \$10,000,000.....	516	516	167,439	55	66,813	503	54,929	456	32,987
\$10,000,000 or more.....	45	45	171,230	6	12,035	42	35,097	44	108,656
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>*10</b>	<b>*10</b>	<b>*1,662</b>	<b>--</b>	<b>--</b>	<b>*6</b>	<b>*1,102</b>	<b>*6</b>	<b>*279</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*8	*8	*179	--	--	*4	*27	*4	*64
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	1	142	--	--	1	45	1	97
\$10,000,000 or more.....	1	1	1,341	--	--	1	1,030	1	118

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,908</b>	<b>206,025</b>	<b>2,907</b>	<b>218,985</b>	<b>2,827</b>	<b>274,900</b>	<b>2,867</b>	<b>177,990</b>
Zero or unreported.....	*52	*1,500	*52	*-1,437	*44	*40	*44	*1,400
\$1 under \$100,000.....	852	5,778	852	622	787	2,240	838	4,571
\$100,000 under \$500,000.....	1,055	16,634	1,055	17,629	1,051	18,551	1,047	14,114
\$500,000 under \$1,000,000.....	363	16,032	363	9,490	359	18,040	355	12,859
\$1,000,000 under \$10,000,000.....	537	86,372	536	93,992	537	94,875	535	71,987
\$10,000,000 or more.....	49	79,710	49	98,689	49	141,154	49	73,060
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,880</b>	<b>200,184</b>	<b>2,879</b>	<b>219,897</b>	<b>2,799</b>	<b>272,379</b>	<b>2,845</b>	<b>174,232</b>
Zero or unreported.....	*52	*1,500	*52	*-1,437	*44	*40	*44	*1,400
\$1 under \$100,000.....	845	5,775	845	620	780	2,235	830	4,569
\$100,000 under \$500,000.....	1,047	16,511	1,047	17,572	1,043	18,397	1,038	14,024
\$500,000 under \$1,000,000.....	359	15,887	359	9,474	355	17,919	355	12,859
\$1,000,000 under \$10,000,000.....	530	81,898	529	95,223	530	93,697	529	69,140
\$10,000,000 or more.....	48	78,613	48	98,446	48	140,092	48	72,240
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*28</b>	<b>*5,841</b>	<b>*28</b>	<b>*-912</b>	<b>*28</b>	<b>*2,521</b>	<b>*23</b>	<b>*3,758</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*3	*7	*2	*7	*5	*7	*2
\$100,000 under \$500,000.....	*8	*122	*8	*57	*8	*154	*8	*89
\$500,000 under \$1,000,000.....	*4	*145	*4	*16	*4	*121	--	--
\$1,000,000 under \$10,000,000.....	7	4,474	7	-1,230	7	1,178	6	2,847
\$10,000,000 or more.....	1	1,097	1	243	1	1,063	1	819
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,689</b>	<b>198,503</b>	<b>2,687</b>	<b>205,413</b>	<b>2,662</b>	<b>265,329</b>	<b>2,689</b>	<b>174,365</b>
Zero or unreported.....	*44	*1,499	*44	*-1,440	*37	*36	*44	*1,400
\$1 under \$100,000.....	692	4,534	692	255	678	1,940	692	4,023
\$100,000 under \$500,000.....	1,034	16,404	1,034	17,252	1,030	18,239	1,034	14,100
\$500,000 under \$1,000,000.....	355	15,610	355	9,652	355	17,919	355	12,859
\$1,000,000 under \$10,000,000.....	517	81,610	515	85,971	517	91,324	517	69,136
\$10,000,000 or more.....	46	78,846	46	93,724	46	135,871	46	72,847
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,678</b>	<b>197,228</b>	<b>2,676</b>	<b>205,027</b>	<b>2,652</b>	<b>263,978</b>	<b>2,678</b>	<b>173,412</b>
Zero or unreported.....	*44	*1,499	*44	*-1,440	*37	*36	*44	*1,400
\$1 under \$100,000.....	692	4,534	692	255	678	1,940	692	4,023
\$100,000 under \$500,000.....	1,026	16,282	1,026	17,195	1,022	18,085	1,026	14,011
\$500,000 under \$1,000,000.....	355	15,610	355	9,652	355	17,919	355	12,859
\$1,000,000 under \$10,000,000.....	516	81,554	514	85,885	516	91,190	516	69,092
\$10,000,000 or more.....	45	77,749	45	93,481	45	134,808	45	72,028
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*10</b>	<b>*1,275</b>	<b>*10</b>	<b>*386</b>	<b>*10</b>	<b>*1,351</b>	<b>*10</b>	<b>*953</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*8	*122	*8	*57	*8	*154	*8	*89
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	56	1	86	1	134	1	44
\$10,000,000 or more.....	1	1,097	1	243	1	1,063	1	819

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid *		Excise tax on net investment income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,689</b>	<b>165,899</b>	<b>2,739</b>	<b>4,656</b>	<b>2,857</b>	<b>2,800,882</b>	<b>2,735</b>	<b>2,580,536</b>
Zero or unreported.....	*44	*1,366	*37	*1	--	--	--	--
\$1 under \$100,000.....	692	3,857	737	41	852	34,168	744	27,723
\$100,000 under \$500,000.....	1,034	13,089	1,030	332	1,055	242,312	1,047	198,249
\$500,000 under \$1,000,000.....	355	11,774	355	299	363	207,015	359	181,972
\$1,000,000 under \$10,000,000.....	517	66,359	532	1,612	538	1,222,003	536	1,119,941
\$10,000,000 or more.....	46	69,454	49	2,372	49	1,095,385	49	1,052,652
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,678</b>	<b>165,268</b>	<b>2,719</b>	<b>4,615</b>	<b>2,830</b>	<b>2,757,079</b>	<b>2,707</b>	<b>2,551,094</b>
Zero or unreported.....	*44	*1,366	*37	*1	--	--	--	--
\$1 under \$100,000.....	692	3,857	737	41	845	34,035	737	27,590
\$100,000 under \$500,000.....	1,026	13,007	1,022	329	1,047	239,666	1,038	195,743
\$500,000 under \$1,000,000.....	355	11,774	351	296	359	203,745	355	179,329
\$1,000,000 under \$10,000,000.....	516	66,317	525	1,598	531	1,192,692	529	1,102,316
\$10,000,000 or more.....	45	68,946	48	2,351	48	1,086,940	48	1,046,117
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*10</b>	<b>*631</b>	<b>*20</b>	<b>*41</b>	<b>*28</b>	<b>*43,803</b>	<b>*28</b>	<b>*29,441</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*7	*133	*7	*133
\$100,000 under \$500,000.....	*8	*82	*8	*3	*8	*2,646	*8	*2,505
\$500,000 under \$1,000,000.....	--	--	*4	*2	*4	*3,269	*4	*2,643
\$1,000,000 under \$10,000,000.....	1	42	7	14	7	29,311	7	17,625
\$10,000,000 or more.....	1	508	1	21	1	8,444	1	6,535
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,689</b>	<b>165,899</b>	<b>2,594</b>	<b>4,475</b>	<b>2,644</b>	<b>2,620,732</b>	<b>2,565</b>	<b>2,417,287</b>
Zero or unreported.....	*44	*1,366	*37	*1	--	--	--	--
\$1 under \$100,000.....	692	3,857	635	35	692	28,052	627	22,201
\$100,000 under \$500,000.....	1,034	13,089	1,014	326	1,034	237,265	1,026	195,688
\$500,000 under \$1,000,000.....	355	11,774	351	296	355	201,164	351	176,975
\$1,000,000 under \$10,000,000.....	517	66,359	512	1,551	517	1,155,612	515	1,065,741
\$10,000,000 or more.....	46	69,454	46	2,267	46	998,639	46	956,682
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,678</b>	<b>165,268</b>	<b>2,583</b>	<b>4,448</b>	<b>2,634</b>	<b>2,609,142</b>	<b>2,554</b>	<b>2,407,748</b>
Zero or unreported.....	*44	*1,366	*37	*1	--	--	--	--
\$1 under \$100,000.....	692	3,857	635	35	692	28,052	627	22,201
\$100,000 under \$500,000.....	1,026	13,007	1,005	322	1,026	234,620	1,018	193,183
\$500,000 under \$1,000,000.....	355	11,774	351	296	355	201,164	351	176,975
\$1,000,000 under \$10,000,000.....	516	66,317	511	1,548	516	1,155,113	514	1,065,242
\$10,000,000 or more.....	45	68,946	45	2,245	45	990,195	45	950,147
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*10</b>	<b>*631</b>	<b>*10</b>	<b>*27</b>	<b>*10</b>	<b>*11,589</b>	<b>10</b>	<b>9,539</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*8	*82	*8	*3	*8	*2,646	*8	*2,505
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	42	1	3	1	499	1	499
\$10,000,000 or more.....	1	508	1	21	1	8,444	1	6,535

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1994

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,210</b>	<b>2,005,333</b>	<b>956</b>	<b>432,125</b>	<b>1,970</b>	<b>1,114,503</b>	<b>1,079</b>	<b>458,705</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	575	20,145	181	4,970	444	12,074	146	3,100
\$100,000 under \$500,000.....	778	151,105	261	22,045	707	81,364	445	47,696
\$500,000 under \$1,000,000.....	331	147,180	169	33,839	327	84,188	176	29,153
\$1,000,000 under \$10,000,000.....	480	909,087	317	215,013	448	523,896	280	170,178
\$10,000,000 or more.....	46	777,816	29	156,258	44	412,980	32	208,578
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,194</b>	<b>1,983,485</b>	<b>941</b>	<b>418,046</b>	<b>1,954</b>	<b>1,110,226</b>	<b>1,071</b>	<b>455,213</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	575	20,145	181	4,970	444	12,074	146	3,100
\$100,000 under \$500,000.....	774	150,367	256	21,970	703	80,701	445	47,696
\$500,000 under \$1,000,000.....	327	144,682	165	33,735	323	83,612	172	27,335
\$1,000,000 under \$10,000,000.....	473	892,441	310	201,113	441	522,011	278	169,318
\$10,000,000 or more.....	45	775,850	29	156,258	43	411,828	31	207,764
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*16</b>	<b>*21,848</b>	<b>*15</b>	<b>*14,079</b>	<b>*16</b>	<b>*4,277</b>	<b>*7</b>	<b>*3,492</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*738	*4	*75	*4	*664	--	--
\$500,000 under \$1,000,000.....	*4	*2,497	*4	*104	*4	*576	*4	*1,817
\$1,000,000 under \$10,000,000.....	7	16,646	7	13,900	7	1,886	2	860
\$10,000,000 or more.....	1	1,966	--	--	1	1,152	1	814
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,070</b>	<b>1,854,274</b>	<b>884</b>	<b>398,238</b>	<b>1,844</b>	<b>1,043,932</b>	<b>1,030</b>	<b>412,104</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	472	16,067	130	4,717	357	8,458	124	2,892
\$100,000 under \$500,000.....	770	149,748	256	21,920	699	80,820	436	47,008
\$500,000 under \$1,000,000.....	323	143,027	161	33,438	319	82,786	168	26,803
\$1,000,000 under \$10,000,000.....	461	863,246	309	200,909	429	500,006	271	162,330
\$10,000,000 or more.....	43	682,187	28	137,253	41	371,862	31	173,071
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,063</b>	<b>1,851,201</b>	<b>879</b>	<b>397,916</b>	<b>1,838</b>	<b>1,042,021</b>	<b>1,028</b>	<b>411,263</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	472	16,067	130	4,717	357	8,458	124	2,892
\$100,000 under \$500,000.....	765	149,010	252	21,846	695	80,156	436	47,008
\$500,000 under \$1,000,000.....	323	143,027	161	33,438	319	82,786	168	26,803
\$1,000,000 under \$10,000,000.....	460	862,877	308	200,662	428	499,911	270	162,304
\$10,000,000 or more.....	42	680,221	28	137,253	40	370,710	30	172,257
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*6</b>	<b>*3,073</b>	<b>*5</b>	<b>*321</b>	<b>*6</b>	<b>*1,911</b>	<b>*2</b>	<b>*840</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*738	*4	*75	*4	*664	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	369	1	247	1	96	1	26
\$10,000,000 or more.....	1	1,966	--	--	1	1,152	1	814

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1994

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,857</b>	<b>3,376,516</b>	<b>2,735</b>	<b>3,114,200</b>	<b>2,210</b>	<b>2,473,346</b>	<b>956</b>	<b>438,848</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	852	35,934	744	28,457	575	21,020	181	5,013
\$100,000 under \$500,000.....	1,055	274,832	1,047	225,662	778	175,551	261	21,899
\$500,000 under \$1,000,000.....	363	259,581	359	226,527	331	186,940	169	33,160
\$1,000,000 under \$10,000,000.....	538	1,473,910	536	1,358,706	480	1,114,738	317	222,022
\$10,000,000 or more.....	49	1,332,259	49	1,274,849	46	975,096	29	156,754
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,830</b>	<b>3,315,172</b>	<b>2,707</b>	<b>3,070,914</b>	<b>2,194</b>	<b>2,450,392</b>	<b>941</b>	<b>424,994</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	845	35,801	737	28,324	575	21,020	181	5,013
\$100,000 under \$500,000.....	1,047	272,244	1,038	223,220	774	174,813	256	21,824
\$500,000 under \$1,000,000.....	359	256,275	355	223,848	327	184,407	165	33,055
\$1,000,000 under \$10,000,000.....	531	1,433,405	529	1,333,576	473	1,097,600	310	208,348
\$10,000,000 or more.....	48	1,317,447	48	1,261,946	45	972,552	29	156,754
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*28</b>	<b>*61,345</b>	<b>*28</b>	<b>*43,286</b>	<b>*16</b>	<b>*22,954</b>	<b>*15</b>	<b>*13,854</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*133	*7	*133	--	--	--	--
\$100,000 under \$500,000.....	*8	*2,589	*8	*2,442	*4	*738	*4	*75
\$500,000 under \$1,000,000.....	*4	*3,306	*4	*2,679	*4	*2,534	*4	*105
\$1,000,000 under \$10,000,000.....	7	40,505	7	25,130	7	17,138	7	13,674
\$10,000,000 or more.....	1	14,812	1	12,902	1	2,544	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>2,644</b>	<b>3,161,228</b>	<b>2,565</b>	<b>2,920,220</b>	<b>2,070</b>	<b>2,299,387</b>	<b>884</b>	<b>405,138</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	692	30,524	627	23,640	472	17,263	130	4,697
\$100,000 under \$500,000.....	1,034	268,921	1,026	222,954	770	174,047	256	21,774
\$500,000 under \$1,000,000.....	355	253,793	351	221,593	323	182,825	161	32,787
\$1,000,000 under \$10,000,000.....	517	1,391,388	515	1,292,066	461	1,064,698	309	208,163
\$10,000,000 or more.....	46	1,216,602	46	1,159,967	43	860,554	28	137,716
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,634</b>	<b>3,142,726</b>	<b>2,554</b>	<b>2,903,775</b>	<b>2,063</b>	<b>2,295,131</b>	<b>879</b>	<b>404,809</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	692	30,524	627	23,640	472	17,263	130	4,697
\$100,000 under \$500,000.....	1,026	266,332	1,018	220,513	765	173,308	252	21,700
\$500,000 under \$1,000,000.....	355	253,793	351	221,593	323	182,825	161	32,787
\$1,000,000 under \$10,000,000.....	516	1,390,287	514	1,290,964	460	1,063,724	308	207,909
\$10,000,000 or more.....	45	1,201,790	45	1,147,064	42	858,010	28	137,716
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*10</b>	<b>*18,502</b>	<b>*10</b>	<b>*16,445</b>	<b>*6</b>	<b>*4,256</b>	<b>*5</b>	<b>*329</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*8	*2,589	*8	*2,442	*4	*738	*4	*75
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	1,102	1	1,102	1	974	1	254
\$10,000,000 or more.....	1	14,812	1	12,902	1	2,544	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Investments in securities (fair market value)--Continued				Net worth (book value)		Noncharitable-use assets	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>ALL CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>1,970</b>	<b>1,579,766</b>	<b>1,080</b>	<b>454,732</b>	<b>2,850</b>	<b>2,788,288</b>	<b>2,909</b>	<b>3,157,046</b>
Zero or unreported.....	--	--	--	--	--	--	*52	*1,415
\$1 under \$100,000.....	444	12,846	146	3,161	845	33,980	852	35,476
\$100,000 under \$500,000.....	707	104,359	445	49,294	1,055	242,002	1,055	267,457
\$500,000 under \$1,000,000.....	327	124,178	176	29,602	363	206,629	363	249,318
\$1,000,000 under \$10,000,000.....	448	723,126	281	169,590	538	1,218,613	538	1,371,840
\$10,000,000 or more.....	44	615,257	32	203,085	49	1,087,064	49	1,231,538
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>1,954</b>	<b>1,573,937</b>	<b>1,072</b>	<b>451,461</b>	<b>2,822</b>	<b>2,744,903</b>	<b>2,881</b>	<b>3,113,690</b>
Zero or unreported.....	--	--	--	--	--	--	*52	*1,415
\$1 under \$100,000.....	444	12,846	146	3,161	838	33,847	845	35,346
\$100,000 under \$500,000.....	703	103,695	445	49,294	1,047	239,356	1,047	265,021
\$500,000 under \$1,000,000.....	323	123,486	172	27,865	359	203,568	359	246,375
\$1,000,000 under \$10,000,000.....	441	720,503	279	168,750	531	1,189,303	531	1,346,726
\$10,000,000 or more.....	43	613,408	31	202,390	48	1,078,829	48	1,218,806
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*16</b>	<b>*5,828</b>	<b>*7</b>	<b>*3,271</b>	<b>*28</b>	<b>*43,385</b>	<b>*28</b>	<b>*43,356</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*7	*133	*7	*130
\$100,000 under \$500,000.....	*4	*664	--	--	*8	*2,646	*8	*2,436
\$500,000 under \$1,000,000.....	*4	*693	*4	*1,736	*4	*3,062	*4	*2,943
\$1,000,000 under \$10,000,000.....	7	2,623	2	840	7	29,310	7	25,115
\$10,000,000 or more.....	1	1,849	1	695	1	8,235	1	12,732
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
<b>Total.....</b>	<b>1,844</b>	<b>1,485,447</b>	<b>1,031</b>	<b>408,802</b>	<b>2,637</b>	<b>2,609,782</b>	<b>2,689</b>	<b>2,977,300</b>
Zero or unreported.....	--	--	--	--	--	--	*44	*1,372
\$1 under \$100,000.....	357	9,597	124	2,970	685	28,002	692	30,026
\$100,000 under \$500,000.....	699	103,678	436	48,594	1,034	237,091	1,034	261,867
\$500,000 under \$1,000,000.....	319	122,661	168	27,377	355	201,091	355	243,882
\$1,000,000 under \$10,000,000.....	429	694,879	272	161,656	517	1,152,222	517	1,313,221
\$10,000,000 or more.....	41	554,632	31	168,205	46	991,376	46	1,126,932
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>1,838</b>	<b>1,482,239</b>	<b>1,029</b>	<b>408,083</b>	<b>2,627</b>	<b>2,598,403</b>	<b>2,678</b>	<b>2,961,114</b>
Zero or unreported.....	--	--	--	--	--	--	*44	*1,372
\$1 under \$100,000.....	357	9,597	124	2,970	685	28,002	692	30,026
\$100,000 under \$500,000.....	695	103,014	436	48,594	1,026	234,445	1,026	259,431
\$500,000 under \$1,000,000.....	319	122,661	168	27,377	355	201,091	355	243,882
\$1,000,000 under \$10,000,000.....	428	694,184	271	161,631	516	1,151,723	516	1,312,203
\$10,000,000 or more.....	40	552,783	30	167,511	45	983,141	45	1,114,200
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*6</b>	<b>*3,208</b>	<b>2</b>	<b>720</b>	<b>*10</b>	<b>*11,380</b>	<b>*10</b>	<b>*16,186</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*664	--	--	*8	*2,646	*8	*2,436
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	696	1	25	1	499	1	1,018
\$10,000,000 or more.....	1	1,849	1	695	1	8,235	1	12,732

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1994		Excess distributions carryover to 1995	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>ALL CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,909</b>	<b>157,050</b>	<b>2,878</b>	<b>145,570</b>	<b>2,867</b>	<b>181,524</b>	<b>1,102</b>	<b>40,199</b>	<b>1,760</b>	<b>194,573</b>
Zero or unreported.....	*52	*71	*52	*70	*44	*1,400	*7	*2	*44	*1,552
\$1 under \$100,000.....	852	1,774	845	1,738	838	4,571	300	334	545	27,496
\$100,000 under \$500,000.....	1,055	13,287	1,047	13,035	1,047	15,953	476	3,726	571	13,139
\$500,000 under \$1,000,000.....	363	12,466	359	11,923	355	12,859	95	1,479	245	14,074
\$1,000,000 under \$10,000,000.....	538	67,876	531	65,498	535	73,677	203	18,206	328	53,443
\$10,000,000 or more.....	49	61,577	45	53,306	49	73,064	21	16,453	27	84,869
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,881</b>	<b>154,883</b>	<b>2,878</b>	<b>145,570</b>	<b>2,845</b>	<b>177,766</b>	<b>1,102</b>	<b>40,199</b>	<b>1,760</b>	<b>194,573</b>
Zero or unreported.....	*52	*71	*52	*70	*44	*1,400	*7	*2	*44	*1,552
\$1 under \$100,000.....	845	1,767	845	1,738	830	4,569	300	334	545	27,496
\$100,000 under \$500,000.....	1,047	13,166	1,047	13,035	1,038	15,863	476	3,726	571	13,139
\$500,000 under \$1,000,000.....	359	12,319	359	11,923	355	12,859	95	1,479	245	14,074
\$1,000,000 under \$10,000,000.....	531	66,620	531	65,498	529	70,830	203	18,206	328	53,443
\$10,000,000 or more.....	48	60,940	45	53,306	48	72,245	21	16,453	27	84,869
<b>Operating trusts</b>										
<b>Total.....</b>	<b>*28</b>	<b>*2,168</b>	--	--	<b>*23</b>	<b>*3,758</b>	--	--	--	--
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*6	--	--	*7	*2	--	--	--	--
\$100,000 under \$500,000.....	*8	*122	--	--	*8	*89	--	--	--	--
\$500,000 under \$1,000,000.....	*4	*147	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	7	1,256	--	--	6	2,847	--	--	--	--
\$10,000,000 or more.....	1	637	--	--	1	819	--	--	--	--
<b>GRANTMAKING CHARITABLE TRUSTS</b>										
<b>Total.....</b>	<b>2,689</b>	<b>148,396</b>	<b>2,677</b>	<b>143,512</b>	<b>2,689</b>	<b>177,749</b>	<b>1,009</b>	<b>39,123</b>	<b>1,650</b>	<b>185,223</b>
Zero or unreported.....	*44	*69	*44	*68	*44	*1,400	--	--	*44	*1,552
\$1 under \$100,000.....	692	1,501	692	1,480	692	4,023	241	249	451	18,848
\$100,000 under \$500,000.....	1,034	13,008	1,026	12,765	1,034	15,939	463	3,602	563	12,956
\$500,000 under \$1,000,000.....	355	12,194	355	11,798	355	12,859	91	1,354	245	14,074
\$1,000,000 under \$10,000,000.....	517	65,278	516	64,155	517	70,676	194	17,506	322	53,252
\$10,000,000 or more.....	46	56,347	44	53,245	46	72,852	20	16,411	25	84,542
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,678</b>	<b>147,587</b>	<b>2,677</b>	<b>143,512</b>	<b>2,678</b>	<b>176,796</b>	<b>1,009</b>	<b>39,123</b>	<b>1,650</b>	<b>185,223</b>
Zero or unreported.....	*44	*69	*44	*68	*44	*1,400	--	--	*44	*1,552
\$1 under \$100,000.....	692	1,501	692	1,480	692	4,023	241	249	451	18,848
\$100,000 under \$500,000.....	1,026	12,886	1,026	12,765	1,026	15,850	463	3,602	563	12,956
\$500,000 under \$1,000,000.....	355	12,194	355	11,798	355	12,859	91	1,354	245	14,074
\$1,000,000 under \$10,000,000.....	516	65,227	516	64,155	516	70,632	194	17,506	322	53,252
\$10,000,000 or more.....	45	55,710	44	53,245	45	72,032	20	16,411	25	84,542
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>*10</b>	<b>*809</b>	--	--	<b>*10</b>	<b>*953</b>	--	--	--	--
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*8	*122	--	--	*8	*89	--	--	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	1	51	--	--	1	44	--	--	--	--
\$10,000,000 or more.....	1	637	--	--	1	819	--	--	--	--

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that trusts actually disbursed for charitable purposes for 1994 using the cash receipts and disbursements method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 4) because trusts may use either the cash receipts and disbursements or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1994

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>45,841</b>	<b>837</b>	<b>15,236</b>	<b>17,668</b>	<b>9,743</b>	<b>1,331</b>	<b>495</b>	<b>269</b>	<b>262</b>
<b>Total revenue.....</b>	<b>29,859,556</b>	<b>151,280</b>	<b>508,152</b>	<b>1,854,958</b>	<b>5,656,936</b>	<b>3,508,263</b>	<b>2,430,555</b>	<b>2,399,455</b>	<b>13,349,957</b>
Contributions, gifts, and grants received.....	11,846,829	*150,916	475,509	1,354,759	3,494,759	1,954,946	1,050,026	898,179	2,467,735
Interest on savings and temporary cash investments.....	996,047	*46	6,873	58,117	199,929	99,648	79,406	95,003	457,025
Dividends and interest from securities.....	6,957,273	*341	16,433	206,000	950,944	662,827	562,705	606,905	3,951,119
Gross rents and royalties.....	357,122	--	*715	17,547	69,512	30,946	30,674	67,944	139,784
Net gain (or loss) from sales of assets.....	8,704,686	*56	503	151,296	673,925	591,072	519,096	621,542	6,147,307
Gross profit (less loss) from business activities.....	147,118	*33	*2,562	7,988	25,168	54,664	21,468	29,531	5,705
Other income.....	850,479	--	5,557	59,250	242,698	114,160	167,180	80,351	181,283
<b>Total expenses.....</b>	<b>16,451,885</b>	<b>160,435</b>	<b>565,265</b>	<b>1,165,250</b>	<b>3,001,675</b>	<b>1,940,909</b>	<b>1,458,633</b>	<b>1,237,873</b>	<b>6,921,845</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	12,659,881	159,878	472,859	821,553	2,222,346	1,509,013	1,088,968	944,502	5,440,762
Compensation of officers.....	347,657	*33	9,172	32,347	76,048	45,965	36,708	30,809	116,574
Other salaries and wages.....	789,481	--	21,553	96,675	178,510	85,310	67,999	54,306	285,129
Pension plans and employee benefits.....	216,402	--	*2,712	12,278	28,772	17,983	13,483	17,146	124,028
Legal fees.....	75,903	*173	2,141	10,276	18,813	10,316	7,274	6,879	20,031
Accounting fees.....	76,574	*116	4,967	14,326	26,048	9,893	6,333	5,616	9,276
Other professional fees.....	534,928	*125	4,634	19,819	75,917	61,889	44,713	48,165	279,665
Interest.....	77,185	--	1,063	6,821	36,304	11,444	10,997	4,677	5,879
Taxes.....	211,813	*11	2,214	14,802	47,482	26,450	30,629	20,169	70,057
Depreciation and depletion.....	206,536	--	1,631	9,375	40,655	20,168	23,495	14,578	96,634
Occupancy.....	201,730	--	4,964	24,662	38,013	19,922	17,199	13,890	83,081
Travel, conferences, and meetings.....	115,150	*( <sup>2</sup> )	4,218	16,750	11,867	7,845	9,072	8,307	57,090
Printing and publications.....	60,789	*7	1,536	7,157	5,066	3,060	2,884	3,549	37,530
Other expenses.....	877,851	*92	31,599	78,408	195,834	111,651	98,879	65,280	296,109
<b>Excess of revenue (less loss) over expenses.....</b>	<b>13,407,671</b>	<b>-9,155</b>	<b>-57,113</b>	<b>689,708</b>	<b>2,655,261</b>	<b>1,567,354</b>	<b>971,922</b>	<b>1,161,581</b>	<b>6,428,112</b>
Excess of revenue.....	15,695,235	*31	74,492	887,328	3,141,744	1,951,553	1,207,745	1,356,687	7,075,655
Loss.....	-2,287,564	-9,186	-131,605	-197,620	-486,482	-384,200	-235,823	-195,105	-647,543
<b>Total assets (fair market value).....</b>	<b>222,542,546</b>	<b>--</b>	<b>445,579</b>	<b>6,883,010</b>	<b>29,732,167</b>	<b>20,336,887</b>	<b>17,282,258</b>	<b>18,632,946</b>	<b>129,229,697</b>
Cash, total.....	16,165,642	--	229,238	1,480,318	3,434,896	1,658,140	1,231,981	1,260,745	6,870,324
Non-interest bearing accounts.....	2,575,111	--	80,299	370,259	597,076	215,254	193,437	89,563	1,029,222
Savings and temporary cash investments.....	13,590,531	--	148,939	1,110,059	2,837,820	1,442,885	1,038,544	1,171,182	5,841,102
Accounts receivable, net.....	537,744	--	*1,192	30,516	79,944	60,294	78,577	32,777	254,444
Pledges receivable, net.....	85,021	--	--	*11,738	21,809	30,497	3,495	16,731	751
Grants receivable.....	187,689	--	--	*7,949	*31,228	39,043	77,352	29,937	2,180
Receivables due from disqualified persons.....	64,487	--	*2,167	*10,522	*23,684	614	26,989	54	457
Other notes and loans receivable.....	1,136,387	--	*3,457	119,713	213,792	140,821	116,671	69,863	472,069
Inventories.....	34,608	--	*2,058	*9,380	6,495	5,194	1,592	873	9,016
Prepaid expenses and deferred charges.....	399,863	--	*136	3,265	9,688	8,908	7,769	8,937	361,160
Investments, total (non-cash).....	194,904,145	--	169,233	4,725,806	23,772,978	17,271,147	14,869,524	16,551,998	117,543,459
Securities, total.....	173,322,823	--	143,109	4,152,304	21,219,965	15,231,803	13,112,765	14,710,099	104,752,779
Government obligations.....	29,302,988	--	21,515	923,375	4,992,854	3,452,322	2,802,476	3,042,409	14,068,037
Corporate stock.....	124,840,567	--	96,470	2,653,573	13,244,212	9,746,941	8,426,549	9,671,647	81,001,176
Corporate bonds.....	19,179,268	--	25,123	575,357	2,982,899	2,032,540	1,883,740	1,996,043	9,683,566
Land, buildings, and equipment (less accumulated depreciation).....	3,762,321	--	*2,771	101,130	574,770	444,352	376,408	263,096	1,999,795
Mortgage loans.....	883,485	--	*1,416	45,255	241,036	140,480	89,735	87,949	277,614
Other investments.....	16,935,516	--	21,938	427,116	1,737,207	1,454,512	1,290,617	1,490,855	10,513,272
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	4,816,015	--	17,471	299,224	1,185,263	580,030	585,067	277,570	1,871,390
Other assets.....	4,210,943	--	20,627	184,578	952,389	542,199	283,241	383,462	1,844,447

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value)</b> .....	<b>187,838,923</b>	<b>*28</b>	<b>453,382</b>	<b>6,251,680</b>	<b>25,582,048</b>	<b>17,207,632</b>	<b>14,173,004</b>	<b>15,800,157</b>	<b>108,370,991</b>
Cash, total.....	16,153,228	*28	229,932	1,478,960	3,433,144	1,644,847	1,230,237	1,258,381	6,877,698
Non-interest bearing accounts.....	2,581,125	*4	80,919	368,757	599,366	208,129	193,428	88,382	1,042,140
Savings and temporary cash investments.....	13,572,103	*25	149,013	1,110,204	2,833,779	1,436,718	1,036,809	1,169,998	5,835,558
Accounts receivable, net.....	531,932	--	*1,192	30,744	74,763	59,967	78,045	32,777	254,444
Pledges receivable, net.....	91,410	--	--	*11,738	21,809	36,885	3,495	16,731	751
Grants receivable.....	187,740	--	--	*7,949	*31,228	39,094	77,352	29,937	2,180
Receivables due from disqualified persons.....	64,488	--	*2,167	*10,522	*23,685	614	26,989	54	457
Other notes and loans receivable.....	1,143,467	--	*3,463	119,835	218,645	135,852	115,088	71,060	479,523
Inventories.....	33,525	--	*1,910	*9,382	6,470	5,108	1,592	873	8,191
Prepaid expenses and deferred charges.....	397,423	--	*500	3,287	9,885	8,963	7,830	9,108	357,849
Investments, total (non-cash).....	161,758,840	--	166,710	4,127,075	19,960,863	14,272,838	11,963,857	13,742,209	97,525,287
Securities, total.....	141,604,267	--	140,043	3,568,606	17,618,785	12,457,555	10,478,626	12,139,535	85,201,116
Government obligations.....	29,318,724	--	24,589	935,244	5,009,430	3,436,711	2,794,629	3,049,127	14,068,995
Corporate stock.....	92,997,671	--	89,861	2,049,784	9,625,844	6,972,274	5,790,791	7,110,995	61,358,122
Corporate bonds.....	19,287,872	--	25,593	583,578	2,983,511	2,048,571	1,893,206	1,979,414	9,774,000
Land, buildings, and equipment (less accumulated depreciation).....	2,529,827	--	*311	89,833	440,178	333,521	252,936	158,329	1,254,719
Mortgage loans.....	877,593	--	*1,416	45,155	228,650	144,572	95,827	87,949	274,025
Other investments.....	16,747,152	--	24,940	423,482	1,673,250	1,337,190	1,136,467	1,356,396	10,795,426
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	4,188,307	--	16,223	279,079	1,007,968	484,083	425,952	270,739	1,704,263
Other assets.....	3,288,559	--	31,284	173,107	793,584	519,381	242,567	368,288	1,160,348
<b>Total liabilities (book value)</b> .....	<b>7,988,641</b>	<b>*25,027</b>	<b>50,835</b>	<b>228,784</b>	<b>914,877</b>	<b>488,277</b>	<b>474,714</b>	<b>389,152</b>	<b>5,416,975</b>
<b>Net worth (book value)</b> .....	<b>179,850,282</b>	<b>*-24,998</b>	<b>402,547</b>	<b>6,022,896</b>	<b>24,667,171</b>	<b>16,719,356</b>	<b>13,698,289</b>	<b>15,411,005</b>	<b>102,954,016</b>
<b>Total assets, beginning-of-year (book value)</b> .....	<b>171,967,933</b>	<b>63,737</b>	<b>476,932</b>	<b>5,605,736</b>	<b>22,776,058</b>	<b>15,611,009</b>	<b>13,181,946</b>	<b>14,403,696</b>	<b>99,848,817</b>
<b>Investments in securities, beginning-of-year (book value)</b> .....	<b>120,443,494</b>	<b>*31,904</b>	<b>166,609</b>	<b>3,100,492</b>	<b>15,307,859</b>	<b>11,188,686</b>	<b>9,774,898</b>	<b>11,183,624</b>	<b>69,689,423</b>
Government obligations.....	27,608,091	*6,054	24,303	901,027	4,430,658	3,198,440	2,577,892	3,228,610	13,241,108
Corporate stock.....	73,902,316	*25,850	117,580	1,675,764	8,074,231	6,034,298	5,249,072	5,999,018	46,726,503
Corporate bonds.....	18,933,087	--	24,726	523,701	2,802,970	1,955,947	1,947,933	1,955,997	9,721,812

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipts and disbursements method of accounting.

<sup>2</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1994

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>2,909</b>	<b>*52</b>	<b>852</b>	<b>1,055</b>	<b>363</b>	<b>538</b>	<b>49</b>
<b>Total revenue.....</b>	<b>425,011</b>	<b>*63</b>	<b>6,400</b>	<b>34,263</b>	<b>25,522</b>	<b>180,364</b>	<b>178,399</b>
Contributions, gifts, and grants received.....	106,229	--	3,233	12,210	*5,031	73,721	12,035
Interest on savings and temporary cash investments.....	16,186	*10	194	1,315	679	6,298	7,690
Dividends and interest from securities.....	121,547	*54	1,671	11,366	11,090	56,319	41,047
Gross rents and royalties.....	6,825	--	*6	*856	*333	3,649	1,981
Net gain (or loss) from sales of assets.....	160,227	*-1	1,251	8,010	7,157	34,257	109,554
Gross profit (less loss) from business activities.....	*73	--	--	--	*-3	76	--
Other income.....	13,923	--	46	506	1,235	6,045	6,092
<b>Total expenses.....</b>	<b>206,025</b>	<b>*1,500</b>	<b>5,778</b>	<b>16,634</b>	<b>16,032</b>	<b>86,372</b>	<b>79,710</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	165,142	*1,366	3,922	12,396	11,879	66,314	69,264
Compensation of officers.....	16,787	*16	349	2,637	2,253	7,644	3,888
Other salaries and wages.....	1,542	--	51	--	*3	1,122	365
Pension plans and employee benefits.....	*73	--	*26	--	--	4	43
Legal fees.....	2,146	*74	186	232	78	1,025	552
Accounting fees.....	1,704	*19	236	303	188	690	268
Other professional fees.....	4,764	*16	*65	237	192	2,298	1,955
Interest.....	40	--	*( <sup>2</sup> )	*2	*( <sup>2</sup> )	29	9
Taxes.....	4,366	*3	102	481	408	2,223	1,149
Depreciation and depletion.....	1,417	--	*50	*27	*106	1,074	160
Occupancy.....	1,114	--	*269	--	*13	551	281
Travel, conferences, and meetings.....	772	--	*13	*2	*466	110	180
Printing and publications.....	84	*( <sup>2</sup> )	46	17	7	13	1
Other expenses.....	6,074	*5	462	299	438	3,274	1,595
<b>Excess of revenue (less loss) over expenses.....</b>	<b>218,985</b>	<b>*-1,437</b>	<b>622</b>	<b>17,629</b>	<b>9,490</b>	<b>93,992</b>	<b>98,689</b>
Excess of revenue.....	251,884	*3	2,608	20,121	10,805	104,606	113,742
Loss.....	-32,899	*-1,440	-1,986	-2,492	-1,315	-10,613	-15,053
<b>Total assets (fair market value).....</b>	<b>3,376,516</b>	<b>--</b>	<b>35,934</b>	<b>274,832</b>	<b>259,581</b>	<b>1,473,910</b>	<b>1,332,259</b>
Cash, total.....	238,819	--	5,308	21,974	12,519	115,610	83,409
Non-interest bearing accounts.....	32,610	--	3,029	2,663	2,913	15,767	8,238
Savings and temporary cash investments.....	206,210	--	2,279	19,311	9,607	99,843	75,170
Accounts receivable, net.....	3,451	--	*3	*224	*208	193	2,823
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*105	--	*4	--	*26	75	--
Other notes and loans receivable.....	48,450	--	--	*4,494	--	17,362	26,593
Inventories.....	128	--	--	--	--	128	--
Prepaid expenses and deferred charges.....	131	--	--	*1	*11	31	87
Investments, total (non-cash).....	2,907,990	--	26,178	206,351	216,921	1,258,863	1,199,678
Securities, total.....	2,473,346	--	21,020	175,551	186,940	1,114,738	975,096
Government obligations.....	438,848	--	5,013	21,899	33,160	222,022	156,754
Corporate stock.....	1,579,766	--	12,846	104,359	124,178	723,126	615,257
Corporate bonds.....	454,732	--	3,161	49,294	29,602	169,590	203,085
Land, buildings, and equipment (less accumulated depreciation).....	64,621	--	--	*957	*2,565	51,047	10,051
Mortgage loans.....	19,112	--	*7	*644	*818	16,181	1,462
Other investments.....	350,911	--	5,151	29,198	26,597	76,896	213,070
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	52,323	--	*183	*1,348	*9,799	22,920	18,072
Other assets.....	125,119	--	4,258	40,439	20,097	58,729	1,596

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1994

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>2,800,882</b>	--	<b>34,168</b>	<b>242,312</b>	<b>207,015</b>	<b>1,222,003</b>	<b>1,095,385</b>
Cash, total.....	239,633	--	5,308	22,097	12,563	115,997	83,668
Non-interest bearing accounts.....	32,932	--	3,029	2,545	2,956	16,164	8,238
Savings and temporary cash investments.....	206,701	--	2,279	19,552	9,607	99,833	75,430
Accounts receivable, net.....	3,392	--	*3	*166	*208	193	2,823
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	--	--	--	--	--	--	--
Receivables due from disqualified persons.....	*105	--	*4	--	*26	75	--
Other notes and loans receivable.....	48,700	--	--	*4,494	--	17,612	26,593
Inventories.....	--	--	--	--	--	--	--
Prepaid expenses and deferred charges.....	133	--	--	*1	*11	31	90
Investments, total (non-cash).....	2,373,835	--	25,444	178,696	172,365	1,020,108	977,222
Securities, total.....	2,005,333	--	20,145	151,105	147,180	909,087	777,816
Government obligations.....	432,125	--	4,970	22,045	33,839	215,013	156,258
Corporate stock.....	1,114,503	--	12,074	81,364	84,188	523,896	412,980
Corporate bonds.....	458,705	--	3,100	47,696	29,153	170,178	208,578
Land, buildings, and equipment (less accumulated depreciation).....	38,273	--	--	*163	*819	30,072	7,220
Mortgage loans.....	19,396	--	*8	*644	*818	16,488	1,438
Other investments.....	310,833	--	5,291	26,784	23,548	64,461	190,748
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	24,158	--	*186	*1,399	*3,851	14,781	3,941
Other assets.....	110,925	--	3,224	35,458	17,991	53,206	1,047
<b>Total liabilities (book value).....</b>	<b>12,594</b>	--	<b>*189</b>	<b>310</b>	<b>*385</b>	<b>3,390</b>	<b>8,321</b>
<b>Net worth (book value).....</b>	<b>2,788,288</b>	--	<b>33,980</b>	<b>242,002</b>	<b>206,629</b>	<b>1,218,613</b>	<b>1,087,064</b>
<b>Total assets, beginning-of-year (book value).....</b>	<b>2,524,848</b>	<b>*1,592</b>	<b>33,654</b>	<b>223,692</b>	<b>198,925</b>	<b>1,116,304</b>	<b>950,681</b>
<b>Investments in securities,</b>							
<b>beginning-of-year (book value).....</b>	<b>1,776,975</b>	<b>*881</b>	<b>20,166</b>	<b>136,143</b>	<b>137,824</b>	<b>813,641</b>	<b>668,321</b>
Government obligations.....	393,931	*40	5,570	22,258	28,892	200,370	136,799
Corporate stock.....	985,964	*841	11,896	72,936	82,269	458,460	359,562
Corporate bonds.....	397,081	--	2,700	40,949	26,663	154,810	171,959

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 2, which are calculated using the cash receipts and disbursements method of accounting.

<sup>2</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.



# Private Foundations and Charitable Trusts, 1995

by Paul Arnsberger

**P** rivate foundations contribute billions of dollars each year to charities and communities to support causes in such areas as education, health, human services, community development, the arts and humanities, and the environment. They represent over one-fifth of all Internal Revenue Code section 501(c)(3) nonprofit charitable organizations that file information returns with the Internal Revenue Service. For 1995, foundations made contributions, gifts, and grants totaling nearly \$12.9 billion, an increase of nearly 5 percent from the previous year [1]. The number of foundations also increased by 5 percent from 1994 to 1995 to nearly 48,000.

Foundations rely largely on asset growth, earned income on investments, and contributions received to support their charitable giving. Total foundation fair market value assets grew by 18 percent in 1995 to \$263.4 billion. Investment assets of \$246.1 billion represented the majority of foundation assets. Gains of 23 percent in the value of investments in corporate stock and 12 percent in the value of government obligations largely account for the 18-percent increase in investment assets. Total foundation revenue increased by 8 percent from 1994 to 1995 to \$32.3 billion. A significant increase of 38 percent in net gains from sales of assets offset a 20-percent drop in the amount of contributions received by foundations. Figure A shows the amounts of various private foundation revenues, assets, and expense items for 1994 and 1995 and the percentage change [2].

For 1995, over 2,700 nonexempt charitable trusts described in Internal Revenue Code section 4947(a)(1) held \$3.7 billion in total fair market value assets, realized \$411.8 million in total revenues, and distributed \$222.3 million in contributions, gifts, and grants. The amount of grants given by these charitable trusts increased by 34 percent from 1994 to 1995, despite a 3-percent decrease in revenue over this period. These trusts are discussed in detail later in this article under the heading Section 4947(a)(1) Nonexempt Charitable Trusts.

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## Statistics of Income Studies

The statistics presented in this article on both private foundations and charitable trusts are based on sample data from Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*, the annual information return filed by these organizations [3]. Statistics of Income studies on private foundations have been conducted for Reporting Years 1974, 1979, 1982, 1983, and 1985 through 1994. Studies on 4947(a)(1) charitable trusts that are treated as private foundations have been conducted for Reporting Year 1979 and annually since 1989.

## Private Foundations

### Overview of Revenues, Assets, and Grants Paid

During the period from 1990 to 1995, charitable grants made by private foundations increased steadily each year with overall inflation-adjusted growth of 32 percent. Foundation assets and revenues increased in each year in this period except 1992, with total real growth of 39 percent and 44 percent, respectively. Substantial real increases in investments in corporate stock and net gains from sales of assets from 1990 to 1995, 69 percent and 164 percent, respectively, account for the overall increases in assets and revenues. The overall growth in foundation assets and revenues markedly exceeds the 10-percent real growth of Gross Domestic Product from 1990 to 1995 [4]. Figure B graphically displays the growth in real assets, revenues, and grants from 1990 to 1995.

The asset growth of foundations during the early 1990's helped to increase total grants paid over this same period. The charitable payout requirement for certain types of foundations (explained in detail in the section Charitable Payout Requirement and Qualifying Distributions) is based on the value of foundation investment assets; that is, as investment assets grow, so does the amount that foundations are required to distribute. Total investment assets increased in real terms by 37 percent from 1990 to 1995. Investment assets for "large" foundations, those holding \$50 million or more in fair market value of assets, grew in real terms by 41 percent over this period. The real amount of charitable grants distributed by large foundations also grew by 41

# Private Foundations and Charitable Trusts, 1995

**Figure A**

**Private Foundations: Percentage Changes in Selected Financial Items, 1994-1995**

[Money amounts are in millions of dollars]

Item	1994	1995	Percentage increase, 1994-1995
	(1)	(2)	(3)
<b>Number of foundations</b> .....	<b>45,841</b>	<b>47,983</b>	<b>4.7</b>
<b>Total assets (fair market value)</b> .....	<b>222,543</b>	<b>263,386</b>	<b>18.4</b>
Investments, total.....	208,495	246,119	18.0
Savings and temporary cash investments.....	13,591	14,407	6.0
Investments in securities, total.....	173,323	206,599	19.2
Government obligations.....	29,303	32,865	12.2
Corporate stock.....	124,841	153,527	23.0
Corporate bonds.....	19,179	20,208	5.4
Other investments <sup>1</sup> .....	21,581	25,112	16.4
<b>Total revenue</b> .....	<b>29,860</b>	<b>32,290</b>	<b>8.1</b>
Contributions, gifts, and grants received.....	11,847	9,428	-20.4
Net gain (or loss) from sales of assets.....	8,705	11,982	37.6
Dividends and interest from securities.....	6,957	7,638	9.8
<b>Total expenses</b> .....	<b>16,452</b>	<b>17,958</b>	<b>9.2</b>
Contributions, gifts, and grants paid.....	12,309	12,859	4.5

<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on Form 990-PF. "Other investments" include such items as advances; certificates of investment; and investments in art, coins, gold, and gems.

percent from 1990 to 1995. Large foundations accounted for over two-thirds of all foundation assets in 1995. The number of these large foundations increased from 396 in 1990 to 609 in 1995 as a few new large organizations were formed and as existing foundations increased to over \$50 million in asset size.

Comparisons of the different size classes of foundations are discussed throughout this article. The following classifications apply throughout, unless otherwise indicated: the "smallest foundations" refer to the group holding less than \$100,000 in fair market value of total assets (excluding foundations that either do not report assets or that report assets equal to zero); "small foundations" refer to the group holding less than \$1 million in assets and include all the foundations in the "smallest" group; "medium-size foundations" refer to the group holding from \$1 million to less than \$50 million in assets; "large foundations" refer to the group holding \$50 million or more in assets; and, the "largest foundations" refer to the group holding \$100 million or more in assets, which are also included in the "large" group.

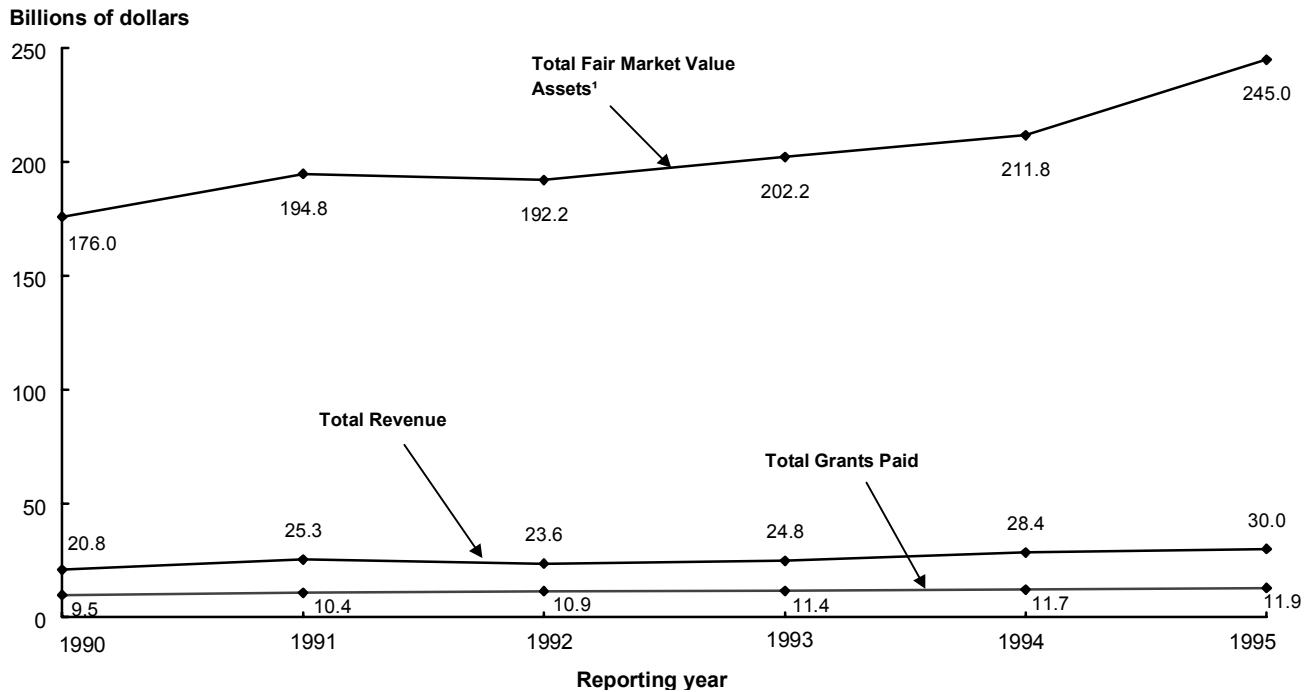
**Organizational Definition and Legislative Background**

A private foundation is a nonprofit, tax-exempt corporation, association, or trust, which is narrowly supported and controlled, usually by an individual, family, or corporation. It is this narrow base of support and control, which differentiates a private foundation from a publicly supported tax-exempt charitable organization, although both receive tax-exempt status under section 501(c)(3) of the Internal Revenue Code [5]. The other 501(c)(3) organizations, those filing Form 990, *Return of Organization Exempt From Income Tax*, generally receive broad support from a large number of sources within the general public. Because of their centralized support and control, private foundations are more strictly regulated than the other section 501(c)(3) organizations. Private foundations held less than 16 percent of the book value of total assets and earned less than 5 percent of the total revenue of all section 501(c)(3) nonprofit charitable organizations that filed information returns for 1995 with the Internal Revenue Service [6].

The charitable trusts included in this article, and

**Figure B**

**Private Foundations: Total Assets, Revenue, and Grants Paid, 1990-1995, in Constant Dollars<sup>1</sup>**



<sup>1</sup> Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Volume 78, Number 8, August 1998, Table 7.1.

described in section 4947(a)(1) of the Internal Revenue Code, are not formally recognized as tax-exempt organizations by the IRS. Charitable trusts represented only 5 percent of the total number of Form 990-PF filers for 1995. Unless otherwise noted, the same requirements apply to both types of Form 990-PF filers [7]. A detailed discussion and analyses of the characteristics and behavior of the charitable trusts can be found later in this article under the heading Section 4947(a)(1) Nonexempt Charitable Trusts.

The two types of private foundations or trusts, “operating” and “nonoperating,” are distinguished by the type of charitable support they provide. Nonoperating foundations generally provide indirect charitable support by making grants to other non-profit organizations that conduct charitable programs of their own [8]. Nonoperating foundations are annually required to distribute (typically through grants or related expenses) a minimum amount for

charitable purposes, the “distributable amount.” If they do not distribute the required amount in the current year, they have until the end of the following year to fulfill the charitable distribution requirement without penalty. The minimum required amount is based on 5 percent of the value of their “noncharitable-use (or net investment) assets” [9].

If an organization is sufficiently involved in the direct operation of its charitable activities, then it can qualify as an operating foundation and is exempted from the charitable distribution requirement that applies to nonoperating foundations. Although operating foundations are not subject to the annual distribution requirement, many choose to make grants in addition to carrying on charitable programs of their own. For a further explanation of the requirements of operating foundations, see Operating Foundations (and Charitable Trusts) in the Explanation of Selected Terms section.

Passage of the Tax Reform Act of 1969 (TRA69)

initiated an excise tax on foundation “net investment income.” While most foundations pay the excise tax, some operating foundations are exempt from the tax. For a further explanation of exempt operating foundations, refer to Operating Foundations (and Charitable Trusts) in the Explanation of Selected Terms section. TRA69 also imposed a series of excise taxes on foundations that engaged in “prohibited activities,” which were deemed not to be in the public interest. These activities applied to any foundation that attempted to influence legislation by contacting legislators, encouraged the public to contact legislators, or participated in the campaign of a candidate for public office; any foundation that engaged in certain financial transactions (or acts of “self-dealing”) with “disqualified persons” having a relationship with the foundation, such as substantial donors or officers, directors, or trustees of the foundation; any foundation that owned holdings in a business enterprise deemed to be excessive or that made investments deemed to jeopardize the charitable purpose of the foundation; and any nonoperating foundation that failed to distribute the required minimum payout after a 1-year grace period. Taxes on these prohibited activities are reported on Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code*, and are not included in this article.

Of the nearly 48,000 private foundations filing Form 990-PF information returns for 1995, 92 percent were nonoperating foundations, and the remaining 8 percent were operating foundations, virtually the same percentages as for prior years. Nearly 39,700 foundations, or 83 percent of all foundations, made grants for 1995. Nearly 86 percent of nonoperating foundations and 50 percent of operating foundations made grants. Of the non-grantmaking foundations, 24 percent were operating foundations; 11 percent were nonoperating foundations that had no “distributable amount” and, therefore, were not required to make a minimum distribution (see the Explanation of Selected Terms section for a definition of the required distributable amount); 33 percent were nonoperating foundations that made other types of disbursements in order to satisfy the charitable distribution requirement; and the remaining 32 percent were nonoperating foundations that did not fully

make the required distribution for 1995 and legally had until the end of their 1996 accounting periods to do so without penalty. The types of disbursements, other than grants, made by foundations to fulfill the charitable distribution requirement include the following: operating and administrative expenses used in the conduct of charitable programs or activities; amounts paid to acquire charitable-use assets; charitable “set-asides” for future time periods; and program-related investments. All of these expenditures counted toward a foundation’s charitable distribution requirement.

Foreign foundations (those foundations organized abroad) comprise less than 0.1 percent of the foundation population. A foreign foundation was required to file Form 990-PF when it received a certain degree of support from either U.S. citizens or corporations. These foundations may or may not have chosen to distribute charitable grants within the United States. The IRS requires that foreign foundations, like domestic foundations, pay an excise tax on investment income. While the excise tax equaled 2 percent of worldwide “net” investment income for the majority of domestic foundations, the tax on foreign foundations equaled 4 percent of their “gross” investment income derived from U.S. sources. The investment income on which these taxes are based does not include unrelated business income, as reported on Form 990-T, *Exempt Organization Business Income Tax Return*.

### **Ten Largest Domestic Foundations**

Seventy-two percent of all foundations each held less than \$1 million in total assets. The largest foundations, those holding \$100 million or more in total assets, comprised less than 1 percent of all foundations, but held 60 percent of total foundation assets, realized half of all revenue, and distributed nearly 46 percent of total grants for 1995. In contrast, foundations holding less than \$1 million in assets held only 3 percent of total assets, realized 6 percent of total revenue, and distributed 10 percent of total grants.

The ten largest domestic foundations, displayed by asset size in Figure C, held nearly 17 percent of total foundation assets and distributed over 10 percent of total foundation grants for 1995, \$44.2 billion and \$1.3 billion, respectively [10]. This represents an 18-percent increase in assets of the ten largest

**Figure C**

**Top Ten Domestic Private Foundations, by Size of Fair Market Value of Total Assets, 1995**

[Money amounts are in millions of dollars]

Name	State	Total assets <sup>1</sup>	Total grants paid
	(1)	(2)	(3)
1. Ford Foundation.....	NY	8,196	332
2. J. Paul Getty Trust <sup>2</sup> .....	CA	7,160	11
3. W.K. Kellogg Foundation Trust and W.K. Kellogg Foundation <sup>3</sup> .....	NY/MI	5,608	239
4. Robert Wood Johnson Foundation.....	NJ	5,258	77
5. Lilly Endowment, Inc.....	IN	4,770	112
6. John D. and Catherine T. MacArthur Foundation.....	IL	3,298	124
7. Andrew W. Mellon Foundation.....	NY	2,541	111
8. Rockefeller Foundation.....	NY	2,524	102
9. Pew Memorial Trust.....	PA	2,494	139
10. David and Lucille Packard Foundation.....	CA	2,355	93
<b>Total.....</b>		<b>44,204</b>	<b>1,340</b>

<sup>1</sup> Fair market value.

<sup>2</sup> The J. Paul Getty Trust is an operating foundation. All other foundations listed are nonoperating foundations.

<sup>3</sup> The W.K. Kellogg Foundation Trust (classified as a private foundation and not as a section 4947(a)(1) charitable trust) is located in New York and has a "pass-through" relationship with the W.K. Kellogg Foundation, located in Michigan. Typically, the entire amount of the annual qualifying (charitable) distributions of the W.K. Kellogg Foundation Trust is made in the form of a grant to the W.K. Kellogg Foundation, which then redistributes the grant for charitable purposes (and does not count the redistribution as a qualifying distribution of its own). The combined total assets of the two organizations are shown in the "Total assets" column, but, in order to avoid duplication, only the grants paid by the W.K. Kellogg Foundation are shown in the "Total grants paid" column.

foundations and an 8-percent increase in grants from the previous year. The rise in assets of these foundations is consistent with the overall foundation asset increase from 1994, while the increase in the amount of grants paid is nearly double the overall rate. The huge Ford Foundation alone accounted for 3 percent of all foundation assets and grants for 1995 [11]. Nine of the ten largest foundations in terms of assets for 1995 are the same as for 1994. The David and Lucille Packard Foundation reported large increases in assets and grants for 1995 (53 percent and 48 percent, respectively), pushing it past the Robert W. Woodruff Foundation into tenth place. For the first time, each of the top ten domestic foundations held over \$2 billion in assets.

With the exception of the W. K. Kellogg Foun-

dations, whose combined assets remained virtually unchanged, each of the ten largest foundations reported increases in assets from 1994 to 1995. The largest increases were realized by the Lilly Endowment, 71 percent; the Robert Wood Johnson Foundation, 40 percent; and the Packard Foundation. Two of the top ten foundations reported a reduction in the amount of charitable grants they distributed. The J. Paul Getty Trust, which is the only operating foundation on the list, reported a 10-percent decrease in grants, while grants by the Robert Wood Johnson Foundation were down 43 percent after reporting the third highest total in 1994 [12].

**Sources of Foundation Revenue**

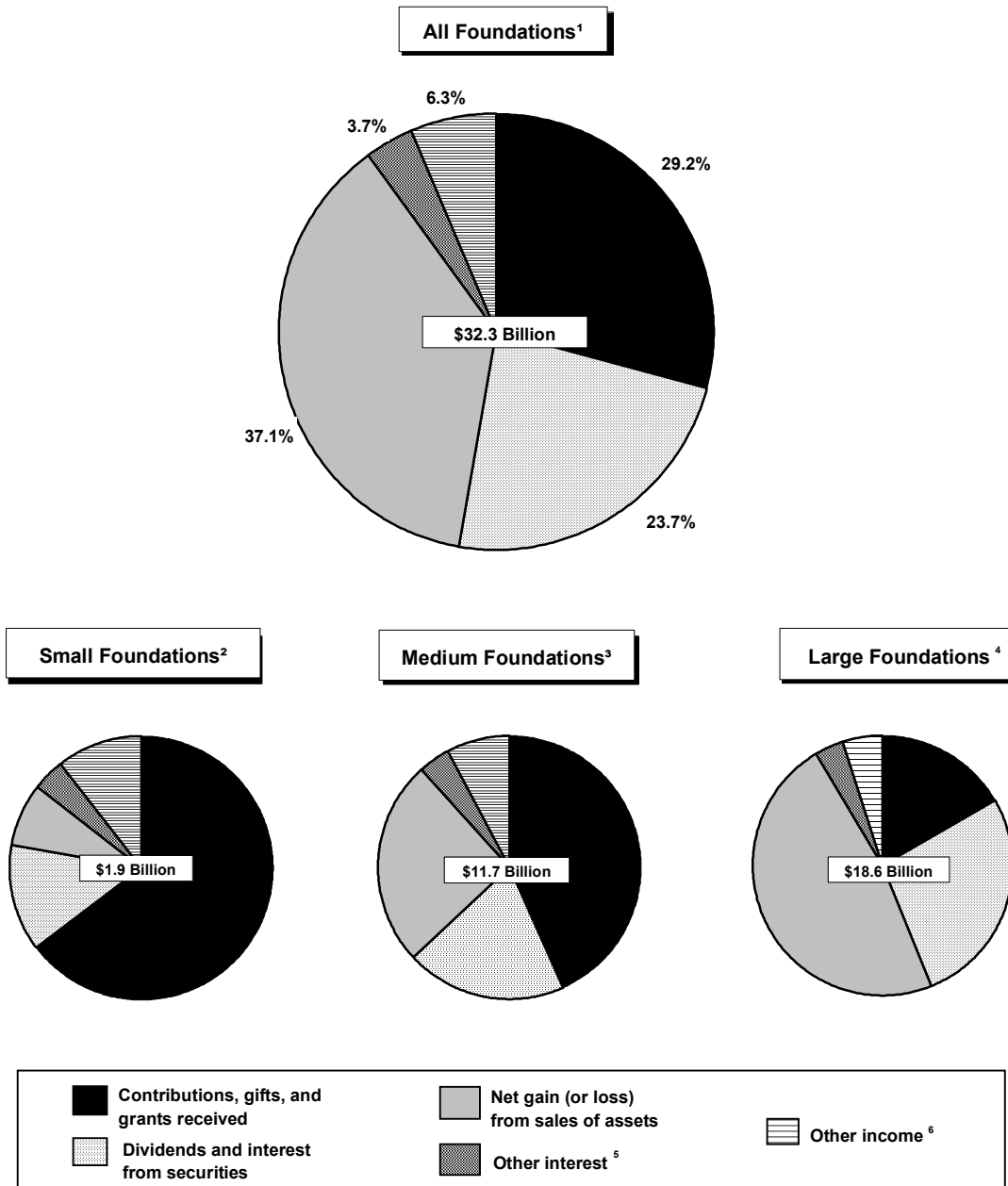
From 1994 to 1995, total revenue increased nominally 8 percent. Large foundations, which earn 58 percent of all foundation revenues, realized the greatest increase in revenues from 1994 to 1995, about 18 percent. Medium-sized foundations, those with assets between \$1 million and \$50 million, saw their revenues remain virtually unchanged in 1995. In contrast, small foundation revenues dropped by nearly 22 percent for the 1994-1995 period.

The year-to-year changes in revenue among the different size groups of foundations are better understood through an examination of the sources of revenue upon which the different groups rely. Figure D reveals that for 1995, 90 percent of total foundation revenues came from a combination of net gain from sales of assets (37 percent), contributions received (29 percent), and dividends and interest from securities (24 percent). The rest was earned from interest on savings and temporary cash investments and "other" sources. While small foundations earned nearly two-thirds of their revenues from contributions, large foundations earned only 17 percent in this manner. Similarly, while large foundations earned three-quarters of their revenues from the combination of net gains from sales of assets, and dividends and interest from securities, small foundations earned only 21 percent from these two investment sources. As in past years, the data show that as the size of the foundation increases, the proportion of revenue from contributions declines, and the proportion from investment income rises.

An examination of the actual number of small and large foundations receiving contributions and

**Figure D**

**Sources of Private Foundation Revenue, by Size of Foundation, 1995**



<sup>1</sup> Includes foundations with assets unreported or equal to zero, which are not shown separately.

<sup>2</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.

<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>5</sup> Represents "Interest on savings and temporary cash investments," as reported on Form 990-PF.

<sup>6</sup> Includes "Gross rents and royalties" and "Gross profit (or loss) from business activities," as reported on Form 990-PF, as well as such items as imputed interest on deferred payments and program-related investment income.

NOTE: Detail may not add to totals because of rounding.

earning investment income shows that the large foundations may be a somewhat more homogeneous group relative to the small foundations. Of the large foundations, nearly all, or 98 percent, earned dividends and interest from securities for 1995; 93 percent realized net gains from sales of assets; and only 39 percent received contributions. In contrast, 59 percent of the small foundations earned dividends and interest from securities for that year; only 35 percent realized net gains from sales of assets; and 47 percent received contributions. These percentages are relatively consistent with previous years.

In terms of contributions received, all three groups of foundations reported decreases for 1995. The amount of contributions made to large foundations fell 9 percent; medium foundations showed a 22-percent decline; and small foundations, the group that relies on contributions as the primary source of revenue, reported a 35-percent decrease in this area. Overall net gains from sales of foundation assets rose substantially between 1994 and 1995, led by the large and medium-size foundations. Large foundations reported \$8.9 billion from sales of these assets in 1995, an increase of 31 percent over the previous year. Foundations classified as “medium-size” saw their gains from asset sales climb 64 percent to \$2.9 billion in 1995. In contrast, small foundations reported a 6-percent decline in the amount of money gained from the sale of assets. Increases in dividends and interest from securities were reported by all three groups of foundations. Total foundation dividends and interest rose 10 percent to \$7.6 billion in 1995; with large foundations increasing 12 percent; medium foundations, 6 percent; and small foundations, 10 percent.

Three percent of private foundations reported nearly \$100 million in “unrelated business income” (UBI) for 1995. This figure accounted for less than 1 percent of total revenue as reported on the “Analysis of Income-Producing Activities” schedule of Form 990-PF. A tax was levied on the unrelated business income of foundations as it was reported on Form 990-T, *Exempt Organization Business Income Tax Return* [13].

The section on the “Analysis of Income-Producing Activities” categorizes total foundation revenues (with the exception of contributions) as either “unrelated business income,” “excluded income,” or

“related or exempt function income.” Unrelated business income is income from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). Excluded income represents income that was not directly related to the tax-exempt, charitable function of the foundation and was excluded or exempted from the tax on unrelated business income by Code sections 512, 513, or 514. Generally, dividends, interest, rental income, and gains from sales of investment assets were all considered excluded income. Related or exempt function income generally represents any income earned that is related to the organization’s purpose or function constituting the basis for the organization’s tax exemption. The vast majority of revenue reported in the “Analysis of Income Producing Activities” section (which excludes contributions received) was reported as excluded income, 91 percent, with 8 percent reported as income (directly related to the foundation’s exempt, charitable purpose and only one-half of 1 percent reported as UBI [14].

### **Excise Tax on Investment Income**

The excise tax on the investment income of private foundations was enacted as part of TRA69 to provide funds for Internal Revenue Service oversight of foundation activities and enforcement of laws governing their exempt status. Domestic foundations generally are liable for a tax equal to 2 percent of their net investment incomes and foreign foundations for an excise tax equal to 4 percent of their gross investment incomes. Domestic organizations compute the excise tax based on investment incomes from all sources, while foreign organizations compute the tax based on investment incomes from U.S. sources only. Some foreign foundations, classified as “exempt foreign foundations,” are not subject to the charitable payout requirement, but are still required to pay the excise tax on investment incomes. These exempt foreign foundations have from the dates of their creation received at least 85 percent of their support from sources outside the United States. Due to special treaty provisions with the United States, all Canadian foundations are exempt from the

## Private Foundations and Charitable Trusts, 1995

excise tax, regardless of whether or not they are considered “exempt foreign foundations.” Additionally, domestic operating foundations, by meeting several requirements that show extensive public support and control, can be exempt from the excise tax on net investment income. Seventeen percent of all operating foundations were exempt from the excise tax for 1995.

One provision of the Deficit Reduction Act of 1984 allowed any domestic nonoperating foundation to reduce the annual 2-percent excise tax to 1 percent, if, simply stated, the foundation showed improvement in the rate at which it paid out charitable dollars. Specifically, if current “qualifying distributions” exceeded a 5-year average of qualifying distributions plus 1 percent of current net investment income, a foundation qualified for the reduced tax rate.

Net investment income, on which the excise tax is based, increased by 36 percent from 1994 to 1995 to \$20.4 billion. An increase of 67 percent in capital gains net income explains much of the overall gain in investment income. (For a complete definition of net investment income and a further explanation of capital gains net income and how it differs from net gain (or loss) from sales of assets, see the appropriate

entries in the Explanation of Selected Terms section.) For 1995, foundations reported excise tax on investment income of \$280.9 million. This amount was a 48-percent increase over the amount of excise tax paid in 1994. Figure E displays selected statistics on the excise tax of foundations by size of foundation. Thirty-six percent of all foundations increased the rate at which they paid out charitable dollars for 1995, thereby qualifying for the reduced 1-percent excise tax. A greater percentage of the large foundations qualified for the reduced tax compared to the small foundations, 47 percent versus 34 percent.

### Foundation Assets and Investments

Assets of private foundations increased for the third straight year to \$263.4 billion. The 18-percent jump in 1995 represents the largest single-year gain in assets for the past ten years. The vast majority of foundation assets, 93 percent, are held as investments. These investments, which also increased 18 percent, totaled \$246.1 billion for 1995. Investment assets include savings and temporary cash investments; government obligations; corporate stock; corporate bonds; land, buildings, and equipment held for investment purposes; mortgage loans; and “other” investments. Non-investment assets include non-

**Figure E**

### Private Foundations Reporting Excise Tax on Investment Income, by Size of Foundation, 1995

[Money amounts are in millions of dollars]

Item	Total <sup>1</sup>	Small foundations <sup>2</sup>	Medium foundations <sup>3</sup>	Large foundations <sup>4</sup>
	(1)	(2)	(3)	(4)
Number of foundations reporting excise tax.....	39,159	26,075	12,114	572
Percentage of all foundations.....	82	78	95	94
Net investment income (NII) <sup>5</sup> .....	19,473.3	629.2	6,070.5	12,715.2
Excise tax.....	280.9	9.9	95.9	174.5
Percentage of all foundations reporting excise tax:				
1-percent tax.....	36	34	37	47
2-percent tax.....	64	66	63	51
4-percent tax.....	( <sup>6</sup> )	( <sup>6</sup> )	—	2

<sup>1</sup> Includes 398 foundations with assets unreported or equal to zero, which are not shown separately. These foundations earned \$58.3 million in net investment income and paid excise tax of \$0.6 million.

<sup>2</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.

<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>5</sup> Represents net investment income of foundations reporting excise tax. Total net investment income for all foundations was \$20.4 billion.

<sup>6</sup> Less than 0.5 percent.



interest-bearing cash; land, buildings, and equipment used in the direct operation of a foundation's charitable activities; various receivables; inventories held for sale or use; prepaid expenses and deferred charges; and "other" assets, which include such items as escrow deposits, interest-free or low-interest loans made for charitable purposes, and program-related investments.

Holdings of investments in securities increased by over 19 percent from 1994 to 1995. These securities, valued at \$206.6 billion for 1995, represented 84 percent of total investment assets. Nearly three-quarters of all securities, or \$153.5 billion, were held in the form of corporate stock, with the remaining securities held as either corporate bonds or government obligations. Strong growth in stock markets led to a 23-percent increase in the amount of corporate stock held by private foundations. Smaller increases in government obligations and corporate bonds were reported, 12 percent and 5 percent, respectively. The other components of investment assets showed gains from 1994 to 1995 as well: savings and temporary cash investments rose 6 percent; investments in land buildings, and equipment increased 27 percent; investments in mortgage loans rose 7 percent; and "other investments," which include such items as advances, certificates of investment, and investments in art, coins, gold, and gems, increased 14 percent.

As foundations grow in size, they tend to engage in more sophisticated investment practices and hold greater proportions of investment assets, particularly corporate stock. While large foundations held 94 percent of all their assets as investments for 1995, small foundations held 86 percent as investments. Figure F displays the composition of investment assets for small, medium, and large-sized foundations. Large foundations held 86 percent of all investments as a combination of corporate stocks, corporate bonds, and government obligations, while small foundations held only 69 percent in this manner. Holdings of corporate stock, 62 percent of total investments, were the dominant investment for all foundation size groups, but particularly for large foundations. While large foundations held two-thirds of their investment assets as corporate stocks, small foundations held less than half in this manner. Small and medium-size foundations tend to hold somewhat more of their investments in government obligations

and corporate bonds compared to the larger foundations. As foundations grow in size, they also tend to hold a smaller percentage of their assets in the form of savings and temporary cash investments. For 1995, small foundations held 20 percent of their investment assets as savings and temporary cash investments, compared to 9 percent for medium-size foundations and only 4 percent for large foundations. Large foundations also tend to hold less non-interest-bearing cash compared to small foundations. For 1995, small foundations held 6 percent of total assets as non-interest-bearing cash, compared to less than 1 percent for large foundations. The distribution of assets by the different size groups may generally indicate that many small foundations have less preference for risky investments and more preference for asset liquidity compared to large foundations.

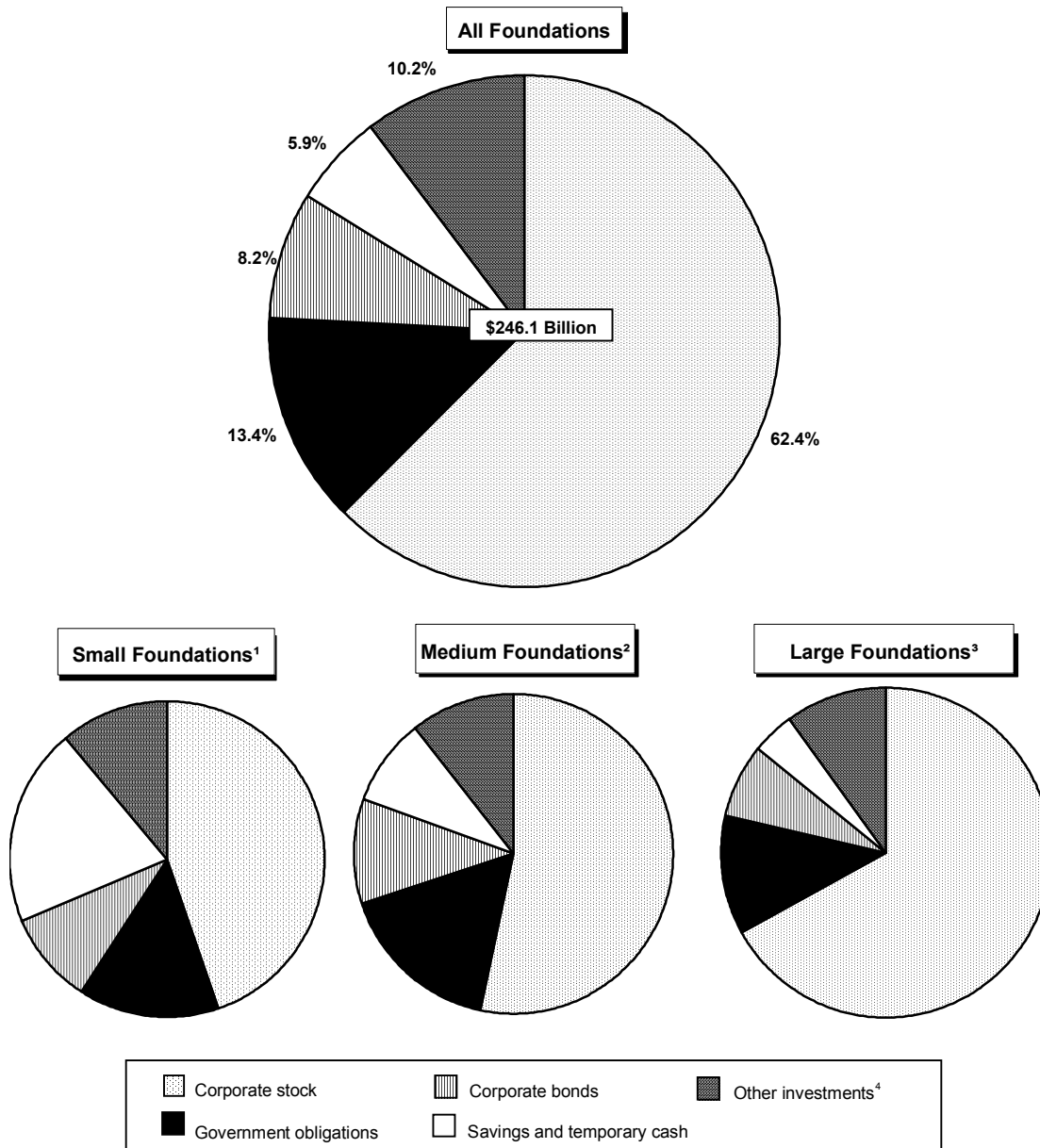
### **Investment Behavior by Size of Foundation**

Private foundations tend to emphasize the growth of their assets (or endowments) as a means by which to fund charitable giving, both now and in the future. Unlike other nonprofit charitable organizations, nonoperating foundations of all sizes most often distribute grants in order to fulfill their charitable purposes. Although foundations have relative freedom in the way that they choose to invest their tax-exempt endowments, they are also subject to a minimum distribution or charitable payout requirement. Allowing for certain exceptions, nonoperating foundations must annually distribute for charitable purposes an amount that equals 5 percent of the average value of their net investment assets. (For an explanation and discussion of the payout requirement, see the sections beginning with Charitable Payout Requirements and Qualifying Distributions.) In order to fund charitable activity without reducing the real value of its endowment, a foundation must earn a "rate of total return on assets" (defined below) that equals at least 5 percent plus the costs of investment and the rate of inflation. To the extent that foundations wish to maintain or increase the real value of their endowments to fund charitable giving into the future, this represents an important goal.

Different sizes of foundations seem to have different charitable and investment objectives. For instance, larger foundations may tend to operate with more long-term focus. They may invest and manage

**Figure F**

**Composition of Private Foundation Investment Assets, by Size of Foundation, 1995**



<sup>1</sup> Small foundations are those holding from \$1 to less than \$1,000,000 in fair market value of total assets.

<sup>2</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>3</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>4</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on Form 990-PF. "Other investments" include such items as advances; certificates of investment; and investments in art, coins, gold, and gems.  
NOTE: Detail may not add to totals because of rounding.

their assets in order to maintain or increase the size of their endowments by earning income and realizing a return on assets, which will allow them both to meet the annual 5-percent payout requirement and to use any remainder to increase their investment portfolio [15]. Many larger foundations pay out close to the required 5 percent of their net investment assets to charitable causes each year. The larger foundations hold a greater proportion of assets as investments in securities, including a greater proportion as corporate stocks. Holdings of corporate stocks tend to have greater risks but also higher returns compared to other investment holdings. Larger foundations may also tend to possess the resources necessary to use sophisticated investment management services. For these reasons, larger foundations typically earn higher rates of total return on investments than smaller ones.

Many smaller foundations do not possess the resources necessary to use sophisticated investment management techniques, and they often hold lower-risk and lower-return assets than larger foundations. Moreover, they may operate with more short-term focus in order to distribute large contributions currently, so as to direct their resources to present concerns and immediate needs [16]. Smaller foundations rely much more on contributions as a source of

revenue compared to other foundations. Given this, many may act as conduits or “pass-through” organizations, receiving contributions one year and then distributing them in the same year or the next.

**Income Yields and Rates of Total Return**

An income yield measures the realized investment income earned by a foundation on its investment assets. Figure G shows median “net investment income yields” for nonoperating foundations for 1990 through 1995. The median yield is calculated, rather than the mean, since it minimizes the influence of large outliers in the data and, therefore, may be a better representation of the typical foundation. The net investment income (NII) yield was calculated by dividing net investment income by the end-of-year fair market value of investment assets [17]. Only nonoperating foundations were analyzed since only they are subject to the charitable payout requirement, discussed below. The use of only nonoperating foundations in the analysis here and in the sections that follow allows for comparisons of the NII yields, rates of total return, and payout rates, all discussed below.

During the period from 1990 to 1995, the median NII yields ranged between 4.9 and 7.1 percent. The total NII yield for nonoperating foundations in-

**Figure G**

**Nonoperating Private Foundation Net Investment Income Yields, by Size of Fair Market Value of Total Assets, 1990-1995**

Size of fair market value of total assets	Median net investment income yields (percentages)					
	1990	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All nonoperating foundations.....</b>	<b>7.1</b>	<b>6.5</b>	<b>5.6</b>	<b>5.7</b>	<b>4.9</b>	<b>5.8</b>
<b>Small foundations</b>						
\$1 under \$100,000.....	6.4	5.6	4.2	3.7	3.5	4.5
\$100,000 under \$1,000,000.....	7.3	6.5	5.6	5.7	5.0	5.7
<b>Medium foundations</b>						
\$1,000,000 under \$10,000,000.....	7.1	6.9	6.6	6.3	5.5	6.5
\$10,000,000 under \$50,000,000.....	7.2	6.9	7.0	7.1	6.0	6.9
<b>Large foundations</b>						
\$50,000,000 under \$100,000,000.....	6.7	7.3	7.2	7.5	6.4	7.2
\$100,000,000 or more.....	6.6	6.8	7.1	7.6	6.0	8.0

## Private Foundations and Charitable Trusts, 1995

creased to 5.8 percent for 1995 after declining in most of the previous years. An examination of the yields for the different groups over the years reveals that large foundations typically earn somewhat higher NII yields than smaller foundations. Since large foundations, compared to small foundations, rely more on investment incomes as a source of revenue and may use more sophisticated investment management techniques, it is not surprising that they typically realize higher NII yields.

The rate of total return, a measurement of the total capital appreciation of the endowment of a foundation, is a more comprehensive measure of investment performance than the NII yield. Figure H shows median rates of total return on nonoperating foundation assets for 1990 to 1995. A comparison with the charitable payout rates, discussed below, helps to further understanding of the different sizes of foundations. Consistently strong rates of total return tend to lead to increased long-run giving capability. The rate-of-total-return formula used here measures the change in the value of the entire asset base with considerations for inflows and outflows of money [18]. The formula measures the realized income from assets, investments, and otherwise, as well as the unrealized appreciation or depreciation in the fair market value of assets.

Median foundation rates of total return on assets

for 1995 rebounded strongly from the very low rates of 1994, which represented the third consecutive year of decline. For 1995, the total nonoperating foundation median rate was 10.2 percent, with all but the smallest group showing very high rates of return on assets. As a rule, large foundations earn higher rates of total return than do smaller foundations. Generally, as the holdings of investment assets increase, so do the total returns on assets. Median rates for the largest nonoperating foundations increased from a rate of only 1.7 percent for 1994 to 19.8 percent for 1995, the largest median rate of return realized by foundations in recent years.

### Charitable Payout Requirement and Qualifying Distributions

The following discussion of the charitable distribution requirement and the payout rate excludes operating foundations since they are not subject to the distribution requirement. Therefore, all references to foundations in this section and in the sections that follow are to nonoperating foundations, unless otherwise indicated. For reasons of comparability, operating foundations were also excluded from median net investment income yields and rates of total return, discussed previously.

Under the guidelines of the Economic Recovery Tax Act of 1981, each year nonoperating foundations

**Figure H**

**Nonoperating Private Foundation Rates of Total Return on Assets, by Size of Fair Market Value of Total Assets, 1990-1995**

Size of fair market value of total assets	Median rates of total return (percentages)					
	1990	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All nonoperating foundations.....</b>	<b>2.4</b>	<b>6.7</b>	<b>3.6</b>	<b>1.9</b>	<b>0.4</b>	<b>10.2</b>
<b>Small foundations</b>						
\$1 under \$100,000.....	1.4	2.5	0.9	0.2	0.1	1.8
\$100,000 under \$1,000,000.....	3.1	7.6	4.2	2.9	0.9	12.3
<b>Medium foundations</b>						
\$1,000,000 under \$10,000,000.....	3.4	10.0	5.1	3.6	1.7	15.3
\$10,000,000 under \$50,000,000.....	2.3	12.2	5.2	4.8	-0.3	17.4
<b>Large foundations</b>						
\$50,000,000 under \$100,000,000.....	1.5	12.9	6.3	5.2	0.1	19.1
\$100,000,000 or more.....	1.3	14.9	6.2	6.5	1.7	19.8

## Private Foundations and Charitable Trusts, 1995

must calculate a “distributable amount,” which is the minimum amount that the organizations must distribute for charitable purposes by the end of the next full reporting year in order to avoid a penalty on undistributed charitable dollars. The distributable amount, or required payout amount, equals 5 percent of the fair market value of net investment assets (the “minimum investment return”), plus or minus certain adjustments, either allowed or required. (See Distributable (Payout) Amount, Net Investment Assets, Minimum Investment Return, and Net Adjustments to Distributable Amount in the Explanation of Selected Terms section.)

To fulfill the charitable payout requirement, nonoperating foundations can apply “qualifying distributions” from the current year, as well as any carryovers (distributions paid in excess of the minimum required amount) from the 5 previous years. The requirement can be met in either the current year or the following year. Qualifying distributions for 1995 for these nonoperating foundations are comprised primarily of contributions and grants, 88 percent; with smaller proportions for operating and administrative expenses, 9 percent; “set-asides” for future charitable distributions, 1 percent; program-related investments (e.g., loans made to public charities at below-market or zero rates of interest), 1 percent; and amounts paid to acquire charitable-use assets (e.g., buildings, equipment, or supplies), less than 1 percent.

As mentioned previously, nonoperating foundations fulfill their exempt purposes in an indirect manner, primarily by making grants to other charitable organizations, while operating foundations generally expend their incomes for direct involvement in charitable activities and programs. Operating foundations are not subject to the same charitable payout requirement but must still expend a minimum amount each year on direct charitable support, usually through conducting their own charitable programs. These expenditures count as “qualifying distributions” toward meeting the operating foundation requirements.

For 1995, nonoperating foundations paid out \$13.7 billion in qualifying distributions against a required payout (or distributable) amount of \$9.9 billion. These figures represent increases from 1994 of 6 percent and 18 percent, respectively. In terms of

size, large foundations increased their qualifying distributions by 12 percent, while medium foundations distributed 5 percent more in 1995. Small foundations, on the other hand, reported 18 percent less in qualifying distributions that year, though still considerably more than the distributable amount.

Nearly 70 percent of foundations with a charitable payout requirement either met or exceeded the required amount for 1995 in that same year. Those that did not had until the end of the following reporting year to fulfill the requirement. While 27 percent of the small foundations did not meet the 1995 requirement during that year, thereby amassing “undistributed income,” 48 percent of the large foundations chose to wait until the following reporting year to distribute their required amounts for 1995. Given that the annual payout amount is not calculated until the end of the reporting year and that it is based on the monthly average of investment assets, many foundations choose to take advantage of the 1-year tax-and penalty-free “grace period” for making required distributions. This lag time gives them an opportunity to consider their investment returns, payout rates, and contributions received, among other factors, when preparing their grantmaking budgets for the following year or years.

In contrast, while some foundations chose to wait until 1996 to disperse 1995 qualifying distributions, many gave in excess of the 1995 required amount during the 1995 Reporting Year. Small foundations typically distribute much more than their required amounts. For 1995, small foundations as a group distributed an amount of qualifying distributions that was over 250 percent more than their combined required distributable amounts. In contrast, large foundations for 1995 distributed an amount of qualifying distributions that was only 9 percent more than their combined required distributable amounts.

Contributions, gifts, and grants distributed by nonoperating foundations equaled \$12.5 billion for 1995. According to *Foundation Giving*, the largest proportions of total foundation grants for 1995 went to the areas of education, health, human services, and arts and culture [19]. The contributions and grants given by foundations accounted for only 7 percent of total philanthropic giving, with the vast majority of giving coming from individual gifts [20].

**Payout Rates**

Since small foundations tend to distribute more charitable dollars relative to the required amount, they also tend to have higher charitable payout rates. Figure I displays median payout rates by size of foundation for 1990 through 1995. To calculate the payout rate, the amount of (adjusted) qualifying distributions was divided by the amount of the average of net investment assets [21]. While the 1994 and 1995 median payout rates declined slightly over past years, overall foundation payout rates for all size groups remained relatively constant over the entire 6-year period.

The payout rates for large and medium-sized foundations were very close to the required 5 percent. Those of the smallest foundations, which tend to emphasize current, rather than future, charitable giving, were much higher than the required rate. Small foundations seem to focus more on distributing charitable dollars currently, rather than on long-term endowment growth. Larger foundations, on the other hand, tend to reinvest a greater portion of their returns on investments, perhaps to ensure endowment growth for future charitable giving. The trend of large foundations to give consistently at a payout rate of 5.0 percent seems to demonstrate their use of long-range planning in setting grantmaking budgets. In a survey of the payout policies of foundations, a

study found that smaller foundations tend to use their investment yields to help to structure their charitable payout rates, while larger foundations tend to structure their investment decisions in order to reduce the effect of the payout requirement on their assets [22].

**Section 4947(a)(1) Nonexempt Charitable Trusts**

**Overview of Revenues, Assets, and Grants Paid**

Charitable trusts described in Internal Revenue Code section 4947(a)(1) are organizations that have exclusively charitable interests but are not formally recognized as tax-exempt by the IRS, as are Section 501(c)(3) organizations. Charitable trusts that are not publicly supported are subject to the same requirements as foundations, including the excise tax provisions and the charitable payout requirement. Charitable trusts are typically supported and controlled by an individual or family and, like foundations, they file Form 990-PF. Most were originally formed as 4947(a)(2) split-interest trusts that at one time had one or more noncharitable beneficiaries. Additionally, the 4947(a)(1) trusts must pay an annual tax on their incomes (usually from investments) that is not distributed for charitable purposes. Trusts must report such income and tax (under Subtitle A of the IRC) on Form 1041, *U.S.*

**Figure I**

**Nonoperating Private Foundation Payout Rates, by Size of Fair Market Value of Total Assets, 1990-1995**

Size of fair market value of total assets	Median payout rates (percentages)					
	1990	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All nonoperating foundations</b> <sup>1</sup> .....	<b>7.0</b>	<b>6.7</b>	<b>6.5</b>	<b>6.1</b>	<b>5.9</b>	<b>5.8</b>
<b>Small foundations</b>						
\$1 under \$100,000.....	10.6	12.0	11.7	11.0	10.2	10.5
\$100,000 under \$1,000,000.....	6.7	6.3	6.0	5.8	5.7	5.5
<b>Medium foundations</b>						
\$1,000,000 under \$10,000,000.....	5.8	5.6	5.5	5.2	5.3	5.1
\$10,000,000 under \$50,000,000.....	5.4	5.2	5.3	5.1	5.2	5.1
<b>Large foundations</b>						
\$50,000,000 under \$100,000,000.....	5.4	5.1	5.1	5.1	5.1	5.0
\$100,000,000 or more.....	5.0	5.1	5.0	5.0	5.1	5.1

<sup>1</sup> Includes nonoperating foundations with assets unreported or equal to zero, which are not shown separately.

## Private Foundations and Charitable Trusts, 1995

*Fiduciary Income Tax Return.* Statistics for charitable trusts contained in this article are based on Forms 990-PF, but not on Forms 1041.

Two other types of charitable trusts file different returns with the Internal Revenue Service and are *not* covered in this article. First, certain 4947(a)(1) charitable trusts, those that receive the majority of their support from public, rather than private, sources, file Form 990. These trusts typically operate in connection with, and provide support to, one or more public charities. Second, split-interest trusts, which have both charitable and noncharitable beneficiaries, file Form 5227, *Split-Interest Trust Information Return*.

The 2,743 section 4947(a)(1) trusts that filed Forms 990-PF for 1995 represented less than 2 percent of the total assets held, total revenue earned, and total grants distributed by all Form 990-PF filers. The number of Form 990-PF filers classified as trusts decreased by 6 percent from 1994. Ninety-nine percent of these organizations were classified as

nonoperating trusts. The vast majority of trusts, 93 percent, made charitable grants for 1995. (This compares to 83 percent for private foundations.) From 1994 to 1995, total trust revenues decreased slightly from \$425.0 million to \$411.8 million. This decrease was largely due to an 11-percent drop in net gains from sales of assets. The amount of contributions received by charitable trusts remained virtually unchanged from the previous year, while dividends and interest earned from securities increased 3 percent. Total trust assets, equal to \$3.7 billion for 1995, increased at about half the rate of assets held by private foundations, 9 percent versus 18 percent. Like private foundations, charitable trusts reported their largest asset gains in corporate stocks, 21 percent. Despite the decrease in revenues and only modest gain in assets, the amount of grants distributed by charitable trusts increased by 34 percent between 1994 and 1995, to \$222.3 million. Figure J shows total amount and percentage change for various charitable trust asset, revenue, and expense items

**Figure J**

### Charitable Trusts: Percentage Changes in Selected Financial Items, 1994-1995

(Money amounts are in millions of dollars)

Item	1994	1995	Percentage change, 1994-1995
	(1)	(2)	(3)
<b>Number of trusts</b> .....	<b>2,909</b>	<b>2,743</b>	<b>-5.7</b>
<b>Total assets (fair market value)</b> .....	<b>3,377</b>	<b>3,676</b>	<b>8.9</b>
Investments, total.....	3,114	3,382	8.6
Savings and temporary cash investments.....	206	170	-17.5
Investments in securities, total.....	2,473	2,771	12.1
Government obligations.....	439	441	0.5
Corporate stock.....	1,580	1,903	20.5
Corporate bonds.....	455	427	-6.1
Other investments <sup>1</sup> .....	435	441	1.4
<b>Total revenue</b> .....	<b>425</b>	<b>412</b>	<b>-3.1</b>
Contributions, gifts, and grants received.....	106	106	0.2
Net gain (or loss) from sales of assets.....	160	142	-11.3
Dividends and interest from securities.....	122	125	2.9
<b>Total expenses</b> .....	<b>206</b>	<b>262</b>	<b>27.2</b>
Contributions, gifts, and grants paid.....	166	222	34.0

<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on Form 990-PF. "Other investments" include such items as advances; certificates of investment; and investments in art, coins, gold and gems.

for 1994 and 1995.

The following classifications apply, unless otherwise indicated, to the discussion of charitable trusts throughout the remainder of this article: “small charitable trusts” refer to the group holding less than \$1 million in assets (excluding trusts that either do not report assets or that report assets equal to zero); “medium-size charitable trusts” refer to the group holding from \$1 million to less than \$10 million in assets; and “large charitable trusts” refer to the group holding \$10 million or more in assets. It should be noted that medium and large-sized trusts are much smaller on average than medium and large-sized foundations.

**Charitable Trust Revenues and Assets**

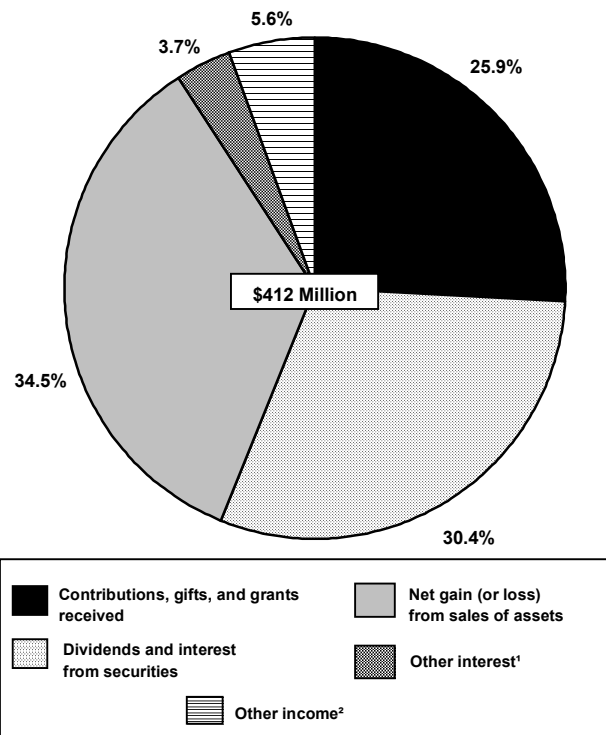
Charitable trusts earned the vast majority of their revenues from three sources in 1995: net gains from sales of assets, 35 percent; dividends and interest from securities, 30 percent; and contributions received, 26 percent as shown in Figure K. These percentages differ from the amounts reported by charitable trusts several years ago. For example, in 1990, 45 percent of trust revenues came from dividends and interest from securities, while contributions received and net gains from sales of assets each accounted for less than 15 percent. As a result of these changes, the overall trust revenue composition now more closely resembles that of private foundations.

Net investment income earned by charitable trusts totaled \$289.6 million in 1995, an increase of 5 percent over the previous year. Like foundations, most trusts are also required to pay excise tax on this net investment income. Ninety-seven percent of charitable trusts that reported net investment income paid excise tax in 1995; of these, 18 percent qualified for the reduced 1-percent tax rate, while the rest paid 2 percent.

Like foundations, charitable trusts hold the majority of their assets as investments in securities. Investments in corporate stocks, corporate bonds, and government obligations accounted for over three-quarters of trust assets in 1995, or \$2.8 billion. This amount represents a 12-percent increase over 1994. The rise in securities held by trusts was due primarily to a 20-percent increase in investments in corporate stocks, which offset the 6-percent drop in

**Figure K**

**Sources of Charitable Trust Revenue, 1995**



<sup>1</sup> Represents "Interest on savings and temporary cash investments," as reported on Form 990-PF.  
<sup>2</sup> Includes "Gross rents and royalties" and "Gross profit (or loss) from business activities," as reported on Form 990-PF, as well as such items as imputed interest on deferred payments and program-related investment income.  
 NOTE: Detail may not add to totals because of rounding.

corporate bonds. In addition to securities, charitable trusts invest in savings accounts, land, buildings and equipment, mortgage loans, and “other” investments, as depicted in Figure L.

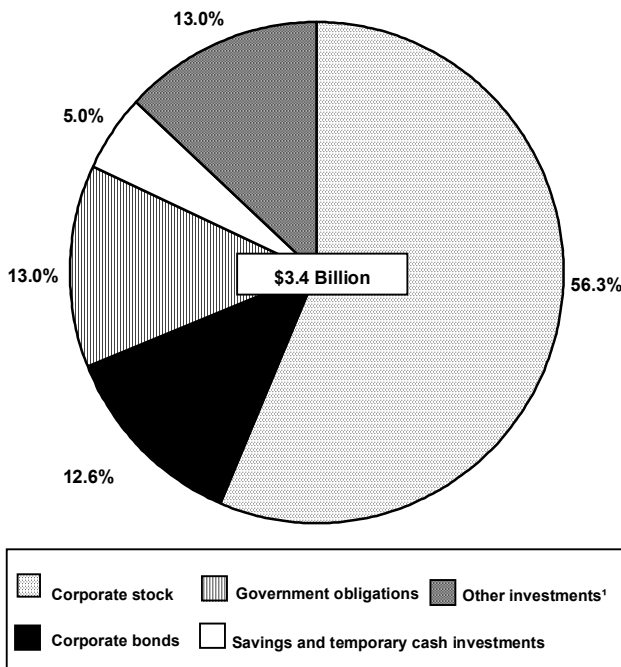
**Charitable Trust Income Yields and Rates of Total Return**

As in the case of foundations, the median net investment income (NII) yields and rates of total return on assets were calculated only for nonoperating trusts. Figure M displays the median NII yields for the different sizes of charitable trusts for 1990 through 1995. In each year, the median NII yield for trusts was higher than that for private foundations (see Figure G). For instance, for 1995, the median trust realized a 7.4-percent NII yield, while the median foundation realized only a 5.8-percent yield. Com-



**Figure L**

**Composition of Charitable Trust Investment Assets, 1995**



<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on Form 990-PF. "Other investments" include such items as advances; certificates of investment; and investments in art, coins, gold, and gems.  
NOTE: Detail may not add to totals because of rounding.

pared to foundations, there is little difference among the different trust-size groups in terms of the extent to which they rely on investment income as a source of revenue.

Figure N displays the median rates of total return on assets for the different sizes of nonoperating trusts for 1995 and the previous 5 years. As with private foundations, the charitable trust rate of total return on assets rebounded strongly from the very low levels of 1994. For 1995, the total trust rate of return was 16.2 percent. Medium and large trusts earned higher rates of return than small ones for 1995, a pattern consistent with private foundations but previously unseen in charitable trusts.

**Charitable Trust Distributions and Payout Rates**

The section 4947(a)(1) charitable trusts distributed \$222.3 million in contributions, gifts, and grants for 1995, an increase of 34 percent over 1994. Most of this increase can be attributed to a single charitable trust, the Bella Mabury Trust, which reported nearly \$73 million in charitable distributions for 1995. When this trust is excluded from the calculation, total charitable trust distributions show a 10-percent decrease from 1994. Grants distributed by the trusts represented 94 percent of the total amount of qualifying distributions. Nonoperating trusts paid out \$231.7 million in qualifying distributions. Small trusts as a group distributed 9 percent more for

**Figure M**

**Nonoperating Charitable Trust Net Investment Income Yields, by Size of Fair Market Value of Total Assets, 1990-1995**

Size of fair market value of total assets	Median net investment income yields (percentages)					
	1990	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All nonoperating trusts.....</b>	<b>7.4</b>	<b>7.3</b>	<b>7.5</b>	<b>7.8</b>	<b>6.1</b>	<b>7.4</b>
<b>Small trusts</b>						
\$1 under \$100,000.....	7.3	7.3	7.2	6.8	6.4	6.4
\$100,000 under \$1,000,000.....	7.5	7.4	8.0	8.4	5.8	7.6
<b>Medium and large trusts</b>						
\$1,000,000 under \$10,000,000.....	7.2	7.0	6.9	8.4	6.1	7.6
\$10,000,000 or more.....	6.6	6.9	7.1	7.6	6.2	7.6

**Figure N**

**Nonoperating Charitable Trust Rates of Total Return on Assets, by Size of Fair Market Value of Total Assets, 1990-1995**

Size of fair market value of total assets	Median rates of total return (percentages)					
	1990	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All nonoperating trusts</b> .....	<b>3.4</b>	<b>10.5</b>	<b>6.4</b>	<b>3.1</b>	<b>-0.6</b>	<b>16.2</b>
<b>Small trusts</b>						
\$1 under \$100,000.....	3.2	10.3	5.7	3.1	-1.4	11.4
\$100,000 under \$1,000,000.....	3.5	10.5	6.4	3.4	-0.4	16.8
<b>Medium and large trusts</b>						
\$1,000,000 under \$10,000,000.....	3.5	10.1	6.5	2.5	3.1	17.3
\$10,000,000 or more.....	3.5	11.1	4.7	3.0	-0.2	17.8

charitable purposes than the required amount; medium trusts, which include the Mabury Trust, distributed over 80 percent more than the required amount; and large trusts 7 percent more [23]. As in the case of foundations, the discussion of the distribution requirement and payout rates excludes operating trusts because they are not subject to the same payout requirements as nonoperating trusts. The median payout rate for all sizes of charitable trusts was 5.0 percent for 1995, virtually unchanged from previous years.

**Data Sources and Limitations**

The statistics in this article are based on a sample of Reporting Year 1995 Forms 990-PF that were filed with the IRS. IRS required organizations having accounting periods beginning in 1995 (and therefore ending between December 1995 and November 1996) to file Form 990-PF. Some part-year returns were included in the samples for organizations that changed their accounting periods or filed initial or final returns. Sixty-four percent of the foundations in the sample had accounting periods covering Calendar Year 1995 or, in some cases, part-year periods that ended in December 1995. For charitable trusts, 57 percent filed calendar year returns. The 1995 sample was stratified based on both the size of fair market value of total assets and the type of organization (either a foundation or a 4947(a)(1) charitable trust).

Foundation returns were selected at rates that

ranged from approximately 2.8 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets). Charitable trust returns were selected at rates that ranged from 14.0 to 100 percent. The 6,389 returns in the sample (5,580 foundations and 809 trusts) were drawn from an estimated population of 49,823 foundations and 2,247 trusts. The magnitude of sampling error, measured by coefficients of variation for selected items, is shown in Figure O.

The samples were designed to provide reliable estimates of total assets and total revenues. To accomplish this, 100 percent of foundation returns with fair market value assets of \$10 million or more and 100 percent of charitable trust returns with fair market value assets of \$1 million or more were

**Figure O**

**Coefficients of Variation for Selected Items, by Type of Organization, 1995**

Item	Private foundations	Charitable trusts
Total assets (fair market value).....	1.12	3.97
Total revenue.....	1.18	10.31
Total expenses.....	2.35	18.13

included in the samples, since these were the returns that accounted for the majority of financial activity. Efforts were made to verify that organizations selected as foundations were, in fact, foundations; and that organizations selected as trusts were, in fact, trusts. The relatively small number of foundations in the sample that were incorrectly selected as trusts were ultimately reclassified as foundations (for the statistics) using identification codes from the IRS Exempt Organization Master File. However, the weights used for these organizations were based on the original sample selection classification. These same methods were used for the trusts that were incorrectly sampled as foundations.

Approximately 47 percent of all foundations, including those reclassified as foundations, reported \$10 million or more in fair market value of total assets for 1995. While these foundations were selected at a rate of 100 percent, the remaining foundation population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 2.8 percent for returns with assets zero, unreported, or less than \$125,000; 3.8 percent for returns with assets of \$125,000 to less than \$400,000; 6.8 percent for returns with assets of \$400,000 to less than \$1 million; 8.8 percent for returns with assets of \$1 million to less than \$2.5 million; and 19.5 percent for returns with assets of \$2.5 million to less than \$10 million.

Approximately 5 percent of all 4947(a)(1) charitable trusts in the sample reported \$1 million or more in fair market value of total assets for 1995. While these trusts were selected at a rate of 100 percent, the remaining trust population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 14.0 percent for returns with assets zero, unreported, or less than \$100,000; and 23.3 percent for returns with assets of \$100,000 to less than \$1 million.

The population from which the 1995 sample was drawn consisted of Form 990-PF records posted to the IRS Business Master File during 1995 and 1996. Some of the records designated were for organizations that were deemed inactive or terminated. Inactive and terminated organizations are not reflected in the estimates. For the small number of active, large foundations whose returns were not yet filed or were otherwise unavailable for the statistics, data were

estimated using other returns having similar characteristics. For the unavailable active trust returns, which were smaller in size than those for foundations, prior-year data of those trusts were substituted in most instances.

The data presented were obtained from returns as originally filed with IRS. The data were subject to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In most cases, changes made to the original returns as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base. A general discussion of the reliability of estimates based on samples, methods for evaluating both the magnitude of sampling and non-sampling error, and the precision of sample estimates can be found in the general Appendix to this issue of the *SOI Bulletin*.

### **Explanation of Selected Terms**

The following explanations describe terms as they applied to both private foundations and charitable trusts for 1995. Unless otherwise indicated, all references to foundations also apply to trusts.

*Adjusted Net Income.*—In general, this was the amount by which a private foundation's gross income exceeded the expenses associated with earning the income. Included were all amounts derived from, or connected with, property held by the foundation, such as net short-term capital gain, ordinary investment income (dividends, interest, rents, and royalties), and income from amounts set aside for future charitable use, from all charitable functions, or from unrelated trade or business activities. Excluded were contributions received and long-term capital gains. Long-term capital losses could be reported as "other expenses" for the calculation of adjusted net income. This item is primarily used to determine if an operating foundation met the required "income test." This test demonstrates if the operating foundation spent the vast majority of its investment income on the direct, active conduct of tax-exempt charitable activities. See Operating Foundations and Trusts in this section. This item was reported on Form 990-PF, Part I, line 27c, column (c).

*Assets Zero or Unreported.*—Included in this asset-size category were: (1) final returns of liquidating or dissolving foundations that had disposed of

all assets; (2) returns of those foundations reporting zero end-of-year assets that had apparently distributed (or disposed of) all assets and income received during the year; and (3) returns of those foundations that did not report assets. A liquidating or dissolving foundation usually passes its assets on to another foundation or to a public charity.

*Capital Gains Net Income.*—This was the amount of net gains from sales or dispositions of property used for investment purposes (property used for charitable purposes was excluded). Capital losses from the sale or other disposition of property could be subtracted from capital gains only to the extent of such gains. Capital gains net income was used in the computation of “net investment income” (on which an excise tax generally had to be paid). In contrast, net gain (or loss) per books from the sale of all assets (other than inventory), including those used for both investment and charitable purposes, was reported as “net gain (or loss) from the sale of assets” on Form 990-PF, Part I, line 6, column (a). This item, capital gains net income, was reported on Form 990-PF, Part I, line 7, column (b).

*Charitable Trust.*—A charitable trust, also referred to as a “nonexempt” charitable trust, was defined in Internal Revenue Code section 4947(a)(1) as an organization that: (1) is not considered tax-exempt under section 501(a); (2) has exclusively charitable interests; and (3) has amounts in trust for which donors are allowed to claim a tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the excise tax provisions that apply to private foundations and are required to file the same Form 990-PF. (“Publicly supported” nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*, and are, therefore, not included in these statistics.) Nonexempt charitable trusts that are treated as private foundations must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Fiduciary Income Tax Return*. Data from this form are not included in the statistics of this article.

*Disbursements for Exempt Purposes.*—These deductions comprised the largest component of “qualifying distributions” and included grants paid,

operating expenses, and necessary and reasonable administrative expenditures for activities that were directly related to the tax-exempt purposes of the foundation. These amounts were determined solely on the basis of the cash receipts and disbursements method of accounting, as required by law and regulations. This item was reported on Form 990-PF, Part I, line 26, column (d).

*Distributable (Payout) Amount.*—This was the minimum payout amount required to be distributed by nonoperating foundations by the end of the year following the year for which the return was filed. Failure to distribute income within this time period resulted in a 15-percent excise tax on the undistributed portion. The distributable amount was computed as 5 percent of net investment assets, called the “minimum investment return,” minus the excise tax on net investment income and the income tax under subtitle A, plus or minus other adjustments, either allowed or required (see Net Adjustments to Distributable Amount in this section).

*Excess Distributions Carryover.*—This was the amount distributed, after fulfilling the charitable payout requirement, that equaled the excess of qualifying distributions for 1995 over the distributable amount. If necessary, excess amounts from the current year could be carried forward to be applied to the distributable amount for the 5 following years. This item was reported on Form 990-PF, Part XIII, line 9.

*Grantmaking Foundations (and Charitable Trusts).*—For the statistics in this article, grantmaking foundations and trusts are those organizations that reported \$1 or more in contributions, gifts, and grants paid for charitable purposes on Form 990-PF, Part I, line 25, column (d).

*Inventories.*—Included was the value of materials, goods, and supplies purchased or manufactured by the organization and held for sale or use in some future period. This item was reported on Form 990-PF, Part II, line 8, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Charitable-Use.*—This represented either the book value (less accumulated depreciation) or fair market value of all land, buildings, and equipment not held for investment purposes and used by the organization in con-

ducting its charitable activities. This item was reported on Form 990-PF, Part II, line 14, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Investment-Use.*—This represented either the book value (less accumulated depreciation) or fair market value of all land, buildings, and equipment held for investment purposes, such as rental properties. This item was reported on Form 990-PF, Part II, line 11, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Minimum Investment Return.*—This was the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire these assets and the cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the “distributable amount.” This item was reported on Form 990-PF, Part X, line 6.

*Net Adjustments to Distributable Amount.*—Adjustments that increased the “distributable amount” consisted of increases attributable to the income portion (as distinct from the principal portion) of distributions from split-interest trusts on amounts placed in trust after May 26, 1969. (A split-interest trust is one not exempt from tax and not all of whose interests are devoted to charitable, religious, educational, and like purposes, but that has amounts in trust for which a charitable contribution deduction was allowed. These organizations file Form 5227, *Split-Interest Trust Information Return*.) Recoveries of amounts previously treated as qualifying distributions also had to be added back to the distributable amount. Adjustments that decreased the distributable amount were the result of income required to be accumulated by the terms of an organization’s governing instrument. These adjustments were allowed only for foundations or trusts organized before May 27, 1969, whose governing instruments continued to require such accumulation, since State Courts would not allow the organizations to change their governing instruments. These items were reported on Form 990-PF, Part XI, lines 4a, 4b, and 6.

*Net Gain (or Loss) from Sales of Assets.*—Included were profits and losses from sales of such items as securities, land, buildings, or equipment.

Gain or loss reflected the amount shown on the books of the foundation and included any amount from the sale of property used for either investment or tax-exempt charitable purposes. Most of the gain or loss was from sales of stocks and bonds. Profit or loss from sales of inventory items was included in gross profit (loss) from business activities. This item was reported on Form 990-PF, Part I, line 6, column (a).

*Net Investment Assets (Noncharitable-Use Assets).*—For purposes of calculating the “minimum investment return,” only the average, rather than end-of-year, fair market value of assets that were not used or held for use for charitable purposes entered into the computation. An asset was considered an investment asset if it was not used in carrying out a charitable, educational, or other similar function that gave rise to the tax-exempt status of the foundation. Examples include the fair market value of securities and rental property owned by the foundation for investment purposes. The asset amounts included on the balance sheet in Part II of Form 990-PF included both investment and charitable-use assets. This item, which was reported on Form 990-PF, Part X, line 5, is not shown separately in the tables of this article. However, “minimum investment return,” which is based on net investment assets, is shown in the tables.

*Net Investment Income.*—This was the amount by which the sum of gross investment income plus capital gain net income exceeded allowable deductions. Included in investment income were interest, dividends, capital gains net income, rents, payments with respect to securities loans, and royalties. Excluded was any investment income derived from unrelated trade or business activities subject to the “unrelated business income” tax reported on Form 990-T, *Exempt Organization Business Income Tax Return*. This item was reported on Form 990-PF, Part I, line 27b, column (b).

*Nonoperating Foundations (and Charitable Trusts).*—These were organizations that generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to operating foundations and trusts that engaged in charitable activities themselves. However, some nonoperating foundations and trusts were actively

involved in charitable programs of their own, in addition to making grants. Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period. An organization's status as a nonoperating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Operating Foundations (and Charitable Trusts).*—These organizations generally expended their incomes for direct, active involvement in a tax-exempt activity, such as operating a library or museum or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. To qualify as an operating foundation or trust for a particular taxable year, the foundation or trust had to meet both an “income test” and one of three other tests: an “assets test,” an “endowment test,” or a “support test.”

To meet the income test, a foundation or trust had to spend at least 85 percent of the lesser of its “adjusted net income” or “minimum investment return” on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such programs). Simply put, to meet the assets test, a foundation or trust had to use directly 65 percent or more of its assets for the active conduct of charitable activities. To meet the endowment test, a foundation or trust had to regularly make distributions for the active conduct of charitable activities in an amount not less than two-thirds of its “minimum investment return.” To meet the support test, a foundation or trust had to regularly receive substantially all of its support (other than from gross investment income) from the public or from five or more qualifying exempt organizations; and (a) no more than 25 percent of its support (other than from gross investment income) from any one such qualifying exempt organization; and (b) no more than 50 percent of its support from gross investment income.

Distributions made by a private nonoperating foundation or trust to an operating foundation or trust qualified toward meeting the nonoperating organization's distribution requirement. (Distributions made by one nonoperating foundation or trust to another were subject to a number of conditions

and restrictions requiring a “pass-through” of the distribution, whereby the donor organization received credit for a qualifying distribution but the donee organization did not.) Additionally, contributions to operating foundations or trusts were deductible on the donors' individual income tax returns, up to 50 percent of their “adjusted gross incomes” (as opposed to 30 percent for contributions to nonoperating foundations).

While most operating foundations paid the excise tax on net investment income, 17 percent of operating foundations were considered exempt from this tax for 1995 under section 4940(d)(2) of the Internal Revenue Code. In order to be exempt, an operating foundation was required to meet the following requirements in any given year: (1) maintain public support for a minimum of 10 taxable years; (2) maintain a governing body at all times that is broadly representative of the general public and comprised of no more than 25-percent disqualified individuals; and (3) at no time during the year include a disqualified individual as an officer of the foundation. An organization's status as an operating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Other Assets.*—Assets reported as “other” included: (1) those assets not allocable to a specific asset item on Form 990-PF balance sheet or not included elsewhere on the return; and (2) certain amounts given special treatment in the course of statistical processing. The first category included such items as construction reserve land, dividends receivable, escrow deposits, income tax refunds, interest discounts, interest-free loans, overdraft protection, and program-related investments. The second category included atypical amounts reported by the return filer as “negative liabilities.” These items were reported on Form 990-PF, Part II, line 15, columns (a) beginning-of-year book value, (b) end-of-year book value, and (c) end-of-year fair market value.

*Other Investments.*—Investments reported as “other” included such items as advances, bank certificates, cash values of life insurance, certificates of investment, miscellaneous loan income, patronage dividends, and investments in art, coins, gold, and gems. These items were reported on Form 990-PF, Part II, line 13, columns (a) beginning-of-year book value, (b) end-of-year book value, and (c)

end-of-year fair market value.

*Private Foundation.*—A private foundation was defined in Internal Revenue Code section 501(c)(3) as a nonprofit organization with a narrow source of funds that operated or supported educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of society. A private foundation qualified for tax-exempt status under Code section 501(c)(3) but was not (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization operated by, or in connection with, any of the above described organizations; or (4) an organization that conducted tests for public safety. The primary difference between a private foundation and a public charity was the sources of the organization's funding. A foundation typically received its funds from an individual, family, or corporation, while a public charity primarily received its funds from a large number of sources within the general public.

*Qualifying Distributions.*—Qualifying distributions included disbursements for charitable purposes (grants, direct expenditures to accomplish charitable purposes, and charitable-purpose operating and administrative expenses); amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the foundation or trust's obligation to pay out its "distributable amount." This item was reported on Form 990-PF, Part XII, line 4.

*Set-Asides.*—Amounts set-aside for specific charitable purposes can be treated as qualifying distributions only if the foundation establishes to the satisfaction of the IRS that the amount will be paid for the specific project within 60 months from the date of the first set-aside and if the foundation meets either the suitability test or the cash distribution test. To meet the suitability test, a foundation must receive prior approval from the IRS and must demonstrate that the project can be better accomplished by a set-aside than by an immediate payment of funds. To meet the cash distribution test under section 4942(g)(2)(B)(ii), a foundation must attach a schedule to its annual return showing how the require-

ments are met. The foundation must attach a schedule for the year of the set-aside and for each subsequent year until the set-aside amount has been distributed. Set-asides were reported on Form 990-PF, Part XII, lines 3a and 3b.

*Total Assets.*—This was the sum of all assets reported in the foundation's balance sheet, shown at both book value and fair market value. Total assets were reported on Form 990-PF, Part II, line 16, columns (a) beginning-of-year book value, (b) end-of-year book value, and (c) end-of-year fair market value.

*Total Expenses.*—This was the sum of contributions, gifts, and grants paid, plus various operating and administrative expenses related to both investment and charitable-purpose activities. Total expense items were reported as shown on the books and records of the foundation and were based on either the cash receipts or the accrual method of accounting. Total expenses were reported on Form 990-PF, Part I, line 26, column (a).

*Total Revenue.*—This was the sum of gross contributions, gifts, and grants received; interest on savings and temporary cash investments; dividends and interest from securities; net gain (or loss) from sales of assets (mostly investment assets but also charitable-use assets); gross rents and royalties; gross profit (or loss) from business activities; and other income (such as royalty income, program-related investment income, interest earned on assets used for charitable purposes, and imputed interest on certain deferred payments). These other income items were reported on Form 990-PF, Part I, line 11, column (a). Total revenue items included both investment and charitable-use items, were reported as shown on the books and records of the foundation, and were based on either the cash receipts or the accrual method of accounting. Total revenues were reported on Form 990-PF, Part I, line 12, column (a).

*Undistributed Income.*—This is the portion of the required "distributable amount" still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carried over from prior years. Sanctions were imposed in the form of excise taxes on private foundations that did not pay out an amount equal to the "distributable amount" by the end of the following tax year. This item was reported on Form 990-PF,

Part XIII, line 6f, column (d).

*Unrelated Business Income (UBI).*—This is an exempt organization’s income from a trade or business regularly carried on by the organization and not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activity carried on for the production of income from selling goods or performing services. A tax, as reported on Form 990-T, *Exempt Organization Business Income Tax Return*, was imposed on “unrelated business taxable income (UBTI).” Unrelated business taxable income is gross unrelated business income, less deductions directly connected with carrying on the trade or business, and less certain other deductions. The unrelated business income tax was determined based on the corporate or trust tax rates that were in effect for a given tax year. (Gross) unrelated business income and the associated business codes were reported on Form 990-PF, Part XVI-A, columns (a) and (b).

**Notes and References**

- [1] The amount of contributions, gifts, and grants paid by foundations is based on the amount that foundations actually disbursed for 1995 using the cash receipts and disbursements method of accounting.
- [2] Unless otherwise indicated, dollar amounts and percentages in the text and figures are not adjusted for inflation. However, Figure B, which presents data over a 5-year period, does present inflation-adjusted, real changes in revenues, assets, and charitable distributions. Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Volume 78, Number 8, August, 1998, Table 7.1.
- [3] The data presented in this article are from Forms 990-PF, filed for Reporting Year 1995 by organizations with accounting periods *beginning* in 1995. Therefore, the statistics include organizations with accounting periods that ended sometime during the period December 1995

through November 1996. For a more detailed analysis, see the Data Sources and Limitations section.

- [4] U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Volume 78, Number 8, August, 1998, Table 1.2.
- [5] For an indepth discussion of organizations other than private foundations that are tax-exempt under Internal Revenue Code section 501(c)(3), see Hilgert, Cecelia and Whitten, Melissa, “Charities and Other Tax-Exempt Organizations, 1995,” in this issue.
- [6] Of the 525,134 nonprofit charitable organizations recognized by the Internal Revenue Service under section 501(c)(3), there were 180,931 Forms 990 and 990-EZ and 47,983 Forms 990-PF filed for 1995. Those not required to file included religious organizations and those with annual gross receipts of less than \$25,000.
- [7] For purposes of the analyses, “charitable trusts” refer only to the section 4947(a)(1) charitable trusts that file Form 990-PF, while “private foundations” refer to the section 501(c)(3) private foundations that file Form 990-PF.
- [8] Programs termed “charitable” refer to tax-exempt activities that are charitable, educational, scientific, social, literary, or religious in nature.
- [9] The net value of noncharitable-use assets was reported on Form 990-PF, Part X, line 5. For more information, see Net Investment Assets in the Explanation of Selected Terms section.
- [10] Because Forms 990-PF, on which private foundations and charitable trusts report their financial information, are public documents, the names of individual organizations can be used in this article.
- [11] A foundation is considered domestic if it is organized in the United States; however, this does not necessarily imply that all its assets, activities, or grant recipients are domestic.



[12] Seven of the ten largest foundations had calendar year accounting periods, meaning that all of their activity occurred during the calendar-year period. However, three of the ten had other fiscal year accounting periods. For instance, for the 1995 Reporting Year, the Ford Foundation had an accounting period ending in September 1996; the two W.K. Kellogg Foundations in August 1996; and the J. Paul Getty Trust in June 1996; therefore, much of their activity for 1995 occurred in Calendar Year 1996. See the Data Sources and Limitations section.

[13] For more information on the unrelated business income of exempt organizations, see Riley, Margaret, "Unrelated Business Income of Nonprofit Organizations, 1994," *Statistics of Income Bulletin*, Volume 17, Number 4.

[14] While all foundations reporting revenue (with the exception of those reporting only contributions) were required to complete the "Analysis of Income-Producing Activities" schedule of the return, only 80 percent actually did so on their returns as originally filed.

[15] Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, Washington, DC: The Council on Foundations, 1989; and Salamon, Lester M. and Voytek, Kenneth P., *Foundation Investment and Payout Performance: An Update*, Washington, DC: The Council on Foundations, 1991.

[16] Salamon and Voytek, *ibid.*

[17] Net investment income is comprised of income not considered to be related to a foundation's charitable purpose, such as interest, dividends, and capital gains net income. The net investment income amount used in calculating the NII yield was obtained from column (b) of the income statement, found in Part I of Form 990-PF.

[18] The rate-of-total-return formula used here is the same as that developed and used by Salamon and Voytek in their studies on foundation

assets. See Salamon and Voytek, *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, Washington, DC: The Council on Foundations, 1989, p. 32. The formula is as follows:

$$\begin{aligned} \text{Rate of Total Return} = & \\ & [\text{Ending Fair Market Value of Assets} \\ & - \text{Beginning Fair Market Value of Assets} \\ & - \text{Contributions Received} \\ & + \text{Grants Paid} \\ & + \text{Operating and Administrative Expenses} \\ & + \text{Excise Tax Paid on Net Investment Income}] \end{aligned}$$

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$$[\text{Beginning Fair Market Value of Assets} + 50 \text{ percent of Contributions Received}]$$

To calculate the rate of total return shown in Figure H, samples of private foundation information returns for consecutive years were matched in order to analyze both the beginning- and end-of-year fair market value data.

The beginning fair market value of assets for any given year equals the ending fair market value reported on the prior year's tax return. Thus, in order to provide a consistent form of measurement by which to compare rates of total return among different years, the ending fair market value of asset amounts (reported for both the year subject to the computation and the prior year) was used to compute the rate of return. In order to obtain an inflation-adjusted real rate of return, the figure equaling the beginning-of-year fair market value of assets was adjusted using the Gross Domestic Product chain-type price index (see footnote 2).

[19] Renz, Loren; Mandler, Crystal; and Tran, Trinh, *Foundation Giving: Yearbook of Facts and Figures on Private, Corporate, and Community Foundations*, 1997 edition, New York: The Foundation Center, 1997, Table 60, p. 66.

[20] *Ibid.*, pp. 57-58.

[21] To calculate the payout rate, the amount of

## Private Foundations and Charitable Trusts, 1995

(adjusted) qualifying distributions was divided by the amount of the monthly average of net investment (or noncharitable-use) assets. This payout formula adjusts qualifying distributions with additions and subtractions that are made to the required “distributable amount” on Form 990-PF. The numerator of the formula also includes excess distributions made in the past and applied to the requirement of the current

filing year.

[22] Salamon, *op cit.*, pp. 269-270.

[23] For 1995, the Bella Mabury Trust reported a required distributable amount of \$717,000 and qualifying distributions of \$72.8 million. It also reported revenue of \$888,000 and an excess of revenue over expenses deficit of \$72.0 million.

# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All foundations</b>									
<b>Total.....</b>	<b>47,983</b>	<b>46,698</b>	<b>32,289,714</b>	<b>21,700</b>	<b>9,427,519</b>	<b>31,900</b>	<b>7,637,697</b>	<b>22,514</b>	<b>11,981,850</b>
Zero or unreported.....	1,382	1,034	160,761	622	102,350	*152	*1,932	*80	*41,991
\$1 under \$100,000.....	15,083	14,171	451,354	8,348	386,437	5,028	16,252	2,467	26,098
\$100,000 under \$1,000,000.....	18,134	18,108	1,400,305	7,428	810,554	14,439	228,076	9,166	116,336
\$1,000,000 under \$10,000,000.....	10,701	10,701	5,425,648	4,185	2,543,905	9,726	1,023,651	8,397	1,166,815
\$10,000,000 under \$25,000,000.....	1,503	1,503	3,369,434	643	1,330,268	1,415	702,220	1,317	964,424
\$25,000,000 under \$50,000,000.....	571	571	2,864,159	239	1,175,740	542	582,959	520	799,378
\$50,000,000 under \$100,000,000.....	296	296	2,431,483	117	735,411	290	641,907	274	854,386
\$100,000,000 or more.....	313	313	16,186,570	119	2,342,853	309	4,440,700	294	8,012,423
<b>Nonoperating foundations</b>									
<b>Total.....</b>	<b>44,015</b>	<b>42,875</b>	<b>29,003,627</b>	<b>18,998</b>	<b>8,152,249</b>	<b>30,419</b>	<b>7,164,594</b>	<b>21,469</b>	<b>11,040,798</b>
Zero or unreported.....	1,309	998	134,181	586	75,771	*152	*1,932	*80	*41,991
\$1 under \$100,000.....	13,535	12,732	374,698	7,321	315,727	4,876	16,156	2,358	25,940
\$100,000 under \$1,000,000.....	16,726	16,700	1,218,580	6,507	691,306	13,803	215,101	8,788	127,246
\$1,000,000 under \$10,000,000.....	9,988	9,988	4,869,883	3,647	2,242,055	9,226	980,775	8,019	1,128,857
\$10,000,000 under \$25,000,000.....	1,365	1,365	3,043,543	533	1,229,009	1,304	658,900	1,214	914,291
\$25,000,000 under \$50,000,000.....	532	532	2,664,179	210	1,110,095	505	554,281	486	750,041
\$50,000,000 under \$100,000,000.....	272	272	2,255,655	98	676,169	268	596,653	254	820,955
\$100,000,000 or more.....	288	288	14,442,909	96	1,812,117	285	4,140,796	271	7,231,477
<b>Operating foundations</b>									
<b>Total.....</b>	<b>3,968</b>	<b>3,823</b>	<b>3,286,087</b>	<b>2,703</b>	<b>1,275,270</b>	<b>1,481</b>	<b>473,103</b>	<b>1,045</b>	<b>941,052</b>
Zero or unreported.....	*72	*36	*26,580	*36	*26,579	--	--	--	--
\$1 under \$100,000.....	1,548	1,440	76,656	1,027	70,710	*152	*96	*109	*158
\$100,000 under \$1,000,000.....	1,408	1,408	181,724	921	119,249	636	12,975	378	-10,910
\$1,000,000 under \$10,000,000.....	713	713	555,766	538	301,849	499	42,876	378	37,958
\$10,000,000 under \$25,000,000.....	138	138	325,892	110	101,259	111	43,319	103	50,133
\$25,000,000 under \$50,000,000.....	39	39	199,981	29	65,645	37	28,679	34	49,337
\$50,000,000 under \$100,000,000.....	24	24	175,828	19	59,242	22	45,254	20	33,431
\$100,000,000 or more.....	25	25	1,743,661	23	530,736	24	299,904	23	780,945
<b>Grantmaking foundations</b>									
<b>Total.....</b>	<b>39,694</b>	<b>39,487</b>	<b>30,149,440</b>	<b>16,895</b>	<b>8,403,899</b>	<b>29,397</b>	<b>7,404,441</b>	<b>21,079</b>	<b>11,662,995</b>
Zero or unreported.....	774	738	113,416	369	55,002	*145	*1,901	*72	*41,998
\$1 under \$100,000.....	10,670	10,525	397,324	5,860	343,314	4,282	14,945	2,141	25,938
\$100,000 under \$1,000,000.....	16,006	15,980	1,131,324	6,151	616,664	13,454	219,973	8,686	113,106
\$1,000,000 under \$10,000,000.....	9,741	9,741	4,634,736	3,531	2,092,937	9,104	973,442	7,904	1,105,832
\$10,000,000 under \$25,000,000.....	1,386	1,386	3,045,065	561	1,194,198	1,326	667,724	1,235	922,331
\$25,000,000 under \$50,000,000.....	540	540	2,675,780	215	1,088,486	516	561,804	494	768,532
\$50,000,000 under \$100,000,000.....	282	282	2,322,153	104	688,702	278	620,412	265	844,183
\$100,000,000 or more.....	295	295	15,829,642	104	2,324,596	292	4,344,240	281	7,841,075
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	<b>37,698</b>	<b>37,491</b>	<b>28,002,767</b>	<b>15,590</b>	<b>7,496,380</b>	<b>28,602</b>	<b>7,098,511</b>	<b>20,549</b>	<b>10,978,884</b>
Zero or unreported.....	774	738	113,416	369	55,002	*145	*1,901	*72	*41,998
\$1 under \$100,000.....	9,896	9,751	335,220	5,346	284,532	4,203	14,891	2,105	25,833
\$100,000 under \$1,000,000.....	15,138	15,112	1,020,044	5,602	543,296	13,006	208,571	8,387	122,981
\$1,000,000 under \$10,000,000.....	9,480	9,480	4,375,530	3,363	1,939,350	8,918	958,356	7,785	1,096,127
\$10,000,000 under \$25,000,000.....	1,332	1,332	2,922,995	518	1,135,831	1,282	651,991	1,196	904,610
\$25,000,000 under \$50,000,000.....	525	525	2,601,688	204	1,052,838	501	552,381	481	748,852
\$50,000,000 under \$100,000,000.....	270	270	2,237,197	96	674,316	267	596,049	253	819,758
\$100,000,000 or more.....	283	283	14,396,677	93	1,811,214	280	4,114,370	269	7,218,726
<b>Grantmaking-operating foundations</b>									
<b>Total.....</b>	<b>1,997</b>	<b>1,997</b>	<b>2,146,673</b>	<b>1,304</b>	<b>907,520</b>	<b>796</b>	<b>305,931</b>	<b>530</b>	<b>684,111</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	774	774	62,104	514	58,782	*80	*54	*36	*105
\$100,000 under \$1,000,000.....	868	868	111,280	549	73,368	448	11,402	299	-9,875
\$1,000,000 under \$10,000,000.....	261	261	259,207	168	153,588	186	15,086	119	9,706
\$10,000,000 under \$25,000,000.....	54	54	122,070	43	58,367	44	15,733	39	17,722
\$25,000,000 under \$50,000,000.....	15	15	74,091	11	35,648	15	9,422	13	19,681
\$50,000,000 under \$100,000,000.....	12	12	84,956	8	14,386	11	24,363	12	24,424
\$100,000,000 or more.....	12	12	1,432,965	11	513,382	12	229,870	12	622,349

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All foundations</b>								
<b>Total.....</b>	<b>46,623</b>	<b>17,958,057</b>	<b>46,596</b>	<b>14,331,657</b>	<b>41,294</b>	<b>20,395,480</b>	<b>44,220</b>	<b>15,120,996</b>
Zero or unreported.....	1,107	234,187	745	-73,426	557	58,324	998	212,560
\$1 under \$100,000.....	14,280	418,096	14,432	33,258	10,663	53,558	12,703	382,548
\$100,000 under \$1,000,000.....	17,905	1,389,908	18,049	10,396	17,075	585,876	17,397	973,721
\$1,000,000 under \$10,000,000.....	10,652	3,341,842	10,689	2,083,806	10,346	2,729,075	10,460	2,792,038
\$10,000,000 under \$25,000,000.....	1,500	1,784,464	1,503	1,584,970	1,489	1,873,053	1,487	1,547,346
\$25,000,000 under \$50,000,000.....	571	1,538,730	570	1,325,429	562	1,596,998	569	1,355,895
\$50,000,000 under \$100,000,000.....	296	1,214,275	296	1,217,208	292	1,599,331	296	1,059,421
\$100,000,000 or more.....	313	8,036,553	313	8,150,017	311	11,899,265	310	6,797,467
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>42,708</b>	<b>16,111,125</b>	<b>42,691</b>	<b>12,892,502</b>	<b>38,301</b>	<b>18,901,562</b>	<b>40,561</b>	<b>13,728,280</b>
Zero or unreported.....	1,034	209,713	673	-75,532	557	58,324	926	188,122
\$1 under \$100,000.....	12,768	349,985	12,920	24,713	9,737	51,800	11,336	330,647
\$100,000 under \$1,000,000.....	16,512	1,166,424	16,667	52,156	15,845	565,891	16,071	802,848
\$1,000,000 under \$10,000,000.....	9,938	2,952,777	9,976	1,917,105	9,726	2,588,306	9,787	2,502,822
\$10,000,000 under \$25,000,000.....	1,363	1,561,399	1,365	1,482,144	1,356	1,769,142	1,355	1,384,642
\$25,000,000 under \$50,000,000.....	532	1,421,802	531	1,242,376	525	1,510,387	530	1,266,195
\$50,000,000 under \$100,000,000.....	272	1,093,788	272	1,161,866	269	1,512,650	272	958,213
\$100,000,000 or more.....	288	7,355,236	288	7,087,673	287	10,845,062	285	6,294,791
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,916</b>	<b>1,846,932</b>	<b>3,905</b>	<b>1,439,155</b>	<b>2,993</b>	<b>1,493,918</b>	<b>3,659</b>	<b>1,392,716</b>
Zero or unreported.....	*72	*24,474	*72	*2,106	--	--	*72	*24,438
\$1 under \$100,000.....	1,512	68,111	1,512	8,545	926	1,759	1,367	51,901
\$100,000 under \$1,000,000.....	1,393	223,485	1,382	-41,760	1,230	19,985	1,326	170,873
\$1,000,000 under \$10,000,000.....	713	389,065	713	166,701	620	140,769	673	289,216
\$10,000,000 under \$25,000,000.....	137	223,066	138	102,826	133	103,911	132	162,704
\$25,000,000 under \$50,000,000.....	39	116,928	39	83,053	37	86,611	39	89,700
\$50,000,000 under \$100,000,000.....	24	120,487	24	55,341	23	86,680	24	101,208
\$100,000,000 or more.....	25	681,317	25	1,062,344	24	1,054,203	25	502,675
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>39,694</b>	<b>16,816,389</b>	<b>39,373</b>	<b>13,333,051</b>	<b>36,565</b>	<b>19,746,827</b>	<b>39,694</b>	<b>14,368,412</b>
Zero or unreported.....	774	188,443	593	-75,027	485	58,246	774	187,821
\$1 under \$100,000.....	10,670	378,087	10,598	19,237	8,456	50,679	10,670	356,476
\$100,000 under \$1,000,000.....	16,006	1,254,059	15,951	-122,736	15,566	568,815	16,006	868,355
\$1,000,000 under \$10,000,000.....	9,741	2,929,674	9,728	1,705,062	9,571	2,552,130	9,741	2,565,622
\$10,000,000 under \$25,000,000.....	1,386	1,612,597	1,386	1,432,468	1,379	1,789,179	1,386	1,422,841
\$25,000,000 under \$50,000,000.....	540	1,452,804	540	1,222,975	534	1,538,564	540	1,297,188
\$50,000,000 under \$100,000,000.....	282	1,144,262	282	1,177,891	278	1,557,283	282	1,001,672
\$100,000,000 or more.....	295	7,856,463	295	7,973,179	295	11,631,931	295	6,668,436
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>37,698</b>	<b>15,731,633</b>	<b>37,403</b>	<b>12,271,133</b>	<b>34,911</b>	<b>18,764,666</b>	<b>37,698</b>	<b>13,589,200</b>
Zero or unreported.....	774	188,443	593	-75,027	485	58,246	774	187,821
\$1 under \$100,000.....	9,896	322,829	9,824	12,391	7,972	49,532	9,896	316,236
\$100,000 under \$1,000,000.....	15,138	1,096,618	15,108	-76,574	14,727	551,372	15,138	748,457
\$1,000,000 under \$10,000,000.....	9,480	2,760,323	9,467	1,615,206	9,332	2,511,494	9,480	2,450,423
\$10,000,000 under \$25,000,000.....	1,332	1,541,812	1,332	1,381,183	1,326	1,747,084	1,332	1,377,867
\$25,000,000 under \$50,000,000.....	525	1,417,253	525	1,184,436	520	1,505,764	525	1,265,972
\$50,000,000 under \$100,000,000.....	270	1,080,734	270	1,156,463	267	1,509,370	270	950,954
\$100,000,000 or more.....	283	7,323,621	283	7,073,056	283	10,831,804	283	6,291,472
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,997</b>	<b>1,084,756</b>	<b>1,971</b>	<b>1,061,917</b>	<b>1,653</b>	<b>982,160</b>	<b>1,997</b>	<b>779,212</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	774	55,258	774	6,845	485	1,146	774	40,241
\$100,000 under \$1,000,000.....	868	157,441	842	-46,161	839	17,443	868	119,899
\$1,000,000 under \$10,000,000.....	261	169,351	261	89,856	240	40,636	261	115,199
\$10,000,000 under \$25,000,000.....	54	70,784	54	51,286	53	42,095	54	44,974
\$25,000,000 under \$50,000,000.....	15	35,552	15	38,540	14	32,801	15	31,217
\$50,000,000 under \$100,000,000.....	12	63,528	12	21,428	11	47,913	12	50,718
\$100,000,000 or more.....	12	532,842	12	900,123	12	800,127	12	376,964

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>1</sup>		Excise tax on net investment income				
	Number of returns	Amount	Total	Domestic foundations		Foreign foundations	
				Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All foundations</b>							
<b>Total.....</b>	<b>39,694</b>	<b>12,858,843</b>	<b>280,882</b>	<b>39,128</b>	<b>279,378</b>	<b>31</b>	<b>1,504</b>
Zero or unreported.....	774	187,073	585	398	585	--	--
\$1 under \$100,000.....	10,670	339,170	715	9,317	715	--	--
\$100,000 under \$1,000,000.....	16,006	763,593	9,223	16,753	9,219	*4	*4
\$1,000,000 under \$10,000,000.....	9,741	2,399,627	42,714	10,120	42,706	*11	*9
\$10,000,000 under \$25,000,000.....	1,386	1,309,283	28,693	1,438	28,669	2	25
\$25,000,000 under \$50,000,000.....	540	1,166,042	24,449	540	24,378	3	71
\$50,000,000 under \$100,000,000.....	282	876,256	23,312	276	23,297	3	15
\$100,000,000 or more.....	295	5,817,798	151,190	286	149,809	7	1,381
<b>Nonoperating foundations</b>							
<b>Total.....</b>	<b>37,698</b>	<b>12,499,992</b>	<b>270,500</b>	<b>36,801</b>	<b>268,995</b>	<b>31</b>	<b>1,504</b>
Zero or unreported.....	774	187,073	585	398	585	--	--
\$1 under \$100,000.....	9,896	306,348	687	8,645	687	--	--
\$100,000 under \$1,000,000.....	15,138	708,303	8,957	15,665	8,953	*4	*4
\$1,000,000 under \$10,000,000.....	9,480	2,339,956	40,996	9,684	40,988	*11	*9
\$10,000,000 under \$25,000,000.....	1,332	1,295,756	27,667	1,351	27,643	2	25
\$25,000,000 under \$50,000,000.....	525	1,155,061	23,580	519	23,510	3	71
\$50,000,000 under \$100,000,000.....	270	867,596	22,743	263	22,728	3	15
\$100,000,000 or more.....	283	5,639,899	145,283	277	143,902	7	1,381
<b>Operating foundations</b>							
<b>Total.....</b>	<b>1,997</b>	<b>358,851</b>	<b>10,383</b>	<b>2,327</b>	<b>10,383</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	774	32,823	28	673	28	--	--
\$100,000 under \$1,000,000.....	868	55,289	266	1,089	266	--	--
\$1,000,000 under \$10,000,000.....	261	59,672	1,718	435	1,718	--	--
\$10,000,000 under \$25,000,000.....	54	13,527	1,026	87	1,026	--	--
\$25,000,000 under \$50,000,000.....	15	10,981	868	21	868	--	--
\$50,000,000 under \$100,000,000.....	12	8,661	569	13	569	--	--
\$100,000,000 or more.....	12	177,899	5,908	9	5,908	--	--
<b>Grantmaking foundations</b>							
<b>Total.....</b>	<b>39,694</b>	<b>12,858,843</b>	<b>274,962</b>	<b>35,364</b>	<b>273,492</b>	<b>29</b>	<b>1,470</b>
Zero or unreported.....	774	187,073	*584	*326	*584	--	--
\$1 under \$100,000.....	10,670	339,170	663	7,682	663	--	--
\$100,000 under \$1,000,000.....	16,006	763,593	8,927	15,406	8,923	*4	*4
\$1,000,000 under \$10,000,000.....	9,741	2,399,627	40,092	9,513	40,083	*11	*9
\$10,000,000 under \$25,000,000.....	1,386	1,309,283	27,792	1,362	27,767	2	25
\$25,000,000 under \$50,000,000.....	540	1,166,042	23,788	523	23,747	2	41
\$50,000,000 under \$100,000,000.....	282	876,256	23,087	270	23,071	3	15
\$100,000,000 or more.....	295	5,817,798	150,029	281	148,653	6	1,377
<b>Grantmaking-nonoperating foundations</b>							
<b>Total.....</b>	<b>37,698</b>	<b>12,499,992</b>	<b>267,854</b>	<b>33,976</b>	<b>266,384</b>	<b>29</b>	<b>1,470</b>
Zero or unreported.....	774	187,073	*584	*326	*584	--	--
\$1 under \$100,000.....	9,896	306,348	644	7,306	644	--	--
\$100,000 under \$1,000,000.....	15,138	708,303	8,687	14,675	8,683	*4	*4
\$1,000,000 under \$10,000,000.....	9,480	2,339,956	39,493	9,296	39,485	*11	*9
\$10,000,000 under \$25,000,000.....	1,332	1,295,756	27,268	1,322	27,244	2	25
\$25,000,000 under \$50,000,000.....	525	1,155,061	23,473	515	23,432	2	41
\$50,000,000 under \$100,000,000.....	270	867,596	22,689	262	22,673	3	15
\$100,000,000 or more.....	283	5,639,899	145,017	275	143,640	6	1,377
<b>Grantmaking-operating foundations</b>							
<b>Total.....</b>	<b>1,997</b>	<b>358,851</b>	<b>7,108</b>	<b>1,387</b>	<b>7,108</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	774	32,823	19	376	19	--	--
\$100,000 under \$1,000,000.....	868	55,289	240	731	240	--	--
\$1,000,000 under \$10,000,000.....	261	59,672	599	218	599	--	--
\$10,000,000 under \$25,000,000.....	54	13,527	524	40	524	--	--
\$25,000,000 under \$50,000,000.....	15	10,981	315	8	315	--	--
\$50,000,000 under \$100,000,000.....	12	8,661	398	8	398	--	--
\$100,000,000 or more.....	12	177,899	5,013	6	5,013	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Total assets (book value)		Total investment assets (book value)		Investments in securities (book value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
<b>All foundations</b>								
<b>Total.....</b>	<b>46,572</b>	<b>215,903,591</b>	<b>40,383</b>	<b>200,613,478</b>	<b>28,851</b>	<b>164,318,952</b>	<b>13,952</b>	<b>31,431,272</b>
Zero or unreported.....	*7	*2	*7	*2	--	--	--	--
\$1 under \$100,000.....	15,047	420,447	9,983	311,630	3,776	108,948	1,020	23,137
\$100,000 under \$1,000,000.....	18,134	6,096,923	17,141	5,146,921	13,064	3,380,113	5,317	881,690
\$1,000,000 under \$10,000,000.....	10,701	26,940,313	10,580	24,218,589	9,464	18,413,893	5,747	4,937,129
\$10,000,000 under \$25,000,000.....	1,503	18,437,202	1,494	16,920,517	1,414	13,275,184	1,017	3,566,823
\$25,000,000 under \$50,000,000.....	571	15,503,860	570	14,312,107	542	11,257,085	389	2,820,829
\$50,000,000 under \$100,000,000.....	296	16,199,004	296	15,151,964	284	12,236,787	220	2,924,952
\$100,000,000 or more.....	313	132,305,840	312	124,551,749	307	105,646,941	242	16,276,712
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>42,677</b>	<b>195,026,185</b>	<b>37,425</b>	<b>186,205,383</b>	<b>27,507</b>	<b>152,726,830</b>	<b>13,367</b>	<b>28,786,753</b>
Zero or unreported.....	*7	*2	*7	*2	--	--	--	--
\$1 under \$100,000.....	13,499	373,132	9,129	285,950	3,588	105,717	948	20,852
\$100,000 under \$1,000,000.....	16,726	5,616,322	15,922	4,869,459	12,595	3,277,784	5,228	864,316
\$1,000,000 under \$10,000,000.....	9,988	25,034,809	9,917	22,966,951	8,970	17,719,958	5,472	4,765,402
\$10,000,000 under \$25,000,000.....	1,365	16,668,802	1,358	15,816,140	1,304	12,467,598	929	3,326,641
\$25,000,000 under \$50,000,000.....	532	14,323,128	532	13,568,082	504	10,712,615	364	2,685,322
\$50,000,000 under \$100,000,000.....	272	14,736,346	272	14,061,108	262	11,430,756	205	2,704,747
\$100,000,000 or more.....	288	118,273,645	288	114,637,692	284	97,012,403	222	14,419,473
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,895</b>	<b>20,877,406</b>	<b>2,958</b>	<b>14,408,095</b>	<b>1,344</b>	<b>11,592,122</b>	<b>585</b>	<b>2,644,519</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,548	47,315	854	25,680	*188	*3,231	*72	*2,284
\$100,000 under \$1,000,000.....	1,408	480,602	1,219	277,462	469	102,329	*89	*17,374
\$1,000,000 under \$10,000,000.....	713	1,905,505	664	1,251,639	494	693,935	275	171,728
\$10,000,000 under \$25,000,000.....	138	1,768,401	136	1,104,376	110	807,586	88	240,183
\$25,000,000 under \$50,000,000.....	39	1,180,732	38	744,025	38	544,470	25	135,507
\$50,000,000 under \$100,000,000.....	24	1,462,658	24	1,090,856	22	806,031	15	220,205
\$100,000,000 or more.....	25	14,032,195	24	9,914,057	23	8,634,539	20	1,857,240
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>38,920</b>	<b>205,165,392</b>	<b>35,557</b>	<b>193,386,969</b>	<b>26,713</b>	<b>159,128,161</b>	<b>13,027</b>	<b>30,276,102</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	10,670	331,580	7,936	266,272	3,335	102,381	948	22,416
\$100,000 under \$1,000,000.....	16,006	5,417,266	15,454	4,786,616	12,143	3,217,319	4,988	829,689
\$1,000,000 under \$10,000,000.....	9,741	24,455,785	9,670	22,584,811	8,835	17,475,637	5,342	4,683,085
\$10,000,000 under \$25,000,000.....	1,386	16,969,417	1,381	15,928,704	1,324	12,574,688	942	3,371,505
\$25,000,000 under \$50,000,000.....	540	14,621,086	540	13,729,379	513	10,822,863	369	2,710,042
\$50,000,000 under \$100,000,000.....	282	15,406,288	282	14,610,104	272	11,853,482	210	2,778,708
\$100,000,000 or more.....	295	127,963,970	295	121,481,084	291	103,081,790	229	15,880,658
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>36,924</b>	<b>191,761,368</b>	<b>33,919</b>	<b>183,757,756</b>	<b>25,991</b>	<b>151,135,443</b>	<b>12,788</b>	<b>28,486,829</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	9,896	306,861	7,422	248,540	3,219	99,883	911	20,602
\$100,000 under \$1,000,000.....	15,138	5,129,105	14,667	4,589,501	11,809	3,138,502	4,932	818,592
\$1,000,000 under \$10,000,000.....	9,480	23,759,904	9,425	22,089,424	8,644	17,216,824	5,250	4,633,261
\$10,000,000 under \$25,000,000.....	1,332	16,260,096	1,327	15,492,115	1,281	12,270,885	911	3,274,127
\$25,000,000 under \$50,000,000.....	525	14,176,379	525	13,432,551	498	10,596,261	359	2,647,519
\$50,000,000 under \$100,000,000.....	270	14,640,455	270	14,012,109	261	11,407,325	205	2,704,747
\$100,000,000 or more.....	283	117,488,569	283	113,893,517	279	96,405,762	219	14,387,981
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,997</b>	<b>13,404,024</b>	<b>1,638</b>	<b>9,629,212</b>	<b>722</b>	<b>7,992,718</b>	<b>240</b>	<b>1,789,273</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	774	24,719	514	17,731	*116	*2,499	*36	*1,814
\$100,000 under \$1,000,000.....	868	288,161	787	197,115	334	78,817	*56	*11,097
\$1,000,000 under \$10,000,000.....	261	695,881	245	495,387	191	258,813	92	49,823
\$10,000,000 under \$25,000,000.....	54	709,321	54	436,589	43	303,803	31	97,378
\$25,000,000 under \$50,000,000.....	15	444,708	15	296,827	15	226,602	10	62,523
\$50,000,000 under \$100,000,000.....	12	765,833	12	597,995	11	446,156	5	73,960
\$100,000,000 or more.....	12	10,475,402	12	7,587,567	12	6,676,028	10	1,492,677

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (book value)--continued				Total assets (fair market value)		Total investment assets (fair market value)	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)
<b>All foundations</b>								
<b>Total</b> .....	<b>24,642</b>	<b>113,203,619</b>	<b>11,860</b>	<b>19,684,061</b>	<b>46,601</b>	<b>263,386,454</b>	<b>40,450</b>	<b>246,118,688</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,734	62,245	875	23,566	15,083	441,962	10,019	331,424
\$100,000 under \$1,000,000.....	10,855	1,941,676	4,378	556,747	18,134	7,074,394	17,177	6,099,998
\$1,000,000 under \$10,000,000.....	8,630	10,408,620	4,893	3,068,144	10,701	32,951,825	10,580	29,950,373
\$10,000,000 under \$25,000,000.....	1,326	7,501,940	909	2,206,421	1,503	23,260,451	1,496	21,645,016
\$25,000,000 under \$50,000,000.....	522	6,655,173	369	1,781,083	571	19,917,542	570	18,536,134
\$50,000,000 under \$100,000,000.....	277	7,542,918	205	1,768,918	296	20,489,496	296	19,406,498
\$100,000,000 or more.....	298	79,091,047	230	10,279,182	313	159,250,784	312	150,149,245
<b>Nonoperating foundations</b>								
<b>Total</b> .....	<b>23,527</b>	<b>105,405,926</b>	<b>11,270</b>	<b>18,534,151</b>	<b>42,706</b>	<b>238,621,951</b>	<b>37,456</b>	<b>229,392,337</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,626	61,411	868	23,453	13,535	393,823	9,129	305,492
\$100,000 under \$1,000,000.....	10,471	1,881,674	4,178	531,794	16,726	6,556,685	15,958	5,789,114
\$1,000,000 under \$10,000,000.....	8,184	10,006,135	4,639	2,948,421	9,988	30,630,817	9,917	28,442,494
\$10,000,000 under \$25,000,000.....	1,225	7,097,704	834	2,043,253	1,365	21,186,143	1,360	20,290,814
\$25,000,000 under \$50,000,000.....	489	6,350,810	347	1,676,483	532	18,506,944	532	17,610,210
\$50,000,000 under \$100,000,000.....	256	7,085,310	192	1,640,699	272	18,728,467	272	18,002,300
\$100,000,000 or more.....	276	72,922,882	212	9,670,048	288	142,619,072	288	138,951,913
<b>Operating foundations</b>								
<b>Total</b> .....	<b>1,115</b>	<b>7,797,693</b>	<b>590</b>	<b>1,149,910</b>	<b>3,895</b>	<b>24,764,503</b>	<b>2,994</b>	<b>16,726,352</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*109	*834	*7	*113	1,548	48,139	890	25,932
\$100,000 under \$1,000,000.....	383	60,002	200	24,953	1,408	517,709	1,219	310,884
\$1,000,000 under \$10,000,000.....	446	402,484	255	119,723	713	2,321,008	664	1,507,879
\$10,000,000 under \$25,000,000.....	101	404,236	75	163,168	138	2,074,309	136	1,354,202
\$25,000,000 under \$50,000,000.....	33	304,364	22	104,600	39	1,410,598	38	925,925
\$50,000,000 under \$100,000,000.....	21	457,608	13	128,219	24	1,761,028	24	1,404,197
\$100,000,000 or more.....	22	6,168,165	18	609,134	25	16,631,712	24	11,197,332
<b>Grantmaking foundations</b>								
<b>Total</b> .....	<b>22,934</b>	<b>109,920,344</b>	<b>11,151</b>	<b>18,931,715</b>	<b>38,920</b>	<b>249,449,919</b>	<b>35,632</b>	<b>236,496,129</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,474	58,664	767	21,301	10,670	351,569	7,972	287,118
\$100,000 under \$1,000,000.....	10,075	1,845,271	4,228	542,360	16,006	6,346,650	15,490	5,697,910
\$1,000,000 under \$10,000,000.....	8,099	9,890,688	4,546	2,901,864	9,741	29,957,060	9,670	27,992,177
\$10,000,000 under \$25,000,000.....	1,241	7,152,686	841	2,050,497	1,386	21,550,854	1,383	20,457,215
\$25,000,000 under \$50,000,000.....	497	6,416,057	352	1,696,764	540	18,818,531	540	17,772,490
\$50,000,000 under \$100,000,000.....	266	7,377,849	197	1,696,925	282	19,448,559	282	18,612,466
\$100,000,000 or more.....	283	77,179,128	220	10,022,004	295	152,976,696	295	145,676,751
<b>Grantmaking-nonoperating foundations</b>								
<b>Total</b> .....	<b>22,347</b>	<b>104,296,710</b>	<b>10,876</b>	<b>18,351,904</b>	<b>36,924</b>	<b>234,531,964</b>	<b>33,957</b>	<b>226,203,937</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	2,402	58,093	760	21,188	9,896	326,632	7,422	269,169
\$100,000 under \$1,000,000.....	9,818	1,796,833	4,092	523,077	15,138	6,028,609	14,703	5,470,413
\$1,000,000 under \$10,000,000.....	7,913	9,723,827	4,459	2,859,735	9,480	29,168,811	9,425	27,413,653
\$10,000,000 under \$25,000,000.....	1,205	6,994,572	819	2,002,186	1,332	20,730,142	1,329	19,927,780
\$25,000,000 under \$50,000,000.....	484	6,274,075	345	1,674,667	525	18,281,981	525	17,420,820
\$50,000,000 under \$100,000,000.....	255	7,073,622	191	1,628,956	270	18,580,888	270	17,901,561
\$100,000,000 or more.....	271	72,375,687	210	9,642,094	283	141,414,901	283	137,800,541
<b>Grantmaking-operating foundations</b>								
<b>Total</b> .....	<b>587</b>	<b>5,623,634</b>	<b>275</b>	<b>579,811</b>	<b>1,997</b>	<b>14,917,955</b>	<b>1,674</b>	<b>10,292,192</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*72	*572	*7	*113	774	24,937	550	17,949
\$100,000 under \$1,000,000.....	257	48,438	*136	*19,282	868	318,041	787	227,497
\$1,000,000 under \$10,000,000.....	186	166,861	87	42,128	261	788,250	245	578,524
\$10,000,000 under \$25,000,000.....	36	158,114	22	48,311	54	820,712	54	529,435
\$25,000,000 under \$50,000,000.....	13	141,981	7	22,097	15	536,550	15	351,670
\$50,000,000 under \$100,000,000.....	11	304,227	6	67,969	12	867,671	12	710,905
\$100,000,000 or more.....	12	4,803,441	10	379,910	12	11,561,795	12	7,876,211

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (fair market value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
<b>All foundations</b>								
<b>Total</b> .....	<b>28,846</b>	<b>206,599,328</b>	<b>13,968</b>	<b>32,864,596</b>	<b>24,657</b>	<b>153,527,088</b>	<b>11,835</b>	<b>20,207,643</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,740	131,700	1,020	23,659	2,698	83,919	875	24,122
\$100,000 under \$1,000,000.....	13,086	4,277,985	5,332	905,395	10,895	2,789,736	4,374	582,854
\$1,000,000 under \$10,000,000.....	9,475	23,751,538	5,747	5,157,377	8,641	15,433,250	4,872	3,160,911
\$10,000,000 under \$25,000,000.....	1,413	17,607,902	1,018	3,681,900	1,325	11,620,930	909	2,305,073
\$25,000,000 under \$50,000,000.....	541	15,109,183	389	2,963,760	521	10,310,767	370	1,834,655
\$50,000,000 under \$100,000,000.....	284	16,167,727	220	3,028,662	278	11,306,140	205	1,832,925
\$100,000,000 or more.....	307	129,553,293	242	17,103,844	298	101,982,347	230	10,467,102
<b>Nonoperating foundations</b>								
<b>Total</b> .....	<b>27,502</b>	<b>193,420,684</b>	<b>13,383</b>	<b>30,188,654</b>	<b>23,538</b>	<b>144,194,919</b>	<b>11,245</b>	<b>19,037,111</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,552	128,398	948	21,369	2,590	83,013	868	24,015
\$100,000 under \$1,000,000.....	12,617	4,141,237	5,243	887,755	10,508	2,696,992	4,174	556,491
\$1,000,000 under \$10,000,000.....	8,981	22,839,414	5,472	4,979,950	8,195	14,820,037	4,617	3,039,427
\$10,000,000 under \$25,000,000.....	1,303	16,594,875	930	3,435,501	1,224	11,023,075	834	2,136,229
\$25,000,000 under \$50,000,000.....	503	14,405,247	364	2,813,755	488	9,862,838	348	1,728,655
\$50,000,000 under \$100,000,000.....	262	15,110,316	205	2,805,695	257	10,601,551	192	1,703,069
\$100,000,000 or more.....	284	120,201,198	222	15,244,629	276	95,107,412	212	9,849,156
<b>Operating foundations</b>								
<b>Total</b> .....	<b>1,344</b>	<b>13,178,644</b>	<b>585</b>	<b>2,675,942</b>	<b>1,119</b>	<b>9,332,169</b>	<b>590</b>	<b>1,170,533</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*188	*3,303	*72	*2,290	*109	*905	*7	*107
\$100,000 under \$1,000,000.....	469	136,748	89	17,640	388	92,744	200	26,363
\$1,000,000 under \$10,000,000.....	494	912,124	275	177,427	446	613,212	255	121,485
\$10,000,000 under \$25,000,000.....	110	1,013,027	88	246,399	101	597,854	75	168,774
\$25,000,000 under \$50,000,000.....	38	703,935	25	150,005	33	447,930	22	106,000
\$50,000,000 under \$100,000,000.....	22	1,057,411	15	222,966	21	704,588	13	129,857
\$100,000,000 or more.....	23	9,352,095	20	1,859,214	22	6,874,934	18	617,946
<b>Grantmaking foundations</b>								
<b>Total</b> .....	<b>26,707</b>	<b>200,154,928</b>	<b>13,043</b>	<b>31,677,732</b>	<b>22,945</b>	<b>149,044,588</b>	<b>11,131</b>	<b>19,432,608</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,299	124,390	948	22,939	2,438	79,738	767	21,714
\$100,000 under \$1,000,000.....	12,165	4,080,068	5,002	851,339	10,111	2,660,704	4,224	568,025
\$1,000,000 under \$10,000,000.....	8,846	22,552,009	5,342	4,897,153	8,110	14,664,891	4,529	2,989,965
\$10,000,000 under \$25,000,000.....	1,323	16,733,447	943	3,482,245	1,240	11,107,217	841	2,143,985
\$25,000,000 under \$50,000,000.....	512	14,555,395	369	2,838,307	496	9,967,479	353	1,749,609
\$50,000,000 under \$100,000,000.....	272	15,603,885	210	2,880,434	267	10,964,334	197	1,759,118
\$100,000,000 or more.....	291	126,505,733	229	16,705,315	283	99,600,226	220	10,200,192
<b>Grantmaking-nonoperating foundations</b>								
<b>Total</b> .....	<b>25,986</b>	<b>191,561,320</b>	<b>12,803</b>	<b>29,881,921</b>	<b>22,358</b>	<b>142,829,033</b>	<b>10,856</b>	<b>18,850,367</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,183	121,855	911	21,119	2,365	79,129	760	21,607
\$100,000 under \$1,000,000.....	11,831	3,969,560	4,947	840,016	9,854	2,581,834	4,088	547,710
\$1,000,000 under \$10,000,000.....	8,655	22,212,342	5,250	4,845,739	7,924	14,418,411	4,443	2,948,192
\$10,000,000 under \$25,000,000.....	1,280	16,358,766	912	3,381,405	1,204	10,882,712	819	2,094,649
\$25,000,000 under \$50,000,000.....	497	14,281,826	359	2,774,809	483	9,780,239	346	1,726,777
\$50,000,000 under \$100,000,000.....	261	15,069,679	205	2,805,695	256	10,573,754	191	1,690,229
\$100,000,000 or more.....	279	119,547,292	219	15,213,137	271	94,512,952	210	9,821,203
<b>Grantmaking-operating foundations</b>								
<b>Total</b> .....	<b>722</b>	<b>8,593,608</b>	<b>240</b>	<b>1,795,811</b>	<b>587</b>	<b>6,215,556</b>	<b>275</b>	<b>582,242</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*116	*2,536	*36	*1,820	*72	*608	*7	*107
\$100,000 under \$1,000,000.....	334	110,507	*56	*11,323	257	78,870	*136	*20,315
\$1,000,000 under \$10,000,000.....	191	339,668	92	51,414	186	246,480	87	41,773
\$10,000,000 under \$25,000,000.....	43	374,681	31	100,840	36	224,505	22	49,336
\$25,000,000 under \$50,000,000.....	15	273,570	10	63,498	13	187,240	7	22,832
\$50,000,000 under \$100,000,000.....	11	534,206	5	74,738	11	390,579	6	68,888
\$100,000,000 or more.....	12	6,958,441	10	1,492,177	12	5,087,274	10	378,990

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Net worth (book value)		Noncharitable-use assets		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)
<b>All foundations</b>								
<b>Total.....</b>	<b>46,492</b>	<b>205,937,132</b>	<b>46,942</b>	<b>216,006,171</b>	<b>46,720</b>	<b>10,779,101</b>	<b>42,707</b>	<b>9,862,035</b>
Zero or unreported.....	*43	*-17	564	68,177	564	3,409	521	2,831
\$1 under \$100,000.....	14,974	386,158	14,895	560,884	14,678	27,202	13,057	25,069
\$100,000 under \$1,000,000.....	18,108	5,865,392	18,119	6,464,081	18,119	321,986	16,711	301,519
\$1,000,000 under \$10,000,000.....	10,685	25,969,741	10,686	28,802,281	10,681	1,434,418	9,973	1,336,962
\$10,000,000 under \$25,000,000.....	1,502	17,923,613	1,502	20,206,913	1,502	1,006,861	1,362	934,282
\$25,000,000 under \$50,000,000.....	571	14,995,043	570	17,273,257	570	861,572	528	799,140
\$50,000,000 under \$100,000,000.....	296	15,775,228	296	17,751,135	296	887,306	271	817,510
\$100,000,000 or more.....	313	125,021,973	310	124,889,444	310	6,236,347	284	5,644,722
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>42,623</b>	<b>187,209,734</b>	<b>43,025</b>	<b>200,909,257</b>	<b>42,845</b>	<b>10,024,378</b>	<b>42,707</b>	<b>9,862,035</b>
Zero or unreported.....	*43	*-17	528	67,941	528	3,397	521	2,831
\$1 under \$100,000.....	13,426	342,739	13,347	507,318	13,166	25,108	13,057	25,069
\$100,000 under \$1,000,000.....	16,726	5,443,196	16,726	6,134,388	16,726	305,523	16,711	301,519
\$1,000,000 under \$10,000,000.....	9,972	24,250,005	9,973	27,305,132	9,973	1,359,578	9,973	1,336,962
\$10,000,000 under \$25,000,000.....	1,364	16,286,076	1,364	19,039,371	1,364	948,483	1,362	934,282
\$25,000,000 under \$50,000,000.....	532	14,029,780	531	16,466,998	531	821,259	528	799,140
\$50,000,000 under \$100,000,000.....	272	14,412,778	272	16,663,793	272	832,939	271	817,510
\$100,000,000 or more.....	288	112,445,175	285	114,724,315	285	5,728,090	284	5,644,722
<b>Operating foundations</b>								
<b>Total.....</b>	<b>3,869</b>	<b>18,727,398</b>	<b>3,917</b>	<b>15,096,913</b>	<b>3,875</b>	<b>754,723</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	*36	*235	*36	*12	N/A	N/A
\$1 under \$100,000.....	1,548	43,419	1,548	43,565	1,512	2,094	N/A	N/A
\$100,000 under \$1,000,000.....	1,382	422,195	1,393	329,693	1,393	16,463	N/A	N/A
\$1,000,000 under \$10,000,000.....	713	1,719,736	713	1,497,148	708	74,840	N/A	N/A
\$10,000,000 under \$25,000,000.....	138	1,637,537	138	1,167,542	138	58,377	N/A	N/A
\$25,000,000 under \$50,000,000.....	39	965,263	39	806,259	39	40,313	N/A	N/A
\$50,000,000 under \$100,000,000.....	24	1,362,450	24	1,087,343	24	54,367	N/A	N/A
\$100,000,000 or more.....	25	12,576,798	25	10,165,128	25	508,256	N/A	N/A
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>38,888</b>	<b>197,161,578</b>	<b>39,398</b>	<b>208,533,932</b>	<b>39,362</b>	<b>10,410,909</b>	<b>37,266</b>	<b>9,762,236</b>
Zero or unreported.....	--	--	485	67,773	485	3,389	477	2,822
\$1 under \$100,000.....	10,670	303,278	10,670	478,888	10,634	23,838	9,788	22,386
\$100,000 under \$1,000,000.....	15,980	5,292,501	16,006	6,074,421	16,006	303,677	15,123	283,832
\$1,000,000 under \$10,000,000.....	9,736	23,997,078	9,736	26,995,050	9,736	1,346,358	9,475	1,298,099
\$10,000,000 under \$25,000,000.....	1,385	16,592,669	1,385	19,201,490	1,385	957,271	1,331	921,445
\$25,000,000 under \$50,000,000.....	540	14,293,591	540	16,632,737	540	830,574	522	794,202
\$50,000,000 under \$100,000,000.....	282	15,124,231	282	17,212,139	282	860,356	269	814,911
\$100,000,000 or more.....	295	121,558,232	294	121,871,435	294	6,085,446	281	5,624,540
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>36,918</b>	<b>184,516,176</b>	<b>37,401</b>	<b>198,822,823</b>	<b>37,401</b>	<b>9,925,459</b>	<b>37,266</b>	<b>9,762,236</b>
Zero or unreported.....	--	--	485	67,773	485	3,389	477	2,822
\$1 under \$100,000.....	9,896	279,454	9,896	452,643	9,896	22,609	9,788	22,386
\$100,000 under \$1,000,000.....	15,138	5,027,168	15,138	5,817,904	15,138	290,873	15,123	283,832
\$1,000,000 under \$10,000,000.....	9,475	23,346,270	9,475	26,464,002	9,475	1,319,805	9,475	1,298,099
\$10,000,000 under \$25,000,000.....	1,331	15,931,343	1,331	18,748,289	1,331	934,611	1,331	921,445
\$25,000,000 under \$50,000,000.....	525	13,883,649	525	16,346,129	525	816,244	522	794,202
\$50,000,000 under \$100,000,000.....	270	14,375,242	270	16,610,720	270	830,285	269	814,911
\$100,000,000 or more.....	283	111,673,050	282	114,315,363	282	5,707,643	281	5,624,540
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>1,971</b>	<b>12,645,402</b>	<b>1,997</b>	<b>9,711,110</b>	<b>1,961</b>	<b>485,450</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	774	23,824	774	26,245	738	1,228	N/A	N/A
\$100,000 under \$1,000,000.....	842	265,333	868	256,517	868	12,804	N/A	N/A
\$1,000,000 under \$10,000,000.....	261	650,807	261	531,048	261	26,552	N/A	N/A
\$10,000,000 under \$25,000,000.....	54	661,326	54	453,201	54	22,660	N/A	N/A
\$25,000,000 under \$50,000,000.....	15	409,942	15	286,608	15	14,330	N/A	N/A
\$50,000,000 under \$100,000,000.....	12	748,989	12	601,419	12	30,071	N/A	N/A
\$100,000,000 or more.....	12	9,885,181	12	7,556,072	12	377,804	N/A	N/A

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of foundation, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1995		Excess distributions carryover to 1996	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(57)	(58)	(59)	(60)	(61)	(62)
<b>All foundations</b>						
<b>Total.....</b>	<b>44,295</b>	<b>15,593,407</b>	<b>13,062</b>	<b>2,708,106</b>	<b>30,037</b>	<b>18,528,476</b>
Zero or unreported.....	998	212,560	--	--	926	265,710
\$1 under \$100,000.....	12,703	385,590	2,915	9,053	10,142	2,000,152
\$100,000 under \$1,000,000.....	17,476	988,415	5,248	59,156	11,477	3,250,174
\$1,000,000 under \$10,000,000.....	10,454	2,870,185	3,851	330,967	6,097	4,943,220
\$10,000,000 under \$25,000,000.....	1,490	1,596,999	561	233,567	798	2,284,851
\$25,000,000 under \$50,000,000.....	569	1,411,446	218	211,946	311	2,186,613
\$50,000,000 under \$100,000,000.....	296	1,124,809	128	260,266	143	1,168,039
\$100,000,000 or more.....	309	7,003,403	140	1,603,150	142	2,429,716
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>40,609</b>	<b>13,652,321</b>	<b>13,062</b>	<b>2,708,106</b>	<b>30,037</b>	<b>18,528,476</b>
Zero or unreported.....	926	188,122	--	--	926	265,710
\$1 under \$100,000.....	11,336	332,082	2,915	9,053	10,142	2,000,152
\$100,000 under \$1,000,000.....	16,123	810,047	5,248	59,156	11,477	3,250,174
\$1,000,000 under \$10,000,000.....	9,782	2,541,873	3,851	330,967	6,097	4,943,220
\$10,000,000 under \$25,000,000.....	1,357	1,406,130	561	233,567	798	2,284,851
\$25,000,000 under \$50,000,000.....	530	1,299,150	218	211,946	311	2,186,613
\$50,000,000 under \$100,000,000.....	272	980,293	128	260,266	143	1,168,039
\$100,000,000 or more.....	284	6,094,625	140	1,603,150	142	2,429,716
<b>Operating foundations</b>						
<b>Total.....</b>	<b>3,686</b>	<b>1,941,086</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*72	*24,438	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,367	53,508	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	1,352	178,368	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	673	328,312	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	133	190,869	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	39	112,297	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	24	144,517	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	25	908,778	N/A	N/A	N/A	N/A
<b>Grantmaking foundations</b>						
<b>Total.....</b>	<b>39,688</b>	<b>14,727,661</b>	<b>10,375</b>	<b>2,658,824</b>	<b>27,204</b>	<b>17,625,307</b>
Zero or unreported.....	774	187,821	--	--	774	265,406
\$1 under \$100,000.....	10,670	359,306	1,331	7,880	8,493	1,584,287
\$100,000 under \$1,000,000.....	16,006	877,450	4,400	48,259	10,738	3,130,787
\$1,000,000 under \$10,000,000.....	9,736	2,629,391	3,618	316,822	5,827	4,645,781
\$10,000,000 under \$25,000,000.....	1,386	1,447,759	545	227,808	782	2,242,767
\$25,000,000 under \$50,000,000.....	540	1,338,637	215	208,957	308	2,181,869
\$50,000,000 under \$100,000,000.....	282	1,030,790	127	259,399	142	1,149,615
\$100,000,000 or more.....	294	6,856,506	139	1,589,699	140	2,424,796
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>37,692</b>	<b>13,501,409</b>	<b>10,375</b>	<b>2,658,824</b>	<b>27,204</b>	<b>17,625,307</b>
Zero or unreported.....	774	187,821	--	--	774	265,406
\$1 under \$100,000.....	9,896	317,459	1,331	7,880	8,493	1,584,287
\$100,000 under \$1,000,000.....	15,138	750,973	4,400	48,259	10,738	3,130,787
\$1,000,000 under \$10,000,000.....	9,475	2,488,336	3,618	316,822	5,827	4,645,781
\$10,000,000 under \$25,000,000.....	1,332	1,395,483	545	227,808	782	2,242,767
\$25,000,000 under \$50,000,000.....	525	1,298,516	215	208,957	308	2,181,869
\$50,000,000 under \$100,000,000.....	270	972,410	127	259,399	142	1,149,615
\$100,000,000 or more.....	282	6,090,411	139	1,589,699	140	2,424,796
<b>Grantmaking-operating foundations</b>						
<b>Total.....</b>	<b>1,997</b>	<b>1,226,252</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	774	41,847	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	868	126,477	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	261	141,055	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	54	52,276	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	15	40,121	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	12	58,380	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	12	766,095	N/A	N/A	N/A	N/A

N/A--Not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1995 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 3) because foundations may use either the cash receipt and disbursement or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1995

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>All charitable trusts</b>									
<b>Total.....</b>	<b>2,743</b>	<b>2,739</b>	<b>411,762</b>	<b>368</b>	<b>106,461</b>	<b>2,570</b>	<b>125,112</b>	<b>2,137</b>	<b>142,144</b>
Zero or unreported.....	*14	*14	*63	--	--	*14	*7	*14	*49
\$1 under \$100,000.....	680	680	3,474	*130	*963	593	1,537	419	826
\$100,000 under \$500,000.....	989	985	29,602	99	8,687	910	9,983	757	8,317
\$500,000 under \$1,000,000.....	447	447	31,869	*57	*4,790	447	12,937	402	12,241
\$1,000,000 under \$10,000,000.....	562	562	196,193	70	57,924	555	61,917	496	61,769
\$10,000,000 or more.....	52	52	150,561	11	34,098	52	38,732	48	58,942
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,717</b>	<b>2,713</b>	<b>406,956</b>	<b>364</b>	<b>106,398</b>	<b>2,551</b>	<b>124,559</b>	<b>2,127</b>	<b>141,913</b>
Zero or unreported.....	*14	*14	*63	--	--	*14	*7	*14	*49
\$1 under \$100,000.....	673	673	3,466	*130	*963	593	1,537	419	826
\$100,000 under \$500,000.....	980	976	29,541	99	8,687	901	9,927	752	8,317
\$500,000 under \$1,000,000.....	442	442	31,576	*53	*4,727	442	12,797	398	12,162
\$1,000,000 under \$10,000,000.....	556	556	192,413	70	57,924	549	61,871	496	61,769
\$10,000,000 or more.....	51	51	149,896	11	34,098	51	38,420	47	58,790
<b>Operating trusts</b>									
<b>Total.....</b>	<b>26</b>	<b>26</b>	<b>4,807</b>	<b>*4</b>	<b>*63</b>	<b>19</b>	<b>553</b>	<b>10</b>	<b>231</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*8	--	--	--	--	--	--
\$100,000 under \$500,000.....	*9	*9	*61	--	--	*9	*56	*4	*( ' )
\$500,000 under \$1,000,000.....	*4	*4	*293	*4	*63	*4	*140	*4	*80
\$1,000,000 under \$10,000,000.....	5	5	3,780	--	--	5	46	--	--
\$10,000,000 or more.....	1	1	664	--	--	1	312	1	152
<b>Grantmaking charitable trusts</b>									
<b>Total.....</b>	<b>2,554</b>	<b>2,554</b>	<b>353,054</b>	<b>311</b>	<b>61,999</b>	<b>2,434</b>	<b>122,237</b>	<b>2,073</b>	<b>135,378</b>
Zero or unreported.....	*14	*14	*63	--	--	*14	*7	*14	*49
\$1 under \$100,000.....	586	586	2,625	94	247	542	1,490	383	763
\$100,000 under \$500,000.....	924	924	26,349	91	6,304	853	9,444	748	8,164
\$500,000 under \$1,000,000.....	438	438	31,481	53	4,727	438	12,723	398	12,162
\$1,000,000 under \$10,000,000.....	541	541	150,596	63	22,959	535	60,814	483	56,535
\$10,000,000 or more.....	50	50	141,939	10	27,763	50	37,759	46	57,706
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,541</b>	<b>2,541</b>	<b>352,331</b>	<b>311</b>	<b>61,999</b>	<b>2,428</b>	<b>121,875</b>	<b>2,067</b>	<b>135,226</b>
Zero or unreported.....	*14	*14	*63	--	--	*14	*7	*14	*49
\$1 under \$100,000.....	579	579	2,617	94	247	542	1,490	383	763
\$100,000 under \$500,000.....	920	920	26,299	91	6,304	849	9,394	744	8,164
\$500,000 under \$1,000,000.....	438	438	31,481	53	4,727	438	12,723	398	12,162
\$1,000,000 under \$10,000,000.....	541	541	150,596	63	22,959	535	60,814	483	56,535
\$10,000,000 or more.....	49	49	141,275	10	27,763	49	37,447	45	57,554
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>13</b>	<b>13</b>	<b>723</b>	<b>--</b>	<b>--</b>	<b>5</b>	<b>361</b>	<b>5</b>	<b>152</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*8	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*4	*50	--	--	*4	*50	*4	*( ' )
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	1	664	--	--	1	312	1	152

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,738</b>	<b>262,049</b>	<b>2,727</b>	<b>149,713</b>	<b>2,670</b>	<b>289,552</b>	<b>2,715</b>	<b>234,878</b>
Zero or unreported.....	*14	*403	*14	*-340	*7	*56	*14	*374
\$1 under \$100,000.....	680	2,663	673	811	629	2,285	673	2,268
\$100,000 under \$500,000.....	985	14,118	980	15,484	976	19,974	972	12,192
\$500,000 under \$1,000,000.....	447	16,402	447	15,467	447	28,056	447	13,397
\$1,000,000 under \$10,000,000.....	561	159,728	561	36,466	559	127,170	558	145,328
\$10,000,000 or more.....	52	68,736	52	81,825	52	112,012	52	61,318
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,712</b>	<b>255,920</b>	<b>2,700</b>	<b>151,036</b>	<b>2,643</b>	<b>287,181</b>	<b>2,693</b>	<b>230,830</b>
Zero or unreported.....	*14	*403	*14	*-340	*7	*56	*14	*374
\$1 under \$100,000.....	673	2,654	665	812	622	2,276	665	2,259
\$100,000 under \$500,000.....	976	14,000	972	15,541	968	19,949	968	12,166
\$500,000 under \$1,000,000.....	442	16,187	442	15,389	442	27,856	442	13,394
\$1,000,000 under \$10,000,000.....	555	155,344	555	37,069	553	125,406	552	142,430
\$10,000,000 or more.....	51	67,333	51	82,564	51	111,639	51	60,207
<b>Operating trusts</b>								
<b>Total.....</b>	<b>26</b>	<b>6,130</b>	<b>26</b>	<b>-1,323</b>	<b>26</b>	<b>2,371</b>	<b>22</b>	<b>4,047</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*10	*7	*-1	*7	*8	*7	*9
\$100,000 under \$500,000.....	*9	*119	*9	*-57	*9	*25	*4	*26
\$500,000 under \$1,000,000.....	*4	*215	*4	*78	*4	*200	*4	*3
\$1,000,000 under \$10,000,000.....	5	4,384	5	-604	5	1,765	5	2,897
\$10,000,000 or more.....	1	1,403	1	-738	1	373	1	1,111
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,554</b>	<b>255,799</b>	<b>2,541</b>	<b>97,256</b>	<b>2,533</b>	<b>277,650</b>	<b>2,554</b>	<b>231,189</b>
Zero or unreported.....	*14	*403	*14	*-340	*7	*56	*14	*374
\$1 under \$100,000.....	586	1,885	579	740	579	2,177	586	1,543
\$100,000 under \$500,000.....	924	13,697	920	12,652	920	19,105	924	12,177
\$500,000 under \$1,000,000.....	438	16,170	438	15,312	438	27,654	438	13,394
\$1,000,000 under \$10,000,000.....	541	155,059	540	-4,463	539	118,817	541	142,396
\$10,000,000 or more.....	50	68,584	50	73,355	50	109,842	50	61,305
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,541</b>	<b>254,325</b>	<b>2,529</b>	<b>98,006</b>	<b>2,521</b>	<b>277,250</b>	<b>2,541</b>	<b>230,042</b>
Zero or unreported.....	*14	*403	*14	*-340	*7	*56	*14	*374
\$1 under \$100,000.....	579	1,876	571	741	571	2,168	579	1,533
\$100,000 under \$500,000.....	920	13,636	916	12,663	916	19,086	920	12,151
\$500,000 under \$1,000,000.....	438	16,170	438	15,312	438	27,654	438	13,394
\$1,000,000 under \$10,000,000.....	541	155,059	540	-4,463	539	118,817	541	142,396
\$10,000,000 or more.....	49	67,182	49	74,093	49	109,469	49	60,194
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>13</b>	<b>1,473</b>	<b>13</b>	<b>-750</b>	<b>13</b>	<b>400</b>	<b>13</b>	<b>1,147</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*10	*7	*-1	*7	*8	*7	*9
\$100,000 under \$500,000.....	*4	*61	*4	*-10	*4	*19	*4	*26
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	1,403	1	-738	1	373	1	1,111

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on net investment income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,554</b>	<b>222,262</b>	<b>2,598</b>	<b>4,953</b>	<b>2,729</b>	<b>2,805,566</b>	<b>2,657</b>	<b>2,564,970</b>
Zero or unreported.....	*14	*355	*7	*1	--	--	--	--
\$1 under \$100,000.....	586	1,443	615	41	680	27,044	636	24,377
\$100,000 under \$500,000.....	924	11,041	955	364	989	227,170	966	180,691
\$500,000 under \$1,000,000.....	438	12,632	434	507	447	242,624	442	211,844
\$1,000,000 under \$10,000,000.....	541	138,722	536	2,188	562	1,286,182	561	1,165,102
\$10,000,000 or more.....	50	58,070	52	1,852	52	1,022,545	52	982,957
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,541</b>	<b>221,535</b>	<b>2,572</b>	<b>4,927</b>	<b>2,703</b>	<b>2,763,994</b>	<b>2,631</b>	<b>2,538,918</b>
Zero or unreported.....	*14	*355	*7	*1	--	--	--	--
\$1 under \$100,000.....	579	1,435	607	41	673	26,915	629	24,248
\$100,000 under \$500,000.....	920	11,014	946	363	980	225,160	957	179,714
\$500,000 under \$1,000,000.....	438	12,632	429	503	442	239,167	438	209,034
\$1,000,000 under \$10,000,000.....	541	138,722	531	2,171	556	1,258,786	555	1,149,504
\$10,000,000 or more.....	49	57,376	51	1,849	51	1,013,966	51	976,418
<b>Operating trusts</b>								
<b>Total.....</b>	<b>13</b>	<b>727</b>	<b>26</b>	<b>26</b>	<b>26</b>	<b>41,572</b>	<b>26</b>	<b>26,052</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*7	*(1)	*7	*129	*7	*129
\$100,000 under \$500,000.....	*4	*26	*9	*1	*9	*2,010	*9	*977
\$500,000 under \$1,000,000.....	--	--	*4	*4	*4	*3,457	*4	*2,810
\$1,000,000 under \$10,000,000.....	--	--	5	18	5	27,396	5	15,598
\$10,000,000 or more.....	1	694	1	4	1	8,579	1	6,538
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,554</b>	<b>222,262</b>	<b>2,479</b>	<b>4,736</b>	<b>2,539</b>	<b>2,673,527</b>	<b>2,508</b>	<b>2,449,842</b>
Zero or unreported.....	*14	*355	*7	*1	--	--	--	--
\$1 under \$100,000.....	586	1,443	571	39	586	25,205	579	22,955
\$100,000 under \$500,000.....	924	11,041	907	347	924	212,249	905	169,143
\$500,000 under \$1,000,000.....	438	12,632	425	499	438	237,473	434	207,341
\$1,000,000 under \$10,000,000.....	541	138,722	518	2,040	541	1,197,351	540	1,088,745
\$10,000,000 or more.....	50	58,070	50	1,809	50	1,001,248	50	961,659
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,541</b>	<b>221,535</b>	<b>2,466</b>	<b>4,732</b>	<b>2,527</b>	<b>2,663,823</b>	<b>2,495</b>	<b>2,442,315</b>
Zero or unreported.....	*14	*355	*7	*1	--	--	--	--
\$1 under \$100,000.....	579	1,435	564	39	579	25,076	571	22,825
\$100,000 under \$500,000.....	920	11,014	903	347	920	211,254	901	168,284
\$500,000 under \$1,000,000.....	438	12,632	425	499	438	237,473	434	207,341
\$1,000,000 under \$10,000,000.....	541	138,722	518	2,040	541	1,197,351	540	1,088,745
\$10,000,000 or more.....	49	57,376	49	1,805	49	992,669	49	955,121
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>13</b>	<b>727</b>	<b>13</b>	<b>4</b>	<b>13</b>	<b>9,704</b>	<b>13</b>	<b>7,527</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*7	*(1)	*7	*129	*7	*129
\$100,000 under \$500,000.....	*4	*26	*4	*(1)	*4	*996	*4	*859
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	694	1	4	1	8,579	1	6,538

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,147</b>	<b>2,019,220</b>	<b>940</b>	<b>426,882</b>	<b>1,892</b>	<b>1,180,910</b>	<b>1,045</b>	<b>411,428</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	485	16,884	145	4,518	340	7,442	166	4,924
\$100,000 under \$500,000.....	705	137,599	276	21,907	631	83,119	350	32,572
\$500,000 under \$1,000,000.....	393	163,697	170	32,454	393	92,671	209	38,572
\$1,000,000 under \$10,000,000.....	515	938,624	318	206,229	479	549,615	283	182,780
\$10,000,000 or more.....	50	762,416	31	161,774	49	448,062	38	152,580
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,132</b>	<b>1,998,855</b>	<b>930</b>	<b>413,419</b>	<b>1,877</b>	<b>1,176,746</b>	<b>1,040</b>	<b>408,691</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	485	16,884	145	4,518	340	7,442	166	4,924
\$100,000 under \$500,000.....	700	136,764	272	21,826	627	82,366	350	32,572
\$500,000 under \$1,000,000.....	389	160,953	170	32,454	389	91,942	204	36,556
\$1,000,000 under \$10,000,000.....	509	923,585	313	192,847	474	547,958	283	182,780
\$10,000,000 or more.....	49	760,670	31	161,774	48	447,038	37	151,858
<b>Operating trusts</b>								
<b>Total.....</b>	<b>15</b>	<b>20,365</b>	<b>9</b>	<b>13,463</b>	<b>15</b>	<b>4,164</b>	<b>5</b>	<b>2,737</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*835	*4	*82	*4	*753	--	--
\$500,000 under \$1,000,000.....	*4	*2,744	--	--	*4	*729	*4	*2,015
\$1,000,000 under \$10,000,000.....	5	15,039	5	13,382	5	1,658	--	--
\$10,000,000 or more.....	1	1,746	--	--	1	1,024	1	722
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,033</b>	<b>1,921,854</b>	<b>911</b>	<b>398,337</b>	<b>1,796</b>	<b>1,127,439</b>	<b>972</b>	<b>396,078</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	448	16,259	137	4,509	318	7,108	145	4,643
\$100,000 under \$500,000.....	657	128,254	272	21,779	588	78,316	315	28,159
\$500,000 under \$1,000,000.....	385	159,831	170	32,454	385	91,635	200	35,742
\$1,000,000 under \$10,000,000.....	494	873,964	302	179,922	458	518,489	276	175,554
\$10,000,000 or more.....	48	743,546	30	159,674	47	431,892	37	151,980
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,027</b>	<b>1,919,273</b>	<b>907</b>	<b>398,255</b>	<b>1,791</b>	<b>1,125,662</b>	<b>971</b>	<b>395,356</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	448	16,259	137	4,509	318	7,108	145	4,643
\$100,000 under \$500,000.....	653	127,419	268	21,697	584	77,563	315	28,159
\$500,000 under \$1,000,000.....	385	159,831	170	32,454	385	91,635	200	35,742
\$1,000,000 under \$10,000,000.....	494	873,964	302	179,922	458	518,489	276	175,554
\$10,000,000 or more.....	47	741,800	30	159,674	46	430,868	36	151,258
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>5</b>	<b>2,581</b>	<b>*4</b>	<b>*82</b>	<b>5</b>	<b>1,777</b>	<b>1</b>	<b>722</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*835	*4	*82	*4	*753	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	1,746	--	--	1	1,024	1	722

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All charitable trusts</b>								
<b>Total</b> .....	<b>2,729</b>	<b>3,676,072</b>	<b>2,657</b>	<b>3,382,206</b>	<b>2,147</b>	<b>2,771,407</b>	<b>940</b>	<b>441,209</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	680	30,253	636	26,710	485	18,667	145	4,582
\$100,000 under \$500,000.....	989	268,156	966	217,626	705	169,288	276	22,558
\$500,000 under \$1,000,000.....	447	322,641	442	281,243	393	229,911	170	33,737
\$1,000,000 under \$10,000,000.....	562	1,679,345	561	1,541,244	515	1,280,591	318	213,740
\$10,000,000 or more.....	52	1,375,677	52	1,315,383	50	1,072,949	31	166,592
<b>Nonoperating trusts</b>								
<b>Total</b> .....	<b>2,703</b>	<b>3,618,835</b>	<b>2,631</b>	<b>3,344,012</b>	<b>2,132</b>	<b>2,749,570</b>	<b>930</b>	<b>427,724</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	673	30,123	629	26,581	485	18,667	145	4,582
\$100,000 under \$500,000.....	980	266,133	957	216,650	700	168,453	272	22,476
\$500,000 under \$1,000,000.....	442	319,157	438	278,407	389	227,140	170	33,737
\$1,000,000 under \$10,000,000.....	556	1,643,142	555	1,520,587	509	1,265,231	313	200,337
\$10,000,000 or more.....	51	1,360,280	51	1,301,789	49	1,070,079	31	166,592
<b>Operating trusts</b>								
<b>Total</b> .....	<b>26</b>	<b>57,237</b>	<b>26</b>	<b>38,194</b>	<b>15</b>	<b>21,836</b>	<b>9</b>	<b>13,485</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*129	*7	*129	--	--	--	--
\$100,000 under \$500,000.....	*9	*2,024	*9	*977	*4	*835	*4	*82
\$500,000 under \$1,000,000.....	*4	*3,484	*4	*2,836	*4	*2,771	--	--
\$1,000,000 under \$10,000,000.....	5	36,204	5	20,657	5	15,360	5	13,403
\$10,000,000 or more.....	1	15,397	1	13,595	1	2,870	--	--
<b>Grantmaking charitable trusts</b>								
<b>Total</b> .....	<b>2,539</b>	<b>3,509,810</b>	<b>2,508</b>	<b>3,236,587</b>	<b>2,033</b>	<b>2,649,169</b>	<b>911</b>	<b>412,359</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	586	28,512	579	25,411	448	18,166	137	4,572
\$100,000 under \$500,000.....	924	249,854	905	202,655	657	156,628	272	22,427
\$500,000 under \$1,000,000.....	438	317,008	434	276,258	385	225,564	170	33,737
\$1,000,000 under \$10,000,000.....	541	1,566,844	540	1,444,965	494	1,201,520	302	187,180
\$10,000,000 or more.....	50	1,347,592	50	1,287,299	48	1,047,291	30	164,443
<b>Grantmaking-nonoperating trusts</b>								
<b>Total</b> .....	<b>2,527</b>	<b>3,493,274</b>	<b>2,495</b>	<b>3,222,004</b>	<b>2,027</b>	<b>2,645,464</b>	<b>907</b>	<b>412,278</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	579	28,383	571	25,282	448	18,166	137	4,572
\$100,000 under \$500,000.....	920	248,844	901	201,795	653	155,793	268	22,345
\$500,000 under \$1,000,000.....	438	317,008	434	276,258	385	225,564	170	33,737
\$1,000,000 under \$10,000,000.....	541	1,566,844	540	1,444,965	494	1,201,520	302	187,180
\$10,000,000 or more.....	49	1,332,196	49	1,273,704	47	1,044,421	30	164,443
<b>Grantmaking-operating trusts</b>								
<b>Total</b> .....	<b>13</b>	<b>16,536</b>	<b>13</b>	<b>14,583</b>	<b>5</b>	<b>3,705</b>	<b>*4</b>	<b>*82</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*129	*7	*129	--	--	--	--
\$100,000 under \$500,000.....	*4	*1,010	*4	*859	*4	*835	*4	*82
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	15,397	1	13,595	1	2,870	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Investments in securities (fair market value)--continued				Net worth (book value)		Noncharitable-use assets	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>1,892</b>	<b>1,903,305</b>	<b>1,043</b>	<b>426,893</b>	<b>2,729</b>	<b>2,798,770</b>	<b>2,739</b>	<b>3,362,713</b>
Zero or unreported.....	--	--	--	--	--	--	*14	*380
\$1 under \$100,000.....	340	8,970	166	5,115	680	27,004	680	31,116
\$100,000 under \$500,000.....	631	112,453	350	34,278	989	226,413	985	246,287
\$500,000 under \$1,000,000.....	393	156,901	209	39,274	447	241,972	447	298,215
\$1,000,000 under \$10,000,000.....	479	876,485	281	190,366	562	1,282,220	562	1,522,124
\$10,000,000 or more.....	49	748,497	38	157,861	52	1,021,161	52	1,264,591
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>1,877</b>	<b>1,897,627</b>	<b>1,038</b>	<b>424,220</b>	<b>2,703</b>	<b>2,758,506</b>	<b>2,713</b>	<b>3,324,271</b>
Zero or unreported.....	--	--	--	--	--	--	*14	*380
\$1 under \$100,000.....	340	8,970	166	5,115	673	26,875	673	30,988
\$100,000 under \$500,000.....	627	111,699	350	34,278	980	224,403	976	245,331
\$500,000 under \$1,000,000.....	389	156,063	204	37,340	442	238,729	442	295,026
\$1,000,000 under \$10,000,000.....	474	874,528	281	190,366	556	1,254,834	556	1,501,389
\$10,000,000 or more.....	48	746,367	37	157,120	51	1,013,665	51	1,251,158
<b>Operating trusts</b>								
<b>Total.....</b>	<b>15</b>	<b>5,678</b>	<b>5</b>	<b>2,673</b>	<b>26</b>	<b>40,264</b>	<b>26</b>	<b>38,441</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*7	*129	*7	*128
\$100,000 under \$500,000.....	*4	*753	--	--	*9	*2,010	*9	*957
\$500,000 under \$1,000,000.....	*4	*838	*4	*1,933	*4	*3,243	*4	*3,189
\$1,000,000 under \$10,000,000.....	5	1,957	--	--	5	27,386	5	20,735
\$10,000,000 or more.....	1	2,130	1	740	1	7,496	1	13,433
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>1,796</b>	<b>1,825,556</b>	<b>970</b>	<b>411,253</b>	<b>2,539</b>	<b>2,667,632</b>	<b>2,554</b>	<b>3,241,495</b>
Zero or unreported.....	--	--	--	--	--	--	*14	*380
\$1 under \$100,000.....	318	8,760	145	4,833	586	25,168	586	29,466
\$100,000 under \$500,000.....	588	104,516	315	29,686	924	211,677	924	230,704
\$500,000 under \$1,000,000.....	385	155,344	200	36,483	438	237,228	438	293,050
\$1,000,000 under \$10,000,000.....	458	831,344	274	182,996	541	1,193,695	541	1,449,951
\$10,000,000 or more.....	47	725,593	37	157,256	50	999,864	50	1,237,944
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>1,791</b>	<b>1,822,673</b>	<b>969</b>	<b>410,513</b>	<b>2,527</b>	<b>2,659,011</b>	<b>2,541</b>	<b>3,227,088</b>
Zero or unreported.....	--	--	--	--	--	--	*14	*380
\$1 under \$100,000.....	318	8,760	145	4,833	579	25,039	579	29,338
\$100,000 under \$500,000.....	584	103,762	315	29,686	920	210,681	920	229,857
\$500,000 under \$1,000,000.....	385	155,344	200	36,483	438	237,228	438	293,050
\$1,000,000 under \$10,000,000.....	458	831,344	274	182,996	541	1,193,695	541	1,449,951
\$10,000,000 or more.....	46	723,463	36	156,516	49	992,367	49	1,224,512
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>5</b>	<b>2,883</b>	<b>1</b>	<b>740</b>	<b>13</b>	<b>8,621</b>	<b>13</b>	<b>14,407</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*7	*129	*7	*128
\$100,000 under \$500,000.....	*4	*753	--	--	*4	*996	*4	*847
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	2,130	1	740	1	7,496	1	13,433

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1995

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Type of trust, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1995		Excess distributions carryover to 1996	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>All charitable trusts</b>										
<b>Total</b> .....	<b>2,739</b>	<b>168,002</b>	<b>2,712</b>	<b>156,564</b>	<b>2,715</b>	<b>235,774</b>	<b>1,144</b>	<b>46,416</b>	<b>1,533</b>	<b>176,295</b>
Zero or unreported.....	*14	*16	*14	*16	*14	*374	--	--	*14	*339
\$1 under \$100,000.....	680	1,556	673	1,514	673	2,269	217	282	419	4,483
\$100,000 under \$500,000.....	985	12,282	976	12,004	972	12,549	449	4,118	528	10,021
\$500,000 under \$1,000,000.....	447	14,860	442	14,157	447	13,397	207	3,323	236	9,939
\$1,000,000 under \$10,000,000.....	562	76,059	556	72,540	558	145,865	242	19,395	314	117,295
\$10,000,000 or more.....	52	63,230	50	56,334	52	61,318	29	19,297	22	34,217
<b>Nonoperating trusts</b>										
<b>Total</b> .....	<b>2,713</b>	<b>166,080</b>	<b>2,712</b>	<b>156,564</b>	<b>2,693</b>	<b>231,726</b>	<b>1,144</b>	<b>46,416</b>	<b>1,533</b>	<b>176,295</b>
Zero or unreported.....	*14	*16	*14	*16	*14	*374	--	--	*14	*339
\$1 under \$100,000.....	673	1,549	673	1,514	665	2,260	217	282	419	4,483
\$100,000 under \$500,000.....	976	12,234	976	12,004	968	12,523	449	4,118	528	10,021
\$500,000 under \$1,000,000.....	442	14,700	442	14,157	442	13,394	207	3,323	236	9,939
\$1,000,000 under \$10,000,000.....	556	75,022	556	72,540	552	142,968	242	19,395	314	117,295
\$10,000,000 or more.....	51	62,558	50	56,334	51	60,207	29	19,297	22	34,217
<b>Operating trusts</b>										
<b>Total</b> .....	<b>26</b>	<b>1,922</b>	--	--	<b>22</b>	<b>4,047</b>	--	--	--	--
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*6	--	--	*7	*9	--	--	--	--
\$100,000 under \$500,000.....	*9	*48	--	--	*4	*26	--	--	--	--
\$500,000 under \$1,000,000.....	*4	*159	--	--	*4	*3	--	--	--	--
\$1,000,000 under \$10,000,000.....	5	1,037	--	--	5	2,897	--	--	--	--
\$10,000,000 or more.....	1	672	--	--	1	1,111	--	--	--	--
<b>Grantmaking charitable trusts</b>										
<b>Total</b> .....	<b>2,554</b>	<b>162,009</b>	<b>2,541</b>	<b>152,990</b>	<b>2,554</b>	<b>231,944</b>	<b>1,054</b>	<b>43,160</b>	<b>1,451</b>	<b>175,268</b>
Zero or unreported.....	*14	*16	*14	*16	*14	*374	--	--	*14	*339
\$1 under \$100,000.....	586	1,473	579	1,436	586	1,544	195	235	347	3,679
\$100,000 under \$500,000.....	924	11,524	920	11,277	924	12,444	401	3,530	519	9,818
\$500,000 under \$1,000,000.....	438	14,601	438	14,062	438	13,394	202	3,263	236	9,939
\$1,000,000 under \$10,000,000.....	541	72,498	541	70,462	541	142,883	227	17,423	314	117,295
\$10,000,000 or more.....	50	61,897	49	55,735	50	61,305	28	18,708	21	34,197
<b>Grantmaking-nonoperating trusts</b>										
<b>Total</b> .....	<b>2,541</b>	<b>161,289</b>	<b>2,541</b>	<b>152,990</b>	<b>2,541</b>	<b>230,797</b>	<b>1,054</b>	<b>43,160</b>	<b>1,451</b>	<b>175,268</b>
Zero or unreported.....	*14	*16	*14	*16	*14	*374	--	--	*14	*339
\$1 under \$100,000.....	579	1,467	579	1,436	579	1,535	195	235	347	3,679
\$100,000 under \$500,000.....	920	11,482	920	11,277	920	12,417	401	3,530	519	9,818
\$500,000 under \$1,000,000.....	438	14,601	438	14,062	438	13,394	202	3,263	236	9,939
\$1,000,000 under \$10,000,000.....	541	72,498	541	70,462	541	142,883	227	17,423	314	117,295
\$10,000,000 or more.....	49	61,226	49	55,735	49	60,194	28	18,708	21	34,197
<b>Grantmaking-operating trusts</b>										
<b>Total</b> .....	<b>13</b>	<b>720</b>	--	--	<b>13</b>	<b>1,147</b>	--	--	--	--
Zero or unreported.....	--	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*6	--	--	*7	*9	--	--	--	--
\$100,000 under \$500,000.....	*4	*42	--	--	*4	*26	--	--	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	--	--	--	--	--	--	--	--	--	--
\$10,000,000 or more.....	1	672	--	--	1	1,111	--	--	--	--

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Less than \$500.

<sup>2</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that trusts actually disbursed for charitable purposes for 1995 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 4) because trusts may use either the cash receipt and disbursement or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1995

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>47,983</b>	<b>1,382</b>	<b>15,083</b>	<b>18,134</b>	<b>10,701</b>	<b>1,503</b>	<b>571</b>	<b>296</b>	<b>313</b>
<b>Total revenue.....</b>	<b>32,289,714</b>	<b>160,761</b>	<b>451,354</b>	<b>1,400,305</b>	<b>5,425,648</b>	<b>3,369,434</b>	<b>2,864,159</b>	<b>2,431,483</b>	<b>16,186,570</b>
Contributions, gifts, and grants received.....	9,427,519	102,350	386,437	810,554	2,543,905	1,330,268	1,175,740	735,411	2,342,853
Interest on savings and temporary cash investments.....	1,209,841	860	8,813	65,893	233,060	129,346	110,970	93,688	567,210
Dividends and interest from securities.....	7,637,697	*1,932	16,252	228,076	1,023,651	702,220	582,959	641,907	4,440,700
Gross rents and royalties.....	338,715	*1,675	*544	19,329	87,342	41,894	31,159	13,756	143,016
Net gain (less loss) from sales of assets.....	11,981,850	*41,991	26,098	116,336	1,166,815	964,424	799,378	854,386	8,012,423
Gross profit (less loss) from business activities.....	146,122	*11,953	*3,612	27,204	31,489	57,375	2,191	8,071	4,226
Other income.....	1,547,969	--	9,598	132,910	339,386	143,908	161,762	84,263	676,141
<b>Total expenses.....</b>	<b>17,958,057</b>	<b>234,187</b>	<b>418,096</b>	<b>1,389,908</b>	<b>3,341,842</b>	<b>1,784,464</b>	<b>1,538,730</b>	<b>1,214,275</b>	<b>8,036,553</b>
Contributions, gifts, and grants paid*.....	13,737,427	187,073	337,904	1,061,334	2,457,757	1,327,971	1,188,835	871,036	6,305,518
Compensation of officers.....	384,196	*1,872	7,073	36,127	88,364	48,275	39,358	34,574	128,553
Other salaries and wages.....	904,518	*18,714	9,479	91,048	222,000	104,031	68,698	61,829	328,719
Pension plans and employee benefits.....	249,811	*4,760	*396	11,662	34,114	20,504	13,878	20,165	144,333
Legal fees.....	77,724	770	2,853	6,569	23,739	10,856	6,157	6,288	20,491
Accounting fees.....	79,021	145	4,172	14,632	27,045	10,207	7,025	5,541	10,255
Other professional fees.....	616,526	*414	4,782	22,231	93,359	57,702	48,266	50,554	339,219
Interest.....	84,634	*32	699	6,231	36,936	11,840	12,281	5,540	11,075
Taxes.....	183,935	*330	2,205	9,571	37,480	20,829	25,954	14,078	73,488
Depreciation and depletion.....	186,720	*31	1,900	12,555	33,882	23,107	21,792	18,439	75,013
Occupancy.....	208,751	*2,732	5,985	19,538	38,624	19,132	13,902	14,042	94,796
Travel, conferences, and meetings.....	118,410	*805	4,132	16,030	11,415	7,971	6,049	8,637	63,371
Printing and publications.....	51,021	80	1,417	5,014	5,341	2,473	2,027	3,085	31,583
Other expenses.....	1,075,359	16,430	35,098	77,366	231,784	119,567	84,509	100,467	410,138
<b>Excess of revenue (less loss) over expenses.....</b>	<b>14,331,657</b>	<b>-73,426</b>	<b>33,258</b>	<b>10,396</b>	<b>2,083,806</b>	<b>1,584,970</b>	<b>1,325,429</b>	<b>1,217,208</b>	<b>8,150,017</b>
Excess of revenue.....	16,647,096	2,106	84,681	540,793	2,770,878	1,817,044	1,513,563	1,369,176	8,548,855
Loss.....	-2,315,439	-75,532	-51,423	-530,397	-687,072	-232,075	-188,134	-151,968	-398,838
<b>Total assets (fair market value).....</b>	<b>263,386,454</b>	<b>--</b>	<b>441,962</b>	<b>7,074,394</b>	<b>32,951,825</b>	<b>23,260,451</b>	<b>19,917,542</b>	<b>20,489,496</b>	<b>159,250,784</b>
Cash, total.....	16,866,041	--	245,128	1,503,519	3,695,154	1,884,573	1,577,896	1,181,053	6,778,717
Non-interest bearing accounts.....	2,459,033	--	77,456	367,446	501,331	217,915	152,722	132,203	1,009,960
Savings and temporary cash investments.....	14,407,008	--	167,672	1,136,073	3,193,823	1,666,658	1,425,175	1,048,850	5,768,757
Accounts receivable, net.....	495,486	--	1,648	30,770	96,120	56,613	35,990	31,800	242,545
Pledges receivable, net.....	210,904	--	*170	*3,343	68,291	31,007	34,205	11,708	62,180
Grants receivable.....	271,311	--	--	*18,483	31,937	33,566	56,369	23,076	107,880
Receivables due from disqualified persons.....	381,683	--	*1,040	*5,066	*16,631	1,861	6,811	43	350,230
Other notes and loans receivable.....	1,987,777	--	*3,580	122,638	310,732	155,721	78,233	34,022	1,282,851
Inventories.....	38,785	--	*2,845	*5,655	11,394	9,319	2,049	936	6,587
Prepaid expenses and deferred charges.....	238,462	--	*182	6,142	14,198	9,178	10,916	4,545	193,301
Investments, total (non-cash).....	231,711,680	--	163,752	4,963,924	26,756,550	19,978,358	17,110,960	18,357,648	144,380,488
Securities, total.....	206,599,328	--	131,700	4,277,985	23,751,538	17,607,902	15,109,183	16,167,727	129,553,293
Government obligations.....	32,864,596	--	23,659	905,395	5,157,377	3,681,900	2,963,760	3,028,662	17,103,844
Corporate stock.....	153,527,088	--	83,919	2,789,736	15,433,250	11,620,930	10,310,767	11,306,140	101,982,347
Corporate bonds.....	20,207,643	--	24,122	582,854	3,160,911	2,305,073	1,834,655	1,832,925	10,467,102
Land, buildings, and equipment (less accumulated depreciation).....	4,781,760	--	6,394	128,659	714,339	411,432	314,391	299,373	2,907,171
Mortgage loans.....	947,893	--	*3,721	48,968	203,816	108,005	93,272	119,323	370,788
Other investments.....	19,382,701	--	21,937	508,313	2,086,857	1,851,018	1,594,114	1,771,225	11,549,236
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	6,877,599	--	11,185	250,251	1,133,844	661,472	566,302	363,453	3,891,092
Other assets.....	4,306,724	--	12,431	164,601	816,972	438,784	437,809	481,212	1,954,915

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value).....</b>	<b>215,903,591</b>	<b>*2</b>	<b>420,447</b>	<b>6,096,923</b>	<b>26,940,313</b>	<b>18,437,202</b>	<b>15,503,860</b>	<b>16,199,004</b>	<b>132,305,840</b>
Cash, total.....	16,806,384	--	246,418	1,500,443	3,680,089	1,870,007	1,575,047	1,176,211	6,758,171
Non-interest bearing accounts.....	2,458,549	--	78,670	365,699	502,278	218,409	152,908	130,452	1,010,133
Savings and temporary cash investments.....	14,347,835	--	167,748	1,134,744	3,177,811	1,651,598	1,422,138	1,045,758	5,748,038
Accounts receivable, net.....	495,001	--	1,648	30,995	96,624	56,031	35,013	32,148	242,544
Pledges receivable, net.....	210,904	--	170	*3,343	68,291	31,007	34,205	11,708	62,180
Grants receivable.....	271,281	--	--	*18,483	31,937	33,566	56,369	23,076	107,849
Receivables due from disqualified persons.....	381,683	--	*1,040	*5,066	*16,631	1,861	6,811	43	350,230
Other notes and loans receivable.....	1,977,987	--	*4,048	122,231	313,609	155,369	75,930	34,357	1,272,443
Inventories.....	36,228	--	*2,300	*5,728	10,762	8,940	2,049	936	5,513
Prepaid expenses and deferred charges.....	234,986	--	*471	6,170	10,094	9,316	11,101	4,532	193,301
Investments, total (non-cash).....	186,265,642	*2	143,882	4,012,177	21,040,779	15,268,918	12,889,968	14,106,205	118,803,711
Securities, total.....	164,318,952	--	108,948	3,380,113	18,413,893	13,275,184	11,257,085	12,236,787	105,646,941
Government obligations.....	31,431,272	--	23,137	881,690	4,937,129	3,566,823	2,820,829	2,924,952	16,276,712
Corporate stock.....	113,203,619	--	62,245	1,941,676	10,408,620	7,501,940	6,655,173	7,542,918	79,091,047
Corporate bonds.....	19,684,061	--	23,566	556,747	3,068,144	2,206,421	1,781,083	1,768,918	10,279,182
Land, buildings, and equipment (less accumulated depreciation).....	3,592,790	--	6,486	118,308	568,519	293,948	221,488	210,947	2,173,094
Mortgage loans.....	949,187	*2	*3,721	49,011	195,293	111,410	93,082	127,191	369,478
Other investments.....	17,404,713	--	24,727	464,745	1,863,074	1,588,376	1,318,313	1,531,280	10,614,197
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	5,729,771	--	10,043	242,951	961,226	569,947	430,552	354,655	3,160,398
Other assets.....	3,493,721	--	10,426	149,335	710,271	432,239	386,814	455,133	1,349,501
<b>Total liabilities (book value).....</b>	<b>9,966,459</b>	<b>*18</b>	<b>34,289</b>	<b>231,532</b>	<b>970,572</b>	<b>513,589</b>	<b>508,817</b>	<b>423,775</b>	<b>7,283,866</b>
<b>Net worth (book value).....</b>	<b>205,937,132</b>	<b>*-17</b>	<b>386,158</b>	<b>5,865,392</b>	<b>25,969,741</b>	<b>17,923,613</b>	<b>14,995,043</b>	<b>15,775,228</b>	<b>125,021,973</b>
<b>Total assets, beginning-of-year (book value)....</b>	<b>188,958,946</b>	<b>101,795</b>	<b>523,514</b>	<b>6,016,561</b>	<b>24,684,456</b>	<b>16,555,414</b>	<b>13,707,673</b>	<b>14,487,229</b>	<b>112,882,305</b>
<b>Investments in securities, beginning-of-year (book value).....</b>	<b>140,152,768</b>	<b>*68,146</b>	<b>228,112</b>	<b>3,422,681</b>	<b>16,622,230</b>	<b>11,940,434</b>	<b>9,997,172</b>	<b>10,935,305</b>	<b>86,938,689</b>
Government obligations.....	29,447,065	*22,857	32,410	838,790	4,700,571	3,298,612	2,569,376	2,958,631	15,025,818
Corporate stock.....	92,284,067	*38,404	170,683	2,041,536	9,120,816	6,585,861	5,781,129	6,260,881	62,284,757
Corporate bonds.....	18,421,637	*6,885	25,018	542,355	2,800,843	2,055,961	1,646,667	1,715,792	9,628,114

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipt and disbursement method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1995

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	<b>2,743</b>	<b>*14</b>	<b>680</b>	<b>989</b>	<b>447</b>	<b>562</b>	<b>52</b>
<b>Total revenue</b> .....	<b>411,762</b>	<b>*63</b>	<b>3,474</b>	<b>29,602</b>	<b>31,869</b>	<b>196,193</b>	<b>150,561</b>
Contributions, gifts, and grants received.....	106,461	--	*963	8,687	*4,790	57,924	34,098
Interest on savings and temporary cash investments.....	15,178	*6	144	1,172	1,155	6,352	6,349
Dividends and interest from securities.....	125,112	*7	1,537	9,983	12,937	61,917	38,732
Gross rents and royalties.....	6,093	--	--	*177	*162	2,590	3,165
Net gain (less loss) from sales of assets.....	142,144	*49	826	8,317	12,241	61,769	58,942
Gross profit (less loss) from business activities.....	2,209	--	--	--	--	2	2,208
Other income.....	14,564	*1	*4	1,267	584	5,640	7,068
<b>Total expenses</b> .....	<b>262,049</b>	<b>*403</b>	<b>2,663</b>	<b>14,118</b>	<b>16,402</b>	<b>159,728</b>	<b>68,736</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	221,488	*355	1,449	10,296	12,632	138,696	58,060
Compensation of officers.....	18,090	*23	298	2,435	2,473	8,334	4,527
Other salaries and wages.....	1,526	--	--	--	--	1,171	355
Pension plans and employee benefits.....	63	--	--	--	*2	15	45
Legal fees.....	1,535	*11	*13	175	194	932	210
Accounting fees.....	1,642	*14	134	409	154	688	244
Other professional fees.....	4,179	--	*53	140	174	2,700	1,112
Interest.....	186	--	--	--	--	105	81
Taxes.....	3,647	--	39	217	211	1,805	1,374
Depreciation and depletion.....	1,351	--	--	*55	*71	988	237
Occupancy.....	1,123	--	*174	*5	*17	334	594
Travel, conferences, and meetings.....	778	--	--	*11	--	669	98
Printing and publications.....	53	*( <sup>2</sup> )	*7	17	10	12	6
Other expenses.....	6,389	1	497	359	463	3,276	1,792
<b>Excess of revenue (less loss) over expenses</b> .....	<b>149,713</b>	<b>*-340</b>	<b>811</b>	<b>15,484</b>	<b>15,467</b>	<b>36,466</b>	<b>81,825</b>
Excess of revenue.....	237,450	--	943	17,091	16,501	114,916	87,998
Loss.....	-87,736	*-340	-133	-1,607	-1,034	-78,451	-6,173
<b>Total assets (fair market value)</b> .....	<b>3,676,072</b>	<b>--</b>	<b>30,253</b>	<b>268,156</b>	<b>322,641</b>	<b>1,679,345</b>	<b>1,375,677</b>
Cash, total.....	207,021	--	2,871	22,819	15,024	105,949	60,359
Non-interest bearing accounts.....	36,948	--	685	7,291	2,444	18,284	8,245
Savings and temporary cash investments.....	170,073	--	2,187	15,528	12,580	87,665	52,114
Accounts receivable, net.....	1,482	--	*1	*648	*215	259	359
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	114	--	--	--	--	114	--
Receivables due from disqualified persons.....	43	--	--	--	--	43	--
Other notes and loans receivable.....	58,454	--	--	*3,170	*9	28,955	26,319
Inventories.....	--	--	--	--	--	--	--
Prepaid expenses and deferred charges.....	115	--	--	*( <sup>2</sup> )	*6	15	93
Investments, total (non-cash).....	3,212,133	--	24,523	202,098	268,663	1,453,579	1,263,270
Securities, total.....	2,771,407	--	18,667	169,288	229,911	1,280,591	1,072,949
Government obligations.....	441,209	--	4,582	22,558	33,737	213,740	166,592
Corporate stock.....	1,903,305	--	8,970	112,453	156,901	876,485	748,497
Corporate bonds.....	426,893	--	5,115	34,278	39,274	190,366	157,861
Land, buildings, and equipment (less accumulated depreciation).....	63,172	--	*( <sup>2</sup> )	*147	*151	52,181	10,693
Mortgage loans.....	18,472	--	--	*662	*1,547	13,114	3,149
Other investments.....	359,083	--	5,856	32,001	37,054	107,692	176,479
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	50,352	--	--	*2,897	*6,897	19,088	21,470
Other assets.....	146,357	--	*2,857	36,523	31,826	71,343	3,808

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1995

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>2,805,566</b>	--	<b>27,044</b>	<b>227,170</b>	<b>242,624</b>	<b>1,286,182</b>	<b>1,022,545</b>
Cash, total.....	206,530	--	2,871	22,701	15,025	105,344	60,589
Non-interest bearing accounts.....	36,380	--	685	7,291	1,568	18,356	8,480
Savings and temporary cash investments.....	170,150	--	2,187	15,410	13,457	86,988	52,108
Accounts receivable, net.....	1,483	--	*1	*650	*215	259	359
Pledges receivable, net.....	--	--	--	--	--	--	--
Grants receivable.....	114	--	--	--	--	114	--
Receivables due from disqualified persons.....	43	--	--	--	--	43	--
Other notes and loans receivable.....	58,530	--	--	*3,170	*9	29,031	26,319
Inventories.....	--	--	--	--	--	--	--
Prepaid expenses and deferred charges.....	204	--	--	*( <sup>2</sup> )	*6	101	96
Investments, total (non-cash).....	2,394,820	--	22,190	165,280	198,387	1,078,114	930,848
Securities, total.....	2,019,220	--	16,884	137,599	163,697	938,624	762,416
Government obligations.....	426,882	--	4,518	21,907	32,454	206,229	161,774
Corporate stock.....	1,180,910	--	7,442	83,119	92,671	549,615	448,062
Corporate bonds.....	411,428	--	4,924	32,572	38,572	182,780	152,580
Land, buildings, and equipment (less accumulated depreciation).....	39,885	--	*( <sup>2</sup> )	*160	*( <sup>2</sup> )	30,625	9,100
Mortgage loans.....	18,545	--	--	*662	*1,547	13,128	3,208
Other investments.....	317,170	--	5,306	26,859	33,143	95,737	156,124
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	24,577	--	--	*2,675	*5,026	12,891	3,985
Other assets.....	119,265	--	*1,982	32,694	23,955	60,285	349
<b>Total liabilities (book value).....</b>	<b>6,796</b>	--	<b>*40</b>	<b>757</b>	<b>*652</b>	<b>3,962</b>	<b>1,384</b>
<b>Net worth (book value).....</b>	<b>2,798,770</b>	--	<b>27,004</b>	<b>226,413</b>	<b>241,972</b>	<b>1,282,220</b>	<b>1,021,161</b>
<b>Total assets, beginning-of-year (book value)....</b>	<b>2,619,069</b>	<b>*339</b>	<b>27,210</b>	<b>207,687</b>	<b>215,933</b>	<b>1,242,387</b>	<b>925,512</b>
<b>Investments in securities,</b>							
<b>beginning-of-year (book value).....</b>	<b>1,848,523</b>	<b>*291</b>	<b>15,434</b>	<b>120,876</b>	<b>135,991</b>	<b>915,444</b>	<b>660,487</b>
Government obligations.....	392,644	--	4,377	20,708	27,581	208,826	131,152
Corporate stock.....	1,057,547	*165	6,409	69,733	76,974	512,849	391,416
Corporate bonds.....	398,332	*125	4,648	30,435	31,436	193,769	137,919

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 2, which are calculated using the cash receipt and disbursement method of accounting.

<sup>2</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1996

by Melissa Whitten

**P**private foundations provided more than \$15.1 billion in contributions, gifts, and grants for 1996, an 18-percent increase over 1995. These outlays, which are generally awarded to charitable organizations, communities, or individuals, contribute to the operation of charitable programs in such areas as education, arts and humanities, health, human services, and environmental protection [1]. Foundations, which are tax-exempt under Internal Revenue Code section 501(c)(3), are required annually to file the information return, Form 990-PF. The 50,811 returns filed for 1996, including both domestic and foreign foundations, represented an increase of 6 percent from the prior year.

Total fair market value of assets for private foundations grew by 19 percent to \$312.8 billion for 1996, with investment assets, at \$291.1 billion, representing the majority of that amount. Gains of 23 percent and 10 percent, respectively, in the value of investments in corporate stock and corporate bonds contributed to the 18-percent overall increase in investment assets. Total revenue, at \$49.6 billion, grew by more than 50 percent. The substantial increase in total revenue was due, in large part, to an increase of more than 100 percent in contributions received, which totaled \$21.0 billion. This dramatic rise can be interpreted, in part, as a recovery from the uncharacteristic 20-percent decrease in contributions received for 1995. Additionally, two foundations alone, the David and Lucile Packard Foundation and the recently-founded California Endowment, reported substantial contributions which accounted for nearly three-fourths of the total [2]. Additional increases of 41 percent in net gains from sales of assets and 4 percent in dividends and interests in securities were also reported. Various financial data, including private foundation revenue, asset, and expense items for 1995 and 1996, are shown in Figure A.

Form 990-PF is also filed by nonexempt charitable trusts, as described in Internal Revenue Code section 4947(a)(1). Nearly 2,900 of these organizations filed the return for 1996, 5 percent more than 1995. Nonexempt charitable trusts filing Form 990-

PF reported fair market value of assets of \$4.6 billion, revenue totaling \$497.2 million, and distributions of \$214.4 million in contributions, gifts, and grants [3].

## Statistics of Income Studies

The statistics presented in this article on both private foundations and charitable trusts are based on sample data from Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*, the annual information return filed by these organizations [4]. Statistics of Income studies on private foundations have been conducted for reporting years 1974, 1979, 1982, 1983, and 1985 through 1995. Studies on 4947(a)(1) charitable trusts that are treated as private foundations have been conducted for reporting year 1979 and annually since 1989.

## Private Foundations

### Organizational Definitions and Legislative Background

Together, nonprofit organizations tax-exempt under Internal Revenue Code 501(c)(3), including both private foundations and publicly-supported organizations, represent more than \$1.5 trillion in total assets (book value) [5]. They contribute billions of dollars to charitable activities each year. A private foundation is distinguished from a publicly-supported charitable organization, which receives broad support from diverse sources in the general public, by its narrow sphere of support and control, which is generally limited to an individual, family, or corporation. In most cases, a foundation is organized in the form of a corporation, association, or trust, which provides some manner of charitable support or conducts charitable activities. Due to this centralization of control, foundations are subject to greater regulation than publicly-supported organizations. Therefore, for tax purposes, all organizations receiving tax-exemption are initially considered to be private foundations, required to file Form 990-PF. Organizations that meet certain requirements will then be further defined as publicly-supported or charitable, and will instead file Form 990, *Return of Organization Exempt From Income Tax* or Form 990-EZ, the short version of this information return. Some publicly supported exempt organizations,

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# Private Foundations and Charitable Trusts, 1996

**Figure A**

**Private Foundations: Selected Financial Items and Percentage Changes, 1995-1996**

[Money amounts are in millions of dollars]

Item	1995	1996	Percentage change, 1995-1996
	(1)	(2)	(3)
<b>Number of foundations</b> .....	<b>47,983</b>	<b>50,811</b>	<b>5.9</b>
<b>Total assets (fair market value)</b> .....	<b>263,386.5</b>	<b>312,815.3</b>	<b>18.8</b>
Investments, total.....	246,118.7	291,068.0	18.3
Savings and temporary cash investments.....	14,407.0	16,777.1	16.5
Investments in securities, total.....	206,599.3	243,684.8	18.0
Government obligations.....	32,864.6	33,045.7	0.6
Corporate stock.....	153,527.1	188,482.8	22.8
Corporate bonds.....	20,207.6	22,156.3	9.6
Other investments <sup>1</sup> .....	25,112.4	30,606.0	21.9
<b>Total revenue</b> .....	<b>32,289.7</b>	<b>49,601.9</b>	<b>53.6</b>
Contributions, gifts, and grants received.....	9,427.5	20,964.6	122.4
Net gain (or loss) from sales of assets.....	11,981.9	16,923.2	41.2
Dividends and interest from securities.....	7,637.7	7,956.7	4.2
<b>Total expenses</b> .....	<b>17,958.1</b>	<b>20,618.5</b>	<b>14.8</b>
Contributions, gifts, and grants paid <sup>2</sup> .....	12,858.8	15,122.8	17.6

<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on Form 990-PF. "Other investments" include items such as advances; certificates of investment; and investments in art, coins, gold, and gems.

<sup>2</sup> These data are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1996 using the cash receipt and disbursement method of accounting.

including churches and organizations with minimal asset holdings and income, are exempted from filing any information return. See Private Foundation in the Explanation of Selected Terms section for a detailed description of the requirements for Form 990 versus Form 990-PF filers.

For 1996, private foundations represented less than one-quarter of all Forms 990-PF, 990, and 990-EZ filed. Additionally, they held 17 percent of total assets (book value) and earned 7 percent of total revenue reported [6].

Depending upon the type of charitable support that a private foundation provides, it may be classified as either "operating" or "nonoperating." An operating foundation is directly involved in the operation of its own charitable activities [7]. Examples of this type of organization include certain museums, facilities providing housing or healthcare, or organizations conducting scientific research. Although operating foundations are not legally required to distribute grants to other organizations, many choose to contribute to other nonprofit programs. A nonoperating foundation is defined as such

because it generally supports charitable programs indirectly, providing grants to other nonprofit organizations rather than operating programs of its own. These foundations, the most common Form 990-PF filers, are required to annually distribute a minimum amount for charitable purposes, which is based on 5 percent of the value of their "noncharitable-use (or net investment) assets" [8]. Those organizations that do not meet the required "distributable amount" in the current year may avoid being penalized by fulfilling the requirement by the end of the following year.

In addition to the "distributable amount" requirement, most foundations are required, under the Tax Reform Act of 1969 (TRA69), to pay an excise tax on income received only from investments, or "net investment income." Certain operating foundations are exempt from this tax. For a further explanation of exempt operating foundations, refer to Operating Foundations (and Charitable Trusts) in the Explanation of Selected Terms section. Additional excise taxes on "prohibited activities" (those which are contrary to public interest) were also imposed by TRA69. Business ventures or investments which in

## Private Foundations and Charitable Trusts, 1996

some way jeopardize the foundation's charitable purpose, or acts of "self-dealing," which are defined as financial transactions with foundation officers, directors, or trustees, substantial contributors, or "other disqualified persons," are considered to be contrary to public interest and taxable under TRA69. The Act also penalizes certain political and legislative activities, such as participation by a foundation on behalf of, or in opposition to, a candidate for public office, or efforts to influence legislation by contacting (or encouraging the public to contact) legislators. Additionally, TRA69 established the tax penalty, which is imposed on any nonoperating foundation that fails to meet the required minimum payout after the 1-year grace period. Taxes on these prohibited activities are reported separately on Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code*. For 1996, private foundations reported \$1.1 million in such taxes on Form 4720.

### A Profile of the 1996 Form 990-PF Filers

Throughout this article, foundations will be discussed based on size class, as determined by the size of their end-of-year fair market value of assets. "Small foundations" refer to the group holding less than \$1 million in fair market value of total assets as of the end of the year (including foundations that either do not report assets or that report assets equal to zero), "medium-size foundations" refer to the group holding from \$1 million to less than \$50 million in assets, and large foundations refer to the group holding \$50 million or more in assets.

Small foundations accounted for 71 percent of the more than 50,800 returns filed for 1996, but held only 3 percent of assets, as shown in Figure B. In contrast, large foundations accounted for less than 2 percent of all returns filed, but accounted for 70 percent of asset holdings, with 62 percent of total assets held by those foundations with fair market value of assets of \$100 million or more. Large foundations also dominated the revenue category,

**Figure B**

### Selected Data Items for Private Foundations by Asset Size, 1996

[Money amounts are in millions of dollars]

Asset size	All foundations			Nonoperating foundations only		
	Number of returns	Total assets (fair market value)	Total revenue	Number of returns	Total assets (fair market value)	Total revenue
	(1)	(2)	(3)	(4)	(5)	(6)
	Amount			Amount		
<b>Total</b> .....	<b>50,811</b>	<b>312,815.3</b>	<b>49,601.9</b>	<b>46,101</b>	<b>286,837.3</b>	<b>45,775.3</b>
Less than \$100,000 <sup>1</sup> .....	16,534	440.8	661.2	14,556	386.5	610.8
\$100,000 under \$1,000,000.....	19,300	7,631.6	2,094.0	17,726	7,011.6	1,797.7
\$1,000,000 under \$50,000,000.....	14,260	87,286.2	15,852.0	13,164	80,610.7	14,712.6
\$50,000,000 under \$100,000,000.....	358	25,053.7	3,965.5	328	22,877.4	3,556.2
\$100,000,000 or more.....	359	192,403.0	27,029.2	327	175,951.1	25,098.1
	Percentage of total			Percentage of total		
<b>Total</b> .....	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Less than \$100,000 <sup>1</sup> .....	32.5	0.1	1.3	31.6	0.1	1.3
\$100,000 under \$1,000,000.....	38.0	2.4	4.2	38.5	2.4	3.9
\$1,000,000 under \$50,000,000.....	28.1	27.9	32.0	28.6	28.1	32.1
\$50,000,000 under \$100,000,000.....	0.7	8.0	8.0	0.7	8.0	7.8
\$100,000,000 or more.....	0.7	61.5	54.5	0.7	61.3	54.8

<sup>1</sup> Includes returns with zero assets or assets not reported.

NOTE: Detail may not add to totals because of rounding and processing tolerances.



with those foundations holding \$100 million or more in fair market value of assets reporting more than half of total revenue.

As in past years, the number of nonoperating foundations far outnumbered that of operating foundations for 1996. Nonoperating foundations were represented by 91 percent of Forms 990-PF filed, with the remaining 9 percent made up of operating foundations. Grantmaking foundations filed 40,889 Forms 990-PF, or slightly more than 80 percent of all foundation returns filed, with 84 percent of nonoperating and 47 percent of operating foundations making grants. Foundations awarded \$15.1 billion dollars in contributions, gifts, and grants for 1996. According to *Foundation Giving*, the largest dollar amount of grants distributed for 1996 benefited the area of education, with human services and health also receiving large proportions of funding [9]. Of those nonoperating foundations that were not classified as grantmaking, 42 percent satisfied the distribution requirement through other types of charitable disbursements, including administrative and operational expenses for charitable purposes, program-related investments, acquisition of charitable-purpose assets, and charitable “set-asides” for future projects. Additionally, 13 percent reported no “distributable amount” and were, therefore, not subject to the distribution requirement (see the Explanation of Selected Terms section for a definition of the required distributable amount), and the remaining 45 percent opted to meet the 1996 requirement in their 1997 accounting periods [10].

In addition to domestic foundations, foreign organizations receiving certain degrees of support from U.S. citizens or corporations must also file Form 990-PF. Foreign foundations are those that are organized abroad; they do not necessarily choose to distribute grants within the United States. For 1996, foreign organizations accounted for less than 0.1 percent of returns filed. Like domestic foundations, organizations based in foreign countries are required to pay excise tax on their net investment income from U.S. sources. For domestic foundations, this tax equaled 2 percent of their worldwide “net” investment income; it equaled 4 percent of “gross” investment income derived from U.S. sources for foreign foundations.

### Ten Largest Domestic Foundations

Forms 990-PF are available for public disclosure under Internal Revenue Code section 6104(b). Currently, a private foundation is required to publish a public notice stating that it has filed a Form 990-PF and must make the return available to the public for 180 days from the date that the notice is published. With the Tax and Trade Relief Extension Act of 1998, Congress directed that foundations furnish copies of their three most recent annual returns, as well as their original application for exempt status, to the public. Final IRS regulations incorporating these new rules are pending. Due to this public disclosure requirement, data from Form 990-PF differ from most other IRS return data, since return information for individual organizations may be published.

The largest foundations, those holding \$100 million or more in assets, held 62 percent of all assets, but accounted for fewer than 400 returns, or less than 1 percent of all foundations. Additionally, the largest organizations were responsible for 46 percent of all contributions paid. Ten foundations alone accounted for nearly one-third of the total assets held by the largest foundations, excluding those organizations organized abroad. These foundations, along with data on total assets and grants paid for 1996 are shown in Figure C. The Ford Foundation remained the largest, by asset size, of the domestic foundations for 1996, with more than \$9.5 billion in total assets and \$390.6 million in grants paid (3 percent of the total for all foundations) [11]. Overall, the total asset and grants paid amounts for the top ten domestic foundations were 25 percent and 29 percent higher, respectively, than the prior year totals.

There were several major changes in the list for 1996, the most dramatic of which was the movement of the David and Lucile Packard Foundation, which, driven by an increase in assets of more than 200 percent, rose from tenth to third on the list. This foundation, which entered the list as the tenth largest for 1995, replaced the W.K. Kellogg Foundation and W.K. Kellogg Trust as the third-largest domestic foundation for 1996. In addition, the Pew Memorial Trust dropped from the list this year, and the Robert W. Woodruff Foundation re-entered as the eighth-largest foundation, with assets increasing by 26 percent [12]. Large increases in asset holdings were

**Figure C**

**Top Ten Domestic Private Foundations, by Size of Fair Market Value of Assets, 1996**

[Money amounts are in millions of dollars]

Name and ranking	State	Total assets <sup>1</sup>	Total grants paid
	(1)	(2)	(3)
1. Ford Foundation.....	NY	9,597.9	390.6
2. J. Paul Getty Trust <sup>2</sup> .....	CA	7,389.6	9.5
3. David and Lucile Packard Foundation.....	CA	7,386.4	102.8
4. W.K. Kellogg Foundation Trust and W.K. Kellogg Foundation <sup>3</sup> .....	NY/MI	7,107.1	255.3
5. Lilly Endowment, Inc.....	IN	6,135.4	168.3
6. Robert Wood Johnson Foundation.....	NJ	5,595.8	210.9
7. John D. and Catherine T. MacArthur Foundation.....	IL	3,423.7	137.3
8. Robert W. Woodruff Foundation Inc.....	GA	2,957.9	253.3
9. Andrew W. Mellon Foundation.....	NY	2,826.1	113.7
10. Rockefeller Foundation.....	NY	2,738.8	85.0
<b>Total.....</b>		<b>55,158.7</b>	<b>1,726.6</b>

<sup>1</sup> Fair market value.

<sup>2</sup> The J. Paul Getty Trust is an operating foundation. All other organizations listed are nonoperating foundations.

<sup>3</sup> The W.K. Kellogg Foundation Trust (classified as a private foundation and not as a section 4947(a)(1) charitable trust) is located in New York and has a "pass-through" relationship with the W.K. Kellogg Foundation, located in Michigan. Typically, the entire amount of the annual qualifying (charitable) distributions of the W.K. Kellogg Foundation Trust is made in the form of a grant to the W.K. Kellogg Foundation, which then redistributes the grant for charitable purposes (and does not count the redistribution as a qualifying distribution of its own). The combined total assets of the two organizations are shown in the "Total assets" column, but, in order to avoid duplication, only the grants paid by the W.K. Kellogg Foundation are shown in the "Total grants paid" column.

NOTE: Detail may not add to totals due to rounding.

also reported by the Lilly Endowment, Inc. and the W.K. Kellogg Foundation, both of which reported increases of well over 25 percent, and the Ford Foundation, which reported a 17-percent increase.

For eight of the ten largest foundations, Reporting Year 1996 also included increases in grants paid, the largest of which were reported by the Robert W. Woodruff Foundation (249 percent), and the Robert Wood Johnson Foundation (174 percent). Reductions in grants paid were reported by the Rockefeller Foundation and by the J. Paul Getty Trust, which, again for 1996, was the second-largest of all foundations and the only operating foundation to be included in the top ten [13].

**Sources of Foundation Revenue**

From 1995 to 1996, total revenue for private foundations increased by 54 percent. Much of this change is attributable to marked revenue increases among the largest foundations, as those foundations holding \$100 million or more in fair market value of assets reported a 67-percent increase over 1996. Medium foundations also experienced a 36-percent rise in total revenue.

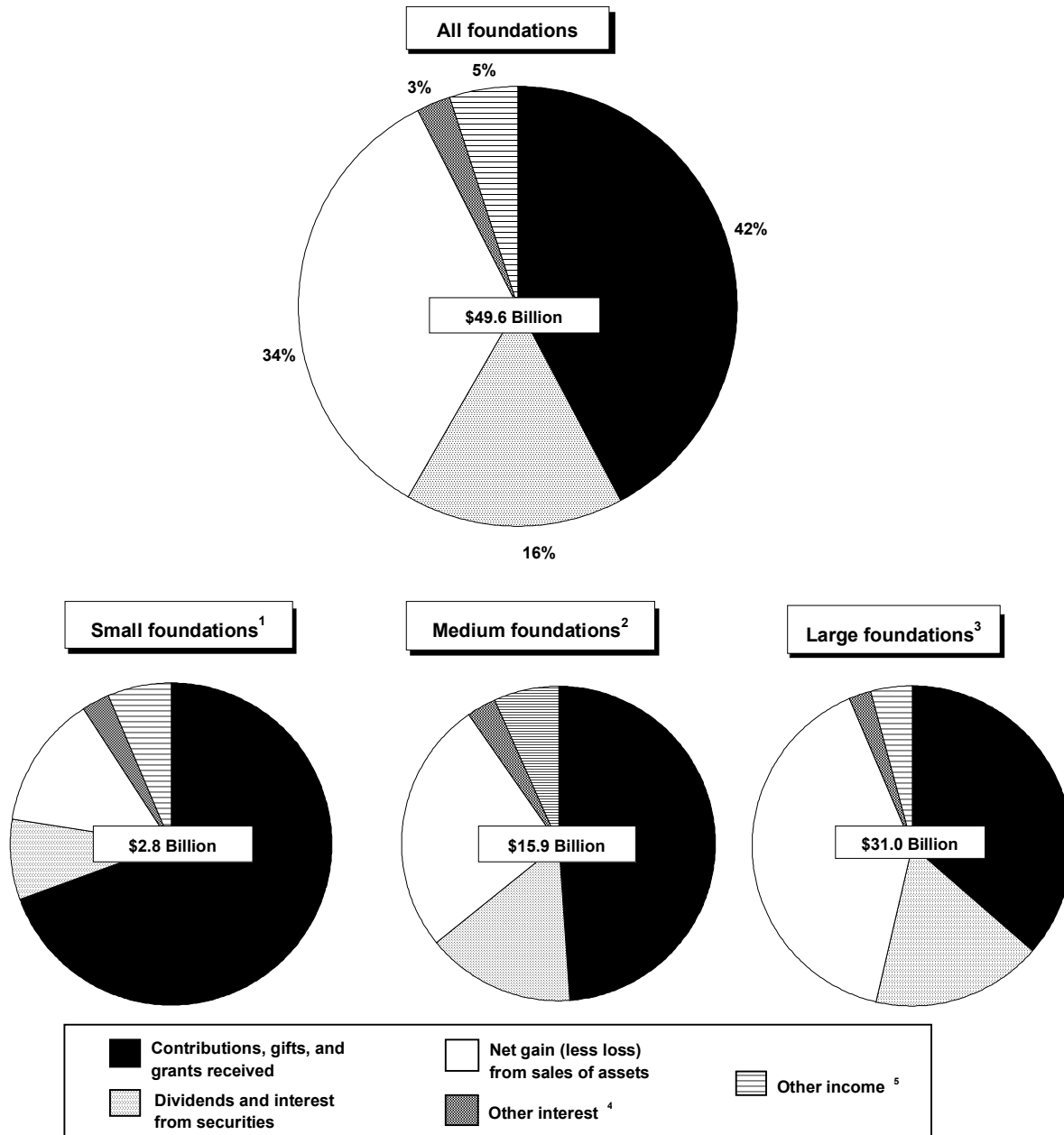
An examination of the sources of foundation revenue for 1996 provides greater insight into the substantial increase in total revenue. The majority of foundation revenue (92 percent) was gained from contributions received, dividends and interest from securities, and net gain from sales of assets. Contributions received, after dropping 20 percent for 1995, increased by 122 percent for 1996. Additionally, this item replaced net gain from sales of assets as the major source of foundation revenue, accounting for 42 percent of the total. Although net gain from sales of assets represented a smaller percentage of total revenue for 1996, the category itself experienced an increase of 41 percent from 1995. Of the three major components of revenue, dividends and interest from securities increased at the lowest rate (4 percent) and made up just 16 percent of total revenue. Figure D shows revenue sources for 1996 for all foundations, as well as by asset-size class.

As previously noted, the largest foundations contributed dramatically to the increase in revenue overall. Contributions received, the largest revenue component for 1996, rose to \$9.7 billion, an amount four times larger than the \$2.3 billion reported for 1995. Of total contributions received for 1996, more than \$4.7 billion alone were reported by the Packard Foundation, while the recently-founded California Endowment reported an additional \$1.2 billion. Medium and small foundations also recovered from 1995's drop in contributions, reporting increases of 54 percent and 47 percent, respectively.

Despite the overall rise in contributions received, large foundations remained the least dependent on contributions as a source of revenue. Large foundations relied more heavily on net gain from sales of assets than any other component, receiving 40 percent of their revenue from this category. Medium and small foundations, on the other hand, both depended on contributions received as the major rev-

**Figure D**

**Sources of Private Foundation Revenue, by Size of Foundation, 1996**



<sup>1</sup> Small foundations are those holding from zero (including unreported) to less than \$1,000,000 in fair market value of total assets.

<sup>2</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>3</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>4</sup> Represents "Interest on savings and temporary cash investments," as reported on Form 990-PF.

<sup>5</sup> Includes "Gross rents and royalties" and "Gross profit (or loss) from business activities" as reported on Form 990-PF, as well as items such as imputed interest on deferred payments and program-related investment income.

venue source, with medium foundations reporting contributions received at 49 percent of total revenue and small foundations reporting the largest amount, 69 percent.

Excepting contributions, all foundation revenues are assigned one of three categories on the "Analysis of Income Producing Activities" schedule of Form 990-PF. "Unrelated business income" (UBI) is taxable income from a trade or business that was regularly carried on by the organization but was not substantially related to the organization's exempt purpose or function, other than to provide income to the organization. Organizations with unrelated business income must file Form 990-T, *Exempt Organization Business Income Tax Return* [14]. Private foundations reported \$101.4 million in unrelated business income for 1996, less than 1 percent of total revenue from the "Analysis of Income-Producing Activities" schedule of Form 990-PF. Just 4 percent of all foundations had income categorized as unrelated business income.

"Excluded income" represents income that was not directly related to the tax-exempt, charitable function of the foundation, but was exempted or excluded from the tax on unrelated business income by Code sections 512, 513, or 514. Included in this category are dividends, interest, rental income, and gains from sales of investment assets. Excluded income represented 92 percent of total income as reported on the schedule.

Income that was directly related to the function or purpose for which the organization has received tax-exemption was classified as "related or exempt function income." Nearly 8 percent of total revenue reported in this section, or \$20.2 billion dollars, was reported as exempt or excluded income.

### **Excise Tax on Investment Income**

In accordance with TRA69, private foundations pay excise tax on their net investment income each year. This tax is approximated by the Internal Revenue Service to cover expenses incurred in the oversight of foundation activities and the enforcement of laws governing their exempt status. Generally, domestic foundations are liable to pay taxes equal to 2 percent of their worldwide net investment income; most foreign foundations compute this tax based on 4 percent of their gross investment income from U.S.

sources only. All foreign foundations, with the exception of any foundation based in Canada, are subject to the excise tax on investment income tax. Canadian foundations are exempt from this tax as a result of special treaty provisions with the United States. Of the foreign foundations that filed Form 990-PF for 1996, 39 percent were based in Canada. Domestic operating foundations that are able to show extensive public support and control may also be exempt from the tax. For 1996, 15 percent of all operating foundations were categorized as exempt.

Domestic nonoperating foundations, under the Deficit Reduction Act of 1984, may be eligible for a reduction of the tax to 1 percent of net investment income, in cases where the foundation is able to show a specific degree of improvement in the rate at which it paid out charitable dollars. Specifically, if current "qualifying distributions" exceeded a 5-year average of qualifying distributions plus 1 percent of current net investment income, a foundation qualified for the reduced tax rate for 1996.

Data for foundations reporting excise tax on net investment income for 1996 are presented in Figure E. Net investment income rose to \$26.2 billion, a 29-percent increase. Foundations reported excise tax on net investment income totaling \$370.3 million, 32 percent more than for 1995. Large foundations qualified for the 1-percent reduced tax rate at a greater percentage rate than did small foundations, at 48 and 36 percent, respectively.

### **Foundation Assets and Investments**

Total fair market value of foundation assets reached \$312.8 billion this year, a 19 percent increase from 1995. Total investments grew by 18 percent to \$291.1 billion. Foundations held the majority of their assets, 93 percent, in investments. This latter category of assets includes savings and temporary cash investments; securities (corporate stock and bonds and government obligations); land, buildings, and equipment held for investment purposes; mortgage loans; and "other investments." This category includes items such as pooled income funds, certificates of investment, and investments in art, gold, coins, or gems.

More than three-fourths of all assets (243.7 billion) were held in securities, investments in which increased 18 percent over the prior year. Corporate

# Private Foundations and Charitable Trusts, 1996

**Figure E**

## Private Foundations Reporting Excise Tax on Investment Income, by Size of Foundation, 1996

[Money amounts are in millions of dollars]

Item	Total <sup>1</sup>	Small foundations <sup>1,2</sup>	Medium foundations <sup>3</sup>	Large foundations <sup>4</sup>
	(1)	(2)	(3)	(4)
Number of foundations.....	41,056	26,876	13,502	678
Percentage of all foundations.....	82	76	95	95
Net investment income (NII) <sup>5</sup> .....	25,173.0	776.7	7,782.6	16,613.6
Excise tax.....	370.3	13.0	122.1	235.2
Percentage of all foundations reporting:				
1-percent tax.....	37	36	39	48
2-percent tax.....	63	64	61	51
4-percent tax.....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	1

<sup>1</sup> Includes 337 foundations with assets unreported or equal to zero, which were shown in totals, but not in the "small foundations" category in previous years. These foundations earned \$9.7 million in net investment income and paid excise tax of \$0.1 million.

<sup>2</sup> Small foundations are those holding from zero to less than \$1,000,000 in fair market value of total assets.

<sup>3</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>4</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>5</sup> Represents net investment income of foundations reporting excise tax. Total net investment income for all foundations was \$26.2 billion.

<sup>6</sup> Less than 0.5 percent.

stock holdings increased 23 percent and accounted for 77 percent of total investments in securities. Investments in corporate bonds increased at a rate of 10 percent, while government obligations remained virtually unchanged from 1995.

### Composition of Investment Assets by Size of Foundation

Asset growth figures prominently in creating the financial basis for private foundations' charitable giving. Foundations use investment as the basis to finance their charitable giving, which is made largely in the form of grants.

Foundations may choose the manner in which they manage and invest their assets. Investments in corporate stock are considered to be high-risk, but also provide higher returns in the long run, while short-term investments, such as savings accounts or CD's, have little risk but less return. Large foundations generally invest most extensively in corporate stock and other long-term investments and relatively little in short-term investments, while small and medium foundations, while still holding large portions of assets in corporate stock, are more likely than large foundations to include short-term invest-

ments in their portfolios.

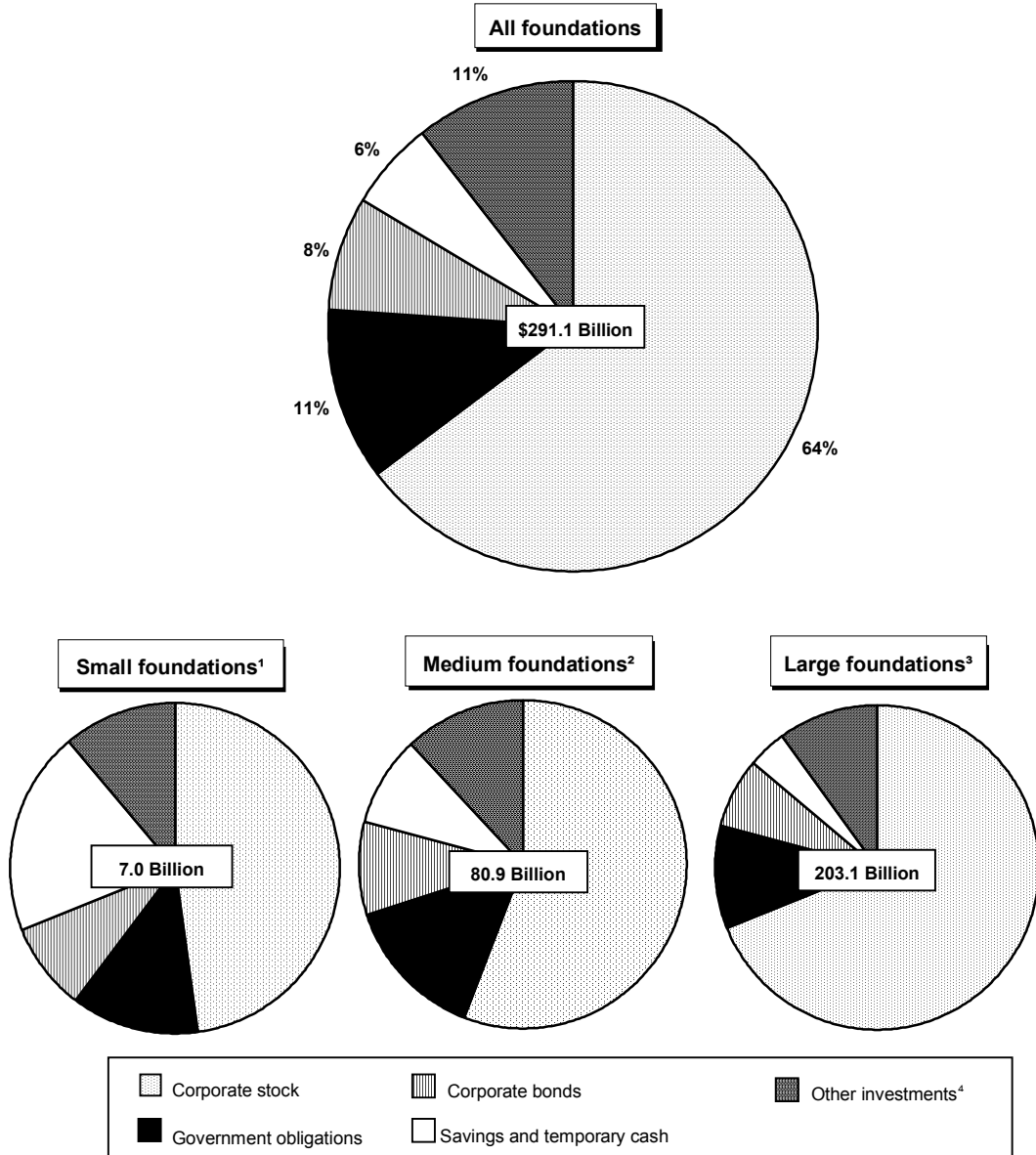
Figure F shows the composition of investment assets for all foundations and by size of foundation. Corporate stock was the major investment asset for each size category of foundation for 1996. Small foundations held slightly less than 50 percent of their investment assets in corporate stock, medium foundations held 56 percent, and large foundations held 69 percent. Savings and temporary cash investments, the category representing short-term investments, represented 20 percent of investment assets for small foundations and 4 percent for large foundations.

### Income Yields and Rates of Total Return

An income yield is a measure of the realized investment income that a foundation earns on its investment assets. Figure G shows median "net investment income yields" and "rates of total return on assets" for nonoperating foundations, by asset-size class, for 1996. The median, rather than the mean, is calculated, as it minimizes the influences of large outliers in the data and may, therefore, better represent a typical foundation. The net investment income (NII) yield was calculated by dividing net investment

**Figure F**

**Composition of Private Foundation Investment Assets, by Size of Foundation, 1996**



<sup>1</sup> Small foundations are those holding from zero to less than \$1,000,000 in fair market value of total assets.

<sup>2</sup> Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets.

<sup>3</sup> Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

<sup>4</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on Form 990-PF. "Other investments" includes items such as advances; certificates of investment; and investments in art, coins, gold, and gems.

**Figure G**

**Nonoperating Foundation Net Investment Income Yields and Rates of Total Return on Assets, by Size of Fair Market Value of Assets, 1996**

Size of fair market value of total assets	Median net investment income yields (percentages)	Median rates of total return on assets (percentages)
<b>All nonoperating foundations.....</b>	<b>5.9</b>	<b>7.0</b>
<b>Small foundations</b>		
Less than \$100,000.....	4.6	1.3
\$100,000 under \$1,000,000.....	5.8	7.8
<b>Medium foundations</b>		
\$1,000,000 under \$10,000,000.....	6.5	11.8
\$10,000,000 under \$50,000,000.....	7.3	13.3
<b>Large foundations</b>		
\$50,000,000 under \$100,000,000.....	8.7	13.9
\$100,000,000 or more.....	9.4	14.8

income by the end-of-year fair market value of investment assets [15]. These data are presented for nonoperating foundations, as only they are subject to the charitable payout requirement, discussed below. As in previous years, large foundations earned higher income yields for 1996 than other size classes, while small foundations earned much smaller yields on net income. This may indicate that large foundations typically invest in higher-risk investment assets with the potential for greater return, while smaller foundations invest more cautiously, perhaps because they have fewer resources to expend on investment management.

Further insight into foundation investment return can be gained by examining data for the rate of total return on assets. This measure, which represents the total capital appreciation of the endowment of a foundation, is a more comprehensive indication of total investment performance than the NII yield. The rate-of-total-return formula used here measures the change in the value of the entire asset base with consideration for inflows and outflows of money [16]. It measures the realized income from investments and other assets, as well as the unrealized appreciation or depreciation in the fair market value

of assets. Like net investment income yields, rates of total return generally increase with foundation size, indicating that rates of return on assets increase as asset holdings grow. After a significant increase for 1995, rates of total return fell slightly for 1996 for every asset-size class. Despite the decrease, the medians remained much higher than those for years prior to 1995 [17].

**Charitable Payout Requirement and Qualifying Distributions**

The charitable payout requirement applies to nonoperating foundations only and refers to the requirement, under the Economic Recovery Tax Act of 1981, that these foundations distribute a specific amount annually for charitable purposes.

Each year, nonoperating foundations must calculate a “distributable amount,” based on the fair market value of their investment assets, which must be distributed by the end of the next reporting year in order to avoid a tax penalty. The distributable amount, or required payout amount, equals 5 percent of the fair market value of the organization’s net investment assets (the “minimum investment return”), plus or minus certain adjustments, either allowed or required. (See Distributable (Payout) Amount, Net Investment Assets, Minimum Investment Return, and Net Adjustments to Distributable Amount in the Explanation of Selected Terms section.)

The requirement may be fulfilled by a combination of “qualifying distributions” from the current year and carryovers (distributions paid in excess of the minimum required amount) from the previous 5 years. Qualifying distributions for 1996 consisted primarily of contributions and grants (92 percent), with smaller proportions for operating and administrative expenses (5 percent), “set-asides” for future charitable distributions (1 percent), program-related investments (e.g., buildings, equipment, or supplies) (1 percent), and amounts paid to acquire charitable-use assets (e.g., buildings, equipment, or supplies) (1 percent).

Qualifying distributions for nonoperating foundations totaled \$16.0 billion for 1996, a 17-percent increase from 1995 and outpaced the required distributable amount, which rose by 13 percent to \$11.2 billion. Large foundations increased their qualifying distributions by 20 percent, medium foundations by 13

percent, and small foundations by 19 percent.

Of those foundations with a minimum payout requirement, 67 percent met or exceeded the requirement for 1996 in that reporting year. Those foundations that did not meet this requirement had until the end of the following reporting year to distribute the remaining amount. As the annual payout amount is not calculated until the end of the reporting year and is based on the monthly average of investment assets, many foundations choose to take advantage of the 1-year tax-and-penalty-free “grace period” for making these distributions. Just under half of all large foundations chose to wait until the following year to fulfill the requirement; 42 percent of medium and 29 percent of small foundations also elected to meet the distribution requirement in Reporting Year 1997.

While some foundations do not meet the distribution requirement for a given reporting year and choose to make those distributions in the following year, others make distributions which far surpass the required amount. Small foundations generally make distributions well over the requirement, and distributed nearly 400 percent more than their required amounts for 1996. Large foundations, on the other hand, exceeded the requirement by just 14 percent.

Operating foundations, although not subject to the same charitable payout requirement as nonoperating foundations, are required to expend a minimum amount annually on the direct operation of their charitable activities and programs. These expenditures count as “qualifying distributions” toward meeting the operating foundation requirements.

**Payout Rates**

To better analyze the rates at which foundations fulfill the charitable payout requirement, the actual payout rates must be examined. To calculate the payout rate, the amount of (adjusted) qualifying distributions is divided by the amount of the average of net investment assets [18]. Median payout rates for 1996, by size of foundations, are displayed in Figure H.

For medium and large foundations, payout rates were at or just above the required 5 percent. Small foundations, which generally concentrate their efforts on current rather than long-term charitable giving, exceeded the required amount. The smallest foundations, in fact, distributed at more than twice the required rate.

**Figure H**

**Nonoperating Private Foundation Payout Rates, by Size of Fair Market Value of Total Assets, 1996**

Size of fair market value of total assets	Median payout rates (percentages)
<b>All nonoperating foundations.....</b>	<b>5.7</b>
<b>Small foundations</b>	
Less than \$100,000.....	11.7
\$100,000 under \$1,000,000.....	5.5
<b>Medium foundations</b>	
\$1,000,000 under \$10,000,000.....	5.1
\$10,000,000 under \$50,000,000.....	5.0
<b>Large foundations</b>	
\$50,000,000 under \$100,000,000.....	5.0
\$100,000,000 or more.....	5.0

**Section 4947(a)(1) Nonexempt Charitable Trusts**

**Definition and Overview**

Unlike Section 501(c)(3) organizations such as private foundations, charitable trusts described under Internal Revenue Code section 4947(a)(1) are not formally recognized by the Internal Revenue Service as tax-exempt. These organizations resemble private foundations in that they have exclusively charitable purposes, have narrow bases of support and control, and are required to file Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*. Generally, these types of organizations are supported and controlled by an individual or family. Any income which is not distributed for charitable purposes is annually subject to tax and is reported on Form 1041, *Fiduciary Income Tax Return*, for which no data are included in this article.

Also not covered in this article are publicly-supported 4947(a)(1) charitable trusts and split-interest trusts. Publicly-supported 4947(a)(1) charitable trusts, those which receive the majority of their support from public (rather than private) sources, file Form 990, *Return of Organization Exempt From Income Tax*. These trusts typically operate in con-



## Private Foundations and Charitable Trusts, 1996

nection with, and provide support to, one or more public charities. Organizations known as split-interest trusts, which have both charitable and noncharitable beneficiaries, complete Form 5227, *Split-Interest Trust Information*.

Section 4947(a) charitable trusts represent 5 percent of Forms 990-PF filed for 1996. The 2,891 returns filed for these organizations are 5 percent more than for 1995. They comprise less than 2 percent of total assets, grants paid, and revenue for Form 990-PF filers again this year. Data on the number of returns filed, as well as asset, revenue, and expense items for 1995 and 1996, are shown in Figure I. Among these organizations, 99 percent were classified as nonoperating and 92 percent as grantmaking.

The following classifications apply, unless otherwise indicated, to the discussion of charitable trusts throughout the remainder of this article: "small charitable trusts" refer to the group holding less than \$1 million in assets (including trusts that either do not report assets or that report assets equal to zero); "medium-size charitable trusts" refer to the group

holding from \$1 million to less than \$10 million in assets, and "large charitable trusts" refer to the group holding \$10 million or more in assets. Medium and large-sized trusts are, on average, much smaller than foundations in those size groups.

### Charitable Trusts Revenue and Assets

Total revenue reached \$497.2 million for charitable trusts in 1996, a 21-percent increase from the prior year. Contributions received, net gain from sale of assets, and dividends and interest from securities comprised 89 percent of that amount. Significant increases of 50 percent in net gain from sales of assets and 19 percent in dividends and interest from securities offset a 26-percent decrease in contributions, gifts, and grants received for 1996, as compared to 1995.

Net gain from sales of assets, at 42 percent, was again the leading component of revenue for charitable trusts, as shown in Figure J. Smaller proportions of revenue included dividends and interest from securities (30 percent) and contributions received (16 percent).

**Figure I**

### IRC Section 4947(a)(1) Charitable Trusts Treated as Foundations: Selected Financial Items and Percentage Changes, 1995-1996

[Money amounts are in millions of dollars]

Item	1995	1996	Percentage change, 1995-1996
	(1)	(2)	(3)
<b>Number of trusts</b> .....	2,743	2,891	5.4
<b>Total assets (fair market value)</b> .....	3,676.1	4,565.7	24.2
Investments, total.....	3,382.2	4,330.8	28.0
Savings and temporary cash investments.....	170.1	216.2	27.1
Investments in securities, total.....	2,771.4	3,372.0	21.7
U.S. and State Government obligations.....	441.2	462.5	4.8
Corporate stock.....	1,903.3	2,359.8	24.0
Corporate bonds.....	426.9	549.7	28.8
Other investments <sup>1</sup> .....	440.7	742.6	68.5
<b>Total revenue</b> .....	411.8	497.2	20.7
Contributions, gifts, and grants received.....	106.5	78.7	-26.1
Net gain (or loss) from sales of assets.....	142.1	212.9	49.8
Dividends and interest from securities.....	125.1	148.4	18.6
<b>Total expenses</b> .....	262.0	269.7	2.9
Contributions, gifts, and grants paid <sup>2</sup> .....	222.3	214.4	-3.5

<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on the Form 990-PF. "Other investments" include items such as advances; certificates of investment; industrial development bonds; and investments in art, coins, gold and gems.

<sup>2</sup> These data are based on the amount of contributions, gifts, and grants that charitable trusts actually disbursed for charitable purposes for 1996 using the cash receipt and disbursement method of accounting.

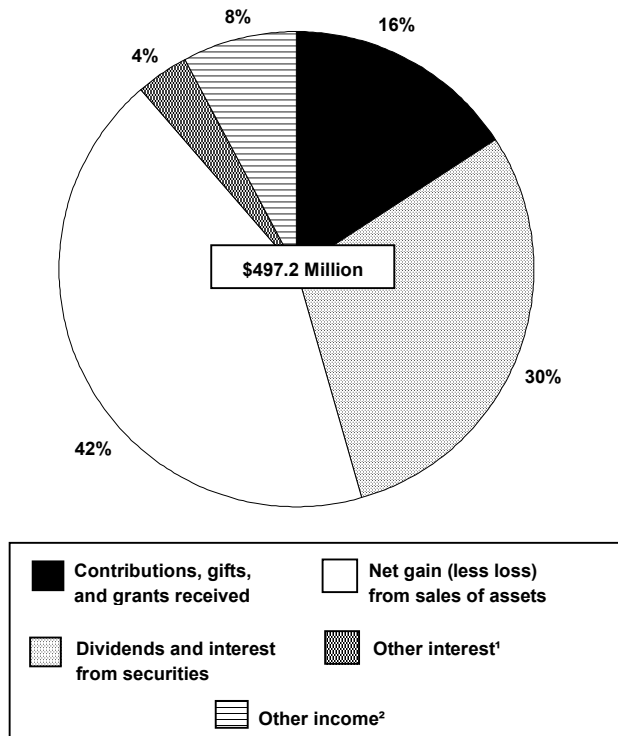
# Private Foundations and Charitable Trusts, 1996

Net investment income totaling \$397.3 million was reported for 1996. Like foundations, most charitable trusts are required to pay an excise tax on their net investment income. For 1996, \$6.6 million in excise tax were reported by charitable trusts filing Form 990-PF. Of the charitable trusts that paid this tax, 24 percent qualified for the reduced rate of 1 percent, while the remainder paid tax on 2 percent of investment income.

For 1996, assets held by charitable trusts totaled \$4.6 billion, a 24-percent increase from 1995. Small charitable trusts, which accounted for 70 percent of returns filed, represented only 12 percent of total asset holdings. In contrast, 37 percent of total asset holdings were reported by large trusts, which represented 2 percent of these organizations.

**Figure J**

## Sources of Charitable Trust Revenue, 1996

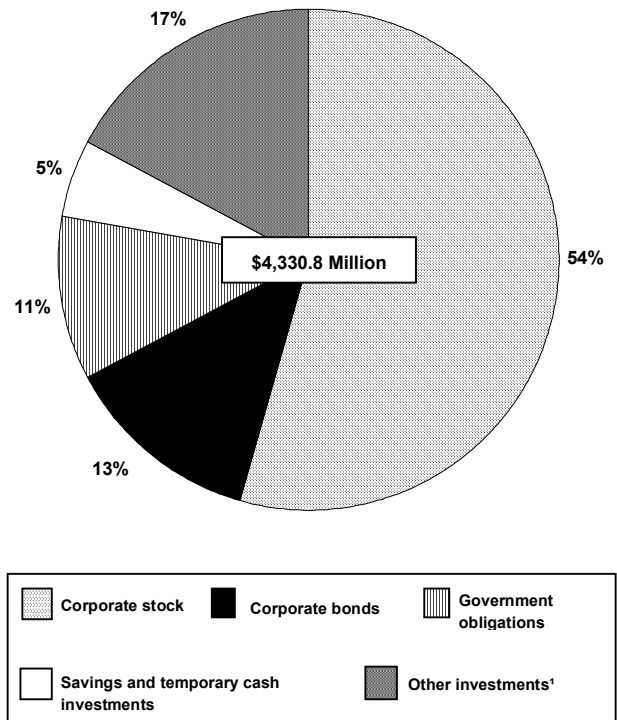


<sup>1</sup> Represents "Interest on savings and temporary cash investments," as reported on Form 990-PF.

<sup>2</sup> Includes "Gross rents and royalties" and "Gross profit (or loss) from business activities" as reported on Form 990-PF, as well as items such as imputed interest on deferred payments and program-related investment income.

**Figure K**

## Composition of Charitable Trust Investment Assets, 1996



<sup>1</sup> Sum of "Investments in land, buildings, and equipment (less accumulated depreciation)," "Investments in mortgage loans," and "Other investments," as reported on Form 990-PF. "Other investments" includes items such as advances; certificates of investment; and investments in art, coins, gold, and gems.

Like private foundations, charitable trusts hold the majority of assets as investments. More than 90 percent of charitable trust assets were held as investments for 1996, the majority of which were investments in securities. The composition of charitable trust investment assets is shown in Figure K. Holdings in corporate stock, which increased 24 percent from 1995, represented 54 percent of total investment holdings. "Other investments," include investments in land, buildings, and equipment, investments in mortgage loans, advances, certificates of investments, industrial development bonds, and investments such as art or coins. This category, at 17 percent, constituted the second-largest component of charitable trust investment assets.

**Charitable Trust Distributions and Payout Rates**

There were \$214.4 million in contributions, gifts, and grants paid by section 4947(a)(1) trusts for 1996, 4 percent less than for 1995. Nonoperating charitable trusts paid out \$225.8 million in qualifying distributions, 95 percent of which was made up of grants. Small charitable trusts distributed 87 percent more than required distributions; medium trusts, 8 percent more, while large trusts' qualifying distributions fell to 8 percent less than the required amount.

**Data Sources and Limitations**

The statistics in this article are based on a sample of Reporting Year 1996 Forms 990-PF that were filed with the IRS. Organizations having accounting periods beginning in 1996 (and therefore ending between December 1996 and November 1997) were required by IRS to file a Form 990-PF. Some part-year returns were included in the samples for organizations that changed their accounting periods, or filed initial or final returns. Some 64 percent of the foundations in the sample had accounting periods covering Calendar Year 1996 or, in some cases, part-year periods that ended in December 1996. For charitable trusts, 58 percent filed calendar year returns. The 1996 sample was stratified based on both the size of fair market value of total assets and the type of organization (either a foundation or a 4947(a)(1) charitable trust).

Foundation returns were selected at rates that ranged from approximately 2.7 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets). Charitable trust returns were selected at rates that ranged from 14.0 percent to 100 percent. The 7,552 returns in the sample (6,261 foundations and 1,291 trusts) were drawn from an estimated population of 52,297 foundations and 3,018 trusts. The magnitude of sampling error, measured by coefficients of variation for selected items, is shown in Figure L.

The samples were designed to provide reliable estimates of total assets and total revenue. To accomplish this, 100 percent of foundation returns with fair market asset value of \$10 million or more and 100 percent of charitable trust returns with fair market asset value of \$1 million or more were included in the samples, since these were the returns that accounted for the majority of financial activity. The

**Figure L**

**Coefficients of Variation for Selected Items, by Type of Organization, 1996**

Item	Private foundations	Charitable trusts
	Coefficients of variation (percentages)	
Total assets (fair market value).....	0.89	3.24
Total revenue.....	1.29	4.27
Total expenses.....	1.52	7.56

populations and sample rates and sizes for each asset-size class are shown in Figure M. Efforts were made to verify that organizations selected for the sample were properly classified as foundations or trusts. The relatively small number of foundations in the sample that were incorrectly selected as trusts were ultimately reclassified as foundations (for the statistics) using identification codes from the IRS Exempt Organization Master File. However, the

**Figure M**

**Private Foundations and Charitable Trusts: Population Size, Sample Size, and Sample Rates, by Size of Fair Market Value of Total Assets, 1996**

Size of fair market value of total assets	Population size	Sample size	Sample rate (percentage)
	(1)	(2)	(3)
<b>All private foundations and charitable trusts.....</b>	<b>55,315</b>	<b>7,552</b>	<b>N/A</b>
<b>Private foundations</b>			
<b>Total.....</b>	<b>52,297</b>	<b>6,261</b>	<b>N/A</b>
Under \$125,000.....	19,908	545	2.7
\$125,000 under \$400,000.....	9,532	372	3.9
\$400,000 under \$1,000,000.....	7,871	547	6.7
\$1,000,000 under \$2,500,000.....	6,347	606	9.4
\$2,500,000 under \$10,000,000.....	5,523	1,074	19.1
\$10,000,000 under \$25,000,000.....	1,740	1,740	100.0
\$25,000,000 or more.....	1,377	1,377	100.0
<b>Charitable trusts</b>			
<b>Total.....</b>	<b>3,018</b>	<b>1,291</b>	<b>N/A</b>
Under \$100,000.....	831	121	14.6
\$100,000 under \$1,000,000.....	1,316	299	22.7
\$1,000,000 or more.....	871	871	100.0

N/A—Not applicable.

weights used for these organizations were based on the original sample selection classification. These same methods were used for the trusts that were incorrectly sampled as foundations.

Approximately 6 percent of all foundations, including those reclassified as foundations, reported \$10 million or more in fair market value of total assets for 1996. While these foundations were selected at a rate of 100 percent, the remaining foundation population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 2.7 percent for returns with assets zero, unreported, or less than \$125,000; 3.9 percent for returns with assets of \$125,000 to less than \$400,000; 6.7 percent for returns with assets of \$400,000 to less than \$1 million; 9.4 percent for returns with assets of \$1 million to less than \$2.5 million; and 19.1 percent for returns with assets of \$2.5 million to less than \$10 million.

Approximately 29 percent of all 4947(a)(1) charitable trusts in the sample reported \$1 million or more in fair market value of total assets for 1996. While these trusts were selected at a rate of 100 percent, the remaining trust population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 14.6 percent for returns with assets zero, unreported, or less than \$100,000; and 22.7 percent for returns with assets of \$100,000 to less than \$1 million.

The population from which the 1996 sample was drawn consisted of Form 990-PF records posted to the IRS Business Master File during 1996 and 1997. Some of the records designated were for organizations that were deemed inactive or terminated. Inactive and terminated organizations are not reflected in the estimates. For the small number of active, large foundations whose returns were not yet filed or were otherwise unavailable for the statistics, data were estimated using other returns having similar characteristics. All data for returns filed by the top ten foundations are actual. For the unavailable active trust returns, which were smaller in size than those for foundations, prior-year data of those trusts were in most instances used as a substitute.

The data presented were obtained from returns as originally filed with IRS. The data were subject to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In

most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated. A general discussion of the reliability of estimates based on samples, methods for evaluating both the magnitude of sampling and non-sampling error, and the precision of sample estimates can be found in the general Appendix to this issue of the *SOI Bulletin*.

### **Explanation of Selected Terms**

The following explanations describe terms as they applied to both private foundations and charitable trusts for 1996. Unless otherwise indicated, all references to foundations also apply to trusts.

*Adjusted Net Income*—In general, this is the amount by which a private foundation's gross income exceeded the expenses associated with earning the income. Amounts derived from, or connected with, property held by the foundation, such as net short-term capital gain, ordinary investment income (dividends, interest, rents, and royalties), and income from amounts set aside for future charitable use, from all charitable functions, or from unrelated trade or business activities were included in this calculation. Excluded items were contributions received and long-term capital gains. Long-term capital losses could be reported as "other expenses" for the calculation of adjusted net income. This item is primarily used to determine if an operating foundation met the required "income test." This test is used to determine whether the operating foundation spent the vast majority of its investment income on the direct, active conduct of tax-exempt charitable activities. See Operating Foundations and Trusts in this section. This item was reported on Form 990-PF, Part I, line 27c, column (c).

*Assets Zero or Unreported*—This asset-size category included: (1) final returns of liquidating or dissolving foundations that had disposed of all assets; (2) returns of those foundations reporting zero end-of-year assets that had apparently distributed (or disposed of) all assets and income received during the year; and (3) returns of those foundations that did not report assets. A liquidating or dissolving foundation usually passes its assets on to another foundation or to a public charity.

*Capital Gain Net Income*—This is the amount of net gain from sales or dispositions of property used

for investment purposes (property used for charitable purposes was excluded). Capital losses from the sale or other disposition of property could be subtracted from capital gains only to the extent of such gains. Capital gain net income was used in the computation of “net investment income” (on which an excise tax generally had to be paid). In contrast, the net gain (or loss) per books from the sale of all assets (other than inventory), including those used for both investment and charitable purposes, was reported as “net gain (or loss) from the sale of assets” on Form 990-PF, Part I, line 6, column (a). This item, capital gain net income, was reported on Form 990-PF, Part I, line 7, column (b).

*Charitable Trust*—A charitable trust, also referred to as a “nonexempt” charitable trust, is defined in Internal Revenue Code section 4947(a)(1) as an organization (1) that is not considered tax-exempt under section 501(a); (2) that has exclusively charitable interests; and (3) that has amounts in trust for which donors are allowed to claim a tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the excise tax provisions that apply to private foundations and are required to file the same Form 990-PF. (“Publicly supported” nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*, and are, therefore, not included in these statistics.) Nonexempt charitable trusts that are treated as private foundations must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Fiduciary Income Tax Return*. Data from this form are not included in this article.

*Disbursements for Exempt Purposes*—These deductions comprised the largest component of “qualifying distributions” and include grants paid, operating expenses, and necessary and reasonable administrative expenditures for activities that were directly related to the tax-exempt purposes of the foundation. These amounts were determined solely on the basis of the cash receipts and disbursements method of accounting, as required by law and regulations. This item was reported on Form 990-PF, Part I, line 26, column (d).

*Disqualified Person*—In general terms, a disqualified person is a substantial contributor; a foundation manager; person who owns more than 20 percent of a corporation, partnership, trust, or unincorporated enterprise that is itself a substantial contributor; or a family member of one of the types of disqualified persons described above.

*Distributable (Payout) Amount*—This is the minimum payout amount that was required to be distributed by nonoperating foundations by the end of the year following the year for which the return was filed. Failure to distribute income within this time period resulted in a 15-percent excise tax on the undistributed portion. The distributable amount was computed as 5 percent of net investment assets, called the “minimum investment return,” minus the excise tax on net investment income and the income tax under Subtitle A, plus or minus other adjustments, either allowed or required (see Net Adjustments to Distributable Amount in this section).

*Excess Distributions Carryover*—This is the amount distributed, after fulfilling the charitable payout requirement, that equaled the excess of qualifying distributions for 1996 over the distributable amount. If necessary, excess amounts from the current year could be carried forward to be applied to the distributable amount for the 5 following years. This item was reported on Form 990-PF, Part XIII, line 9.

*Grantmaking Foundations (and Charitable Trusts)*—For the statistics in this article, grantmaking foundations and trusts are those organizations that reported \$1 or more in contributions, gifts, and grants paid for charitable purposes on Form 990-PF, Part I, line 25, column (d).

*Inventories*—The value of materials, goods, and supplies purchased or manufactured by the organization and held for sale or use in some future period is included. This item was reported on Form 990-PF, Part II, line 8, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Charitable-use*—This represents either the book value (less accumulated depreciation) or fair market value of all land, buildings, and equipment not held for investment purposes and used by the organization in conducting its charitable activities. This item was re-

ported on Form 990-PF, Part II, line 14, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Land, Buildings, and Equipment, Investment-use*—This represents either the book value (less accumulated depreciation) or fair market value of all land, buildings, and equipment held for investment purposes, such as rental properties. This item was reported on Form 990-PF, Part II, line 11, columns (a) (beginning-of-year book value), (b) (end-of-year book value), and (c) (end-of-year fair market value).

*Minimum Investment Return*—This is the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire these assets and the cash held for charitable activities, multiplied by 5 percent. The minimum investment return was used as the base for calculating the “distributable amount.” This item was reported on Form 990-PF, Part X, line 6.

*Net Adjustments to Distributable Amount*—Adjustments that increased the “distributable amount” consist of increases attributable to the income portion (as distinct from the principal portion) of distributions from split-interest trusts on amounts placed in trust after May 26, 1969. (A split-interest trust is a trust that is not exempt from tax and not all of whose interests are devoted to charitable, religious, educational, and like purposes, but that has amounts in trust for which a charitable contribution deduction was allowed. These organizations file Form 5227, *Split-Interest Trust Information Return*.) Recoveries of amounts previously treated as qualifying distributions also had to be added back to the distributable amount. Adjustments that decreased the distributable amount were the result of income required to be accumulated by the terms of an organization’s governing instrument. These adjustments were allowed only for foundations or trusts organized before May 27, 1969, whose governing instrument continued to require such accumulation, since State Courts would not allow the organization to change its governing instrument. These items were reported on Form 990-PF, Part XI, lines 4a, 4b, and 6.

*Net Gain (or Loss) from Sales of Assets*—Profits and losses from sales of such items as securities, land, buildings, or equipment are included. Gain or loss reflected the amount shown on the books of

the foundation and included any amount from the sale of property used for either investment or tax-exempt charitable purposes. Most of the gain or loss was from sales of stocks and bonds. Profit or loss from the sale of inventory items was included in gross profit (loss) from business activities. This item was reported on Form 990-PF, Part I, line 6, column (a).

*Net Investment Assets (Noncharitable-use Assets)*—For purposes of calculating the “minimum investment return,” only the average, rather than end-of-year, fair market value of assets that were not used or held for use for charitable purposes enter into the computation. An asset was considered an investment asset if it was not used in carrying out a charitable, educational, or other similar function which gave rise to the tax-exempt status of the foundation. Examples include the fair market value of securities and rental property owned by the foundation for investment purposes. The asset amounts included on the balance sheet in Part II of Form 990-PF included both investment and charitable-use assets. This item, which was reported on Form 990-PF, Part X, line 5, is not shown separately in the tables of this article. However, “minimum investment return,” which is based on net investment assets, is shown in the tables.

*Net Investment Income*—This is the amount by which the sum of gross investment income plus capital gain net income exceeds allowable deductions. Included in investment income were interest, dividends, capital gain net income, rents, payments with respect to securities loans (as defined in Code section 512 (a)(5)), and royalties. Any investment income derived from unrelated trade or business activities that were subject to the “unrelated business income” tax reported on Form 990-T, *Exempt Organization Business Income Tax Return* was excluded. This item was reported on Form 990-PF, Part I, line 27b, column (b).

*Nonoperating Foundations (and Nonoperating Charitable Trusts)*—These are organizations that generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to operating foundations and trusts that engaged in charitable activities themselves. However, some nonoperating foundations and trusts were actively involved in charitable programs of their own,

in addition to making grants. Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period. An organization's status as a nonoperating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Operating Foundations (and Operating Charitable Trusts)*—These organizations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. To qualify as an operating foundation or trust for 1996, the foundation or trust had to meet both an "income test" and one of three other tests: an "assets test," an "endowment test," or a "support test."

To meet the income test, a foundation or trust had to spend at least 85 percent of the lesser of its "adjusted net income" or "minimum investment return" on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such programs). Simply put, to meet the assets test, a foundation or trust had to directly use 65 percent or more of its assets for the active conduct of charitable activities. To meet the endowment test, a foundation or trust had to regularly make distributions for the active conduct of charitable activities in an amount not less than two-thirds of its "minimum investment return." To meet the support test, a foundation or trust had to regularly receive substantially all of its support (other than from gross investment income) from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from gross investment income) from any one such qualifying exempt organization; and (b) no more than 50 percent of its support from gross investment income.

Distributions made by a private nonoperating foundation or trust to an operating foundation or trust qualified toward meeting the nonoperating organization's distribution requirement. (Distributions made

by one nonoperating foundation or trust to another were subject to a number of conditions and restrictions requiring a "pass-through" of the distribution, whereby the donor organization received credit for a qualifying distribution but the donee organization did not.) Additionally, contributions to operating foundations or trusts were deductible on the donors' individual income tax returns, up to 50 percent of their "adjusted gross income" (as opposed to 30 percent for contributions to nonoperating foundations).

While most operating foundations paid the excise tax on net investment income, 17 percent of operating foundations were exempt from this tax for 1996 under section 4940(d)(2) of the Internal Revenue Code. In order to be exempt, an operating foundation was required to meet the following requirements in any given year: (1) maintain public support for a minimum of 10 taxable years; (2) maintain a governing body at all times that is broadly representative of the general public and that is comprised of no more than 25 percent disqualified individuals; and (3) at no time during the year include a disqualified individual as an officer of the foundation. An organization's status as an operating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Other Assets*—This category includes: (1) those assets not allocable to a specific asset item on the Form 990-PF balance sheet or not included elsewhere on the return; and (2) certain amounts given special treatment in the course of statistical processing. The first category included such items as dividends receivable, escrow deposits, income tax refunds, interest discounts, interest-free loans, overdraft protection, and program-related investments. The second category included atypical amounts reported by the return filer as "negative liabilities." These items were reported on Form 990-PF, Part II, line 15, columns (a) beginning-of-year book value, (b) end-of-year book value, and (c) end-of-year fair market value.

*Other Investments*—Investments reported as "other" include such items as advances, bank certificates of deposit, cash values of life insurance, certificates of investment, miscellaneous loan income, and holdings in art, coins, gold, and gems. These items were reported on Form 990-PF, Part II, line 13, columns (a) beginning-of-year book value, (b) end-of-year book value, and (c) end-of-year fair market value.

*Private Foundation*—A private foundation is defined in Internal Revenue Code section 501(c)(3) as a nonprofit organization with a narrow source of funds that operated or supported educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of society. A private foundation qualified for tax-exempt status under Code section 501(c)(3) but was not (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization that was operated by, or in connection with, any of the above described organizations; or (4) an organization that conducted tests for public safety. The primary difference between a private foundation and a public charity was the sources of the organization's funding. A foundation was typically funded primarily by an individual, a family, or a corporation, while a public charity received its funds from a large number of sources among the general public.

*Qualifying Distributions*—Qualifying distributions include disbursements for charitable purposes (grants, direct expenditures to accomplish charitable purposes, and charitable-purpose operating and administrative expenses); amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the foundation's or trust's obligation to pay out its "distributable amount." This item was reported on Form 990-PF, Part XII, line 4.

*Set-Asides*—Amounts set aside for specific charitable purposes can be treated as qualifying distributions only if the foundation or charitable trust establishes to the satisfaction of the IRS that the amount will be paid for the specific project within 60 months from the date of the first set-aside and if the foundation meets either the suitability test or the cash distribution test. To meet the suitability test, a foundation must receive prior approval from the IRS and must demonstrate that the project can be better accomplished by a set-aside than by an immediate payment of funds. To meet the cash distribution test under section 4942(g)(2)(B)(ii), a foundation must complete a schedule with its annual return showing how the requirements are met. The foundation must

submit a schedule for the year of the set-aside and for each subsequent year until the set-aside amount has been distributed. Set-asides were reported on Form 990-PF, Part XII, lines 3a and 3b.

*Total Assets*—This is the sum of all assets reported in the foundation's balance sheet, shown at both book value and fair market value. Total assets were reported on Form 990-PF, Part II, line 16, columns (a) beginning-of-year book value, (b) end-of-year book value, and (c) end-of-year fair market value.

*Total Expenses*—This is the sum of contributions, gifts, and grants paid, plus various operating and administrative expenses related to both investment and charitable-purpose activities. Total expense items were reported as shown on the books and records of the foundation and were based on either the cash receipts or the accrual method of accounting. Total expenses were reported on Form 990-PF, Part I, line 26, column (a).

*Total Revenue*—This is the sum of gross contributions, gifts, and grants received; interest on savings and temporary cash investments; dividends and interest from securities; net gain (or loss) from sales of assets (mostly investment assets, but also charitable-use assets); gross rents and royalties; gross profit (or loss) from business activities; and other income (such as royalty income, program-related investment income, interest earned on assets used for charitable purposes, and imputed interest on certain deferred payments). These other income items were reported on Form 990-PF, Part I, line 11, column (a). Total revenue items, which included both investment and charitable-use items, were reported as shown on the books and records of the foundation, and were based on either the cash receipts or the accrual method of accounting. Total revenues were reported on Form 990-PF, Part I, line 12, column (a).

*Undistributed Income*—This is the portion of the required "distributable amount" still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carried over from prior years. Sanctions were imposed in the form of excise taxes on private foundations that did not pay out an amount equal to the "distributable amount" by the end of the following tax year. This item was reported on Form 990-PF, Part XIII, line 6f, column (d).



*Unrelated Business Income (UBI)*—This is an exempt organization’s income from a trade or business that was regularly carried on by the organization and that was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activity carried on for the production of income from selling goods or performing services. A tax, as reported on Form 990-T, *Exempt Organization Business Income Tax Return*, is imposed on “unrelated business taxable income (UBTI).” Unrelated business taxable income is gross unrelated business income, less deductions directly connected with carrying on the trade or business, and less certain other deductions. The unrelated business income tax was determined based on the corporate or trust tax rates that were in effect for a given tax year. (Gross) unrelated business income and the associated business codes were reported on Form 990-PF, Part XVI-A, columns (a) and (b).

### Notes and References

- [1] The amount of contributions, gifts, and grants paid by foundations is based on the amount that foundations actually disbursed for 1996 using the cash receipts and disbursements method of accounting.
- [2] For 1996, the David and Lucile Packard foundation reported \$4.68 billion in contributions, gifts, and grants received and total revenue of \$4.72 billion in total revenue. The California Endowment reported \$1.34 billion in total revenue, \$1.23 billion of which were in the form of contributions, gifts, and grants.
- [3] For purposes of the analyses, “charitable trusts” refer only to the section 4947(a)(1) charitable trusts that file Form 990-PF, while “private foundations” refer to the section 501(c)(3) private foundations that file Form 990-PF.
- [4] The data presented in this article are from Forms 990-PF, filed for Reporting Year 1996, by organizations which had accounting periods beginning in 1996. Therefore, the statistics

include organizations with accounting periods that ended sometime during the period December 1996 through November 1997. For a more detailed analysis, see the Data Sources and Limitations section.

- [5] For further information on nonprofit organizations that are tax-exempt under Internal Revenue Code section 501(c), see Meckstroth, Alicia and Arnsberger, Paul, “A 20-Year Review of the Nonprofit Sector, 1975-1995,” *Statistics of Income Bulletin*, Fall 1998, Volume 18, Number 2.
- [6] For an in-depth discussion of organizations other than private foundations that are tax-exempt under Internal Revenue Code section 501(c)(3), see Hilgert, Cecelia and Whitten, Melissa, “Charities and Other Tax-Exempt Organizations, 1995,” *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18, Number 3.
- [7] Programs termed “charitable” refer to tax-exempt activities which are charitable, educational, scientific, social, literary, or religious in nature.
- [8] The net value of noncharitable-use assets was reported on Form 990-PF, Part X, line 5. For more information, see Net Investment Assets in the Explanation of Selected Terms section.
- [9] Renz, Loren; Mandler, Crystal; and Trieber, Rikard, *Foundation Giving: Yearbook of Facts and Figures on Private, Corporate, and Community Foundations*, 1998 edition, New York: The Foundation Center, 1998, Table 58, p. 70.
- [10] Some data in this article are from unpublished Statistics of Income tabulations.
- [11] A foundation is considered domestic if it is organized in the United States; however, this does not necessarily imply that all of its assets, activities, or grant recipients are domestic.
- [12] For 1995, the Robert W. Woodruff Foundation reported fair market value assets of \$2.3 billion, making it the eleventh-largest domestic foundation for that year. Additionally, the

## Private Foundations and Charitable Trusts, 1996

foundation reported \$72.5 million in grants paid for 1995.

- [13] Seven of the ten largest foundations had calendar year accounting periods, meaning that all of their activity occurred during the calendar year period. However, three of the ten had other fiscal year accounting periods. For instance, for the 1996 Reporting Year, the Ford Foundation had an accounting period ending in September 1997 and the J. Paul Getty Trust in June 1997; therefore, much of their activity for 1996 occurred in Calendar Year 1997. See the Data Sources and Limitations section.
- [14] For more information on the unrelated business income of exempt organizations, see Riley, Margaret, "Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995," *Statistics of Income Bulletin*, Spring 1999, Volume 18, Number 4.
- [15] Net investment income is comprised of income not considered to be related to a foundation's charitable purpose, such as interest, dividends, and capital gains net income. The net investment income amount used in calculating the NII yield was obtained from column (b) of the income statement, found in Part I of Form 990-PF.
- [16] The rate-of-total-return formula used here is the same as that developed and used by Salamon and Voytek in their studies on foundation assets. See Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, Washington, DC: The Council on Foundations, 1989, p.32. The formula is as follows:

$$\begin{aligned}
 \text{Rate of Total Return} = & \\
 & [\text{Ending Fair Market Value of Assets} \\
 & - \text{Beginning Fair Market Value of Assets} \\
 & - \text{Contributions Received} \\
 & + \text{Grants Paid} \\
 & + \text{Operating and Administrative Expenses}
 \end{aligned}$$

+ Excise Tax Paid on Net Investment Income]

DIVIDED BY

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[Beginning Fair Market Value of Assets  
+ 50 percent of Contributions Received]

To calculate the rate of total return shown in Figure G, samples of private foundation information returns for 1995 and 1996 were matched in order to analyze both the beginning and end-of-year fair market value data.

The beginning fair market value of assets for 1996 equals the ending fair market value reported on the 1996 tax return. Thus, in order to provide a consistent form of measurement by which to compare rates of total return among different years, the ending fair market value of asset amounts (reported for both the year subject to the computation and the prior year) was used to compute the rate of return. In order to obtain an inflation-adjusted real rate of return, the figure equaling the beginning-of-year fair market value of assets was adjusted using the 1992 chain-type price index for Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, Volume 78, Number 8, August, 1998, Table 7.1.

- [17] For data from previous years, see Arnsberger, Paul, "Private Foundations and Charitable Trusts, 1996," *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18, Number 3.
- [18] To calculate the payout rate, the amount of (adjusted) qualifying distributions was divided by the amount of the monthly average of net investment (or noncharitable-use) assets. This payout formula adjusts qualifying distributions with additions and subtractions that are made to the required "distributable amount" on Form 990-PF. The numerator of the formula also includes excess distributions made in the past and applied to the requirement of the current filing year.

Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets			
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>All foundations</b>									
Total.....	<b>50,811</b>	<b>49,724</b>	<b>49,601,883</b>	<b>25,490</b>	<b>20,964,565</b>	<b>33,866</b>	<b>7,956,671</b>	<b>24,724</b>	<b>16,923,166</b>
Zero or unreported.....	1,124	1,008	100,847	628	98,429	*117	*3,347	*191	*-3,911
\$1 under \$100,000.....	15,409	14,496	560,356	8,564	391,625	5,318	9,590	2,722	133,670
\$100,000 under \$1,000,000.....	19,300	19,274	2,093,997	9,460	1,424,398	14,837	205,645	9,880	236,133
\$1,000,000 under \$10,000,000.....	11,839	11,809	7,195,849	5,423	3,791,871	10,598	1,055,498	9,103	1,620,157
\$10,000,000 under \$25,000,000.....	1,765	1,764	4,890,867	806	2,351,981	1,669	759,255	1,566	1,379,871
\$25,000,000 under \$50,000,000.....	656	656	3,765,303	295	1,607,870	630	600,298	595	1,156,934
\$50,000,000 under \$100,000,000.....	358	358	3,965,465	152	1,516,746	345	678,563	336	1,542,008
\$100,000,000 or more.....	359	359	27,029,199	161	9,781,643	353	4,644,475	333	10,858,304
<b>Nonoperating foundations</b>									
Total.....	<b>46,101</b>	<b>45,198</b>	<b>45,775,344</b>	<b>22,473</b>	<b>19,630,356</b>	<b>32,082</b>	<b>7,514,243</b>	<b>23,617</b>	<b>15,824,002</b>
Zero or unreported.....	1,124	1,008	100,847	628	98,429	*117	*3,347	*191	*-3,911
\$1 under \$100,000.....	13,432	12,702	509,988	7,397	341,641	4,982	9,267	2,612	136,621
\$100,000 under \$1,000,000.....	17,726	17,701	1,797,707	8,469	1,231,418	14,171	197,233	9,519	224,358
\$1,000,000 under \$10,000,000.....	10,932	10,902	6,619,111	4,770	3,454,120	10,031	1,006,800	8,674	1,554,457
\$10,000,000 under \$25,000,000.....	1,621	1,620	4,526,521	690	2,251,066	1,549	715,756	1,455	1,316,173
\$25,000,000 under \$50,000,000.....	611	611	3,566,932	259	1,562,350	586	567,856	553	1,100,996
\$50,000,000 under \$100,000,000.....	328	328	3,556,174	128	1,278,434	321	637,610	309	1,447,507
\$100,000,000 or more.....	327	327	25,098,064	132	9,412,897	324	4,376,373	306	10,047,800
<b>Operating foundations</b>									
Total.....	<b>4,709</b>	<b>4,527</b>	<b>3,826,538</b>	<b>3,016</b>	<b>1,334,209</b>	<b>1,784</b>	<b>442,428</b>	<b>1,107</b>	<b>1,099,164</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,977	1,795	50,368	1,167	49,984	*366	*323	*110	*-2,951
\$100,000 under \$1,000,000.....	1,574	1,574	296,290	992	192,981	665	8,412	362	11,775
\$1,000,000 under \$10,000,000.....	907	907	576,738	653	337,751	566	48,698	429	65,700
\$10,000,000 under \$25,000,000.....	144	144	364,347	116	100,916	120	43,498	111	63,698
\$25,000,000 under \$50,000,000.....	45	45	198,371	36	45,520	44	32,442	42	55,939
\$50,000,000 under \$100,000,000.....	30	30	409,290	24	238,312	24	40,953	27	94,501
\$100,000,000 or more.....	32	32	1,931,135	29	368,745	29	268,102	27	810,504
<b>Grantmaking foundations</b>									
Total.....	<b>40,889</b>	<b>40,632</b>	<b>44,920,209</b>	<b>19,295</b>	<b>17,767,994</b>	<b>30,748</b>	<b>7,691,855</b>	<b>22,928</b>	<b>16,451,869</b>
Zero or unreported.....	613	570	95,287	372	93,812	*81	*3,049	*154	*-3,989
\$1 under \$100,000.....	10,466	10,284	495,191	5,731	334,091	4,347	7,846	2,356	132,332
\$100,000 under \$1,000,000.....	16,165	16,139	1,485,007	7,344	989,581	13,474	195,077	9,078	206,126
\$1,000,000 under \$10,000,000.....	10,707	10,702	5,967,386	4,587	2,998,847	10,013	1,007,016	8,653	1,536,571
\$10,000,000 under \$25,000,000.....	1,644	1,644	4,410,251	717	2,084,804	1,574	726,962	1,487	1,329,656
\$25,000,000 under \$50,000,000.....	618	618	3,423,398	265	1,376,388	596	576,189	563	1,129,705
\$50,000,000 under \$100,000,000.....	339	339	3,604,870	136	1,266,274	331	660,971	320	1,488,854
\$100,000,000 or more.....	337	337	25,438,818	143	8,624,198	332	4,514,745	317	10,632,615
<b>Grantmaking-nonoperating foundations</b>									
Total.....	<b>38,685</b>	<b>38,429</b>	<b>42,626,579</b>	<b>18,081</b>	<b>17,004,143</b>	<b>29,868</b>	<b>7,421,134</b>	<b>22,331</b>	<b>15,697,389</b>
Zero or unreported.....	613	570	95,287	372	93,812	*81	*3,049	*154	*-3,989
\$1 under \$100,000.....	9,555	9,373	459,198	5,302	298,846	4,194	7,688	2,283	135,331
\$100,000 under \$1,000,000.....	15,377	15,351	1,360,416	6,889	878,755	13,107	189,593	8,859	205,393
\$1,000,000 under \$10,000,000.....	10,314	10,309	5,750,081	4,346	2,860,518	9,750	986,940	8,442	1,500,077
\$10,000,000 under \$25,000,000.....	1,583	1,583	4,265,180	668	2,028,030	1,522	710,097	1,438	1,296,397
\$25,000,000 under \$50,000,000.....	599	599	3,353,865	251	1,358,539	577	563,873	546	1,100,356
\$50,000,000 under \$100,000,000.....	324	324	3,385,185	125	1,134,313	319	636,445	307	1,436,876
\$100,000,000 or more.....	321	321	23,957,367	128	8,351,330	318	4,323,449	302	10,026,950
<b>Grantmaking-operating foundations</b>									
Total.....	<b>2,204</b>	<b>2,204</b>	<b>2,293,630</b>	<b>1,214</b>	<b>763,851</b>	<b>879</b>	<b>270,721</b>	<b>598</b>	<b>754,480</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	911	35,993	429	35,244	*153	*158	*73	*-3,000
\$100,000 under \$1,000,000.....	788	788	124,591	455	110,825	366	5,485	220	733
\$1,000,000 under \$10,000,000.....	393	393	217,305	240	138,329	263	20,075	211	36,494
\$10,000,000 under \$25,000,000.....	61	61	145,071	49	56,774	52	16,865	49	33,259
\$25,000,000 under \$50,000,000.....	19	19	69,533	14	17,849	19	12,316	17	29,349
\$50,000,000 under \$100,000,000.....	15	15	219,686	11	131,961	12	24,526	13	51,979
\$100,000,000 or more.....	16	16	1,481,451	15	272,868	14	191,296	15	605,666

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All foundations</b>								
<b>Total.....</b>	<b>48,819</b>	<b>20,618,510</b>	<b>49,555</b>	<b>28,983,373</b>	<b>43,572</b>	<b>26,230,433</b>	<b>45,905</b>	<b>17,606,143</b>
Zero or unreported.....	1,015	216,015	643	-115,169	526	9,728	796	203,850
\$1 under \$100,000.....	14,329	549,822	14,752	10,535	10,510	160,546	12,665	497,467
\$100,000 under \$1,000,000.....	18,689	1,215,852	19,238	878,145	17,981	611,926	17,960	1,048,556
\$1,000,000 under \$10,000,000.....	11,657	3,616,367	11,787	3,579,482	11,454	3,433,811	11,390	3,013,129
\$10,000,000 under \$25,000,000.....	1,761	2,094,362	1,764	2,796,505	1,746	2,437,236	1,735	1,835,325
\$25,000,000 under \$50,000,000.....	652	1,790,798	655	1,974,505	647	2,078,580	649	1,537,578
\$50,000,000 under \$100,000,000.....	357	1,520,599	358	2,444,866	352	2,472,097	355	1,254,564
\$100,000,000 or more.....	359	9,614,696	359	17,414,503	357	15,026,509	356	8,215,672
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>44,218</b>	<b>18,736,732</b>	<b>44,989</b>	<b>27,038,612</b>	<b>40,054</b>	<b>24,462,726</b>	<b>41,714</b>	<b>16,170,854</b>
Zero or unreported.....	1,015	216,015	643	-115,169	526	9,728	796	203,850
\$1 under \$100,000.....	12,425	494,350	12,884	15,639	9,313	156,031	10,950	457,732
\$100,000 under \$1,000,000.....	17,130	982,912	17,683	814,795	16,677	581,578	16,575	897,084
\$1,000,000 under \$10,000,000.....	10,770	3,267,380	10,895	3,351,731	10,677	3,261,766	10,542	2,732,735
\$10,000,000 under \$25,000,000.....	1,617	1,858,161	1,620	2,668,359	1,608	2,318,429	1,597	1,670,525
\$25,000,000 under \$50,000,000.....	607	1,666,800	610	1,900,132	603	1,986,841	605	1,452,458
\$50,000,000 under \$100,000,000.....	327	1,393,136	328	2,163,038	323	2,322,013	325	1,160,443
\$100,000,000 or more.....	327	8,857,978	327	16,240,086	326	13,826,341	324	7,596,027
<b>Operating foundations</b>								
<b>Total.....</b>	<b>4,601</b>	<b>1,881,778</b>	<b>4,565</b>	<b>1,944,761</b>	<b>3,519</b>	<b>1,767,707</b>	<b>4,192</b>	<b>1,435,289</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,904	55,472	1,868	-5,104	1,196	4,515	1,715	39,735
\$100,000 under \$1,000,000.....	1,559	232,940	1,555	63,350	1,304	30,348	1,385	151,472
\$1,000,000 under \$10,000,000.....	886	348,986	892	227,752	776	172,045	848	280,394
\$10,000,000 under \$25,000,000.....	144	236,201	144	128,146	138	118,807	138	164,800
\$25,000,000 under \$50,000,000.....	45	123,998	45	74,373	44	91,739	44	85,120
\$50,000,000 under \$100,000,000.....	30	127,462	30	281,828	29	150,084	30	94,121
\$100,000,000 or more.....	32	756,718	32	1,174,417	31	1,200,169	32	619,645
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>40,888</b>	<b>19,200,288</b>	<b>40,596</b>	<b>25,719,921</b>	<b>37,991</b>	<b>25,289,401</b>	<b>40,889</b>	<b>16,838,175</b>
Zero or unreported.....	613	203,887	423	-108,600	344	9,092	613	202,867
\$1 under \$100,000.....	10,466	505,108	10,393	-9,917	8,443	155,912	10,466	476,114
\$100,000 under \$1,000,000.....	16,165	970,499	16,136	514,508	15,724	544,596	16,165	913,773
\$1,000,000 under \$10,000,000.....	10,706	3,061,977	10,705	2,905,409	10,567	3,179,430	10,707	2,772,034
\$10,000,000 under \$25,000,000.....	1,644	1,926,155	1,644	2,484,096	1,630	2,327,565	1,644	1,718,101
\$25,000,000 under \$50,000,000.....	618	1,701,520	618	1,721,878	612	1,999,387	618	1,484,761
\$50,000,000 under \$100,000,000.....	339	1,422,692	339	2,182,178	335	2,402,367	339	1,204,676
\$100,000,000 or more.....	337	9,408,450	337	16,030,368	337	14,671,052	337	8,065,849
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>38,684</b>	<b>18,190,999</b>	<b>38,392</b>	<b>24,435,580</b>	<b>36,201</b>	<b>24,131,572</b>	<b>38,685</b>	<b>16,022,542</b>
Zero or unreported.....	613	203,887	423	-108,600	344	9,092	613	202,867
\$1 under \$100,000.....	9,555	462,590	9,482	-3,392	7,795	152,447	9,555	448,098
\$100,000 under \$1,000,000.....	15,377	880,914	15,348	479,502	15,044	534,535	15,377	831,814
\$1,000,000 under \$10,000,000.....	10,313	2,952,570	10,312	2,797,511	10,210	3,121,073	10,314	2,677,576
\$10,000,000 under \$25,000,000.....	1,583	1,842,847	1,583	2,422,332	1,573	2,273,552	1,583	1,664,678
\$25,000,000 under \$50,000,000.....	599	1,664,203	599	1,689,662	594	1,956,395	599	1,452,279
\$50,000,000 under \$100,000,000.....	324	1,351,987	324	2,033,198	320	2,316,697	324	1,153,800
\$100,000,000 or more.....	321	8,832,001	321	15,125,367	321	13,767,779	321	7,591,429
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>1,009,288</b>	<b>2,204</b>	<b>1,284,342</b>	<b>1,791</b>	<b>1,157,830</b>	<b>2,204</b>	<b>815,632</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	42,518	911	-6,525	648	3,466	911	28,016
\$100,000 under \$1,000,000.....	788	89,585	788	35,006	680	10,060	788	81,958
\$1,000,000 under \$10,000,000.....	393	109,407	393	107,899	357	58,357	393	94,458
\$10,000,000 under \$25,000,000.....	61	83,307	61	61,764	57	54,013	61	53,423
\$25,000,000 under \$50,000,000.....	19	37,317	19	32,216	18	42,992	19	32,482
\$50,000,000 under \$100,000,000.....	15	70,705	15	148,980	15	85,669	15	50,876
\$100,000,000 or more.....	16	576,449	16	905,001	16	903,273	16	474,421

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>1</sup>		Excise tax on net investment income					
	Number of returns	Amount	Total		Domestic foundations		Foreign foundations	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All foundations</b>								
<b>Total.....</b>	<b>40,889</b>	<b>15,122,843</b>	<b>41,056</b>	<b>370,335</b>	<b>41,039</b>	<b>369,481</b>	<b>17</b>	<b>854</b>
Zero or unreported.....	613	202,250	337	105	337	105	--	--
\$1 under \$100,000.....	10,466	460,315	9,071	3,071	9,071	3,071	--	--
\$100,000 under \$1,000,000.....	16,165	834,184	17,468	9,861	17,464	9,849	*4	*12
\$1,000,000 under \$10,000,000.....	10,707	2,593,275	11,188	53,446	11,188	53,446	--	--
\$10,000,000 under \$25,000,000.....	1,644	1,590,214	1,695	37,680	1,694	37,664	1	15
\$25,000,000 under \$50,000,000.....	618	1,370,015	620	30,948	617	30,908	3	40
\$50,000,000 under \$100,000,000.....	339	1,072,488	339	36,597	337	36,593	2	4
\$100,000,000 or more.....	337	7,000,101	339	198,626	332	197,844	7	783
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>38,685</b>	<b>14,786,651</b>	<b>38,362</b>	<b>357,922</b>	<b>38,345</b>	<b>357,068</b>	<b>17</b>	<b>854</b>
Zero or unreported.....	613	202,250	337	105	337	105	--	--
\$1 under \$100,000.....	9,555	435,966	8,167	2,989	8,167	2,989	--	--
\$100,000 under \$1,000,000.....	15,377	790,375	16,392	9,365	16,387	9,354	*4	*12
\$1,000,000 under \$10,000,000.....	10,314	2,560,411	10,623	51,436	10,623	51,436	--	--
\$10,000,000 under \$25,000,000.....	1,583	1,575,270	1,601	36,496	1,600	36,481	1	15
\$25,000,000 under \$50,000,000.....	599	1,360,349	599	30,266	596	30,226	3	40
\$50,000,000 under \$100,000,000.....	324	1,060,865	320	34,839	318	34,835	2	4
\$100,000,000 or more.....	321	6,801,163	324	192,424	317	191,641	7	783
<b>Operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>336,192</b>	<b>2,694</b>	<b>12,413</b>	<b>2,694</b>	<b>12,413</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	24,349	904	82	904	82	--	--
\$100,000 under \$1,000,000.....	788	43,809	1,077	495	1,077	495	--	--
\$1,000,000 under \$10,000,000.....	393	32,864	564	2,010	564	2,010	--	--
\$10,000,000 under \$25,000,000.....	61	14,945	94	1,183	94	1,183	--	--
\$25,000,000 under \$50,000,000.....	19	9,665	21	682	21	682	--	--
\$50,000,000 under \$100,000,000.....	15	11,623	19	1,758	19	1,758	--	--
\$100,000,000 or more.....	16	198,937	15	6,202	15	6,202	--	--
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>40,889</b>	<b>15,122,843</b>	<b>36,615</b>	<b>359,720</b>	<b>36,604</b>	<b>358,883</b>	<b>11</b>	<b>837</b>
Zero or unreported.....	613	202,250	*264	*93	*264	*93	--	--
\$1 under \$100,000.....	10,466	460,315	7,494	2,986	7,494	2,986	--	--
\$100,000 under \$1,000,000.....	16,165	834,184	15,504	8,594	15,504	8,594	--	--
\$1,000,000 under \$10,000,000.....	10,707	2,593,275	10,481	49,494	10,481	49,494	--	--
\$10,000,000 under \$25,000,000.....	1,644	1,590,214	1,615	36,341	1,614	36,325	1	15
\$25,000,000 under \$50,000,000.....	618	1,370,015	601	30,064	599	30,024	2	40
\$50,000,000 under \$100,000,000.....	339	1,072,488	329	35,687	327	35,683	2	4
\$100,000,000 or more.....	337	7,000,101	329	196,461	323	195,683	6	778
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>38,685</b>	<b>14,786,651</b>	<b>35,111</b>	<b>351,743</b>	<b>35,100</b>	<b>350,906</b>	<b>11</b>	<b>837</b>
Zero or unreported.....	613	202,250	*264	*93	*264	*93	--	--
\$1 under \$100,000.....	9,555	435,966	6,955	2,922	6,955	2,922	--	--
\$100,000 under \$1,000,000.....	15,377	790,375	14,923	8,448	14,923	8,448	--	--
\$1,000,000 under \$10,000,000.....	10,314	2,560,411	10,172	48,721	10,172	48,721	--	--
\$10,000,000 under \$25,000,000.....	1,583	1,575,270	1,569	35,691	1,568	35,675	1	15
\$25,000,000 under \$50,000,000.....	599	1,360,349	591	29,687	589	29,647	2	40
\$50,000,000 under \$100,000,000.....	324	1,060,865	319	34,789	317	34,785	2	4
\$100,000,000 or more.....	321	6,801,163	319	191,392	313	190,614	6	778
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>336,192</b>	<b>1,504</b>	<b>7,977</b>	<b>1,504</b>	<b>7,977</b>	<b>--</b>	<b>--</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	24,349	539	64	539	64	--	--
\$100,000 under \$1,000,000.....	788	43,809	581	146	581	146	--	--
\$1,000,000 under \$10,000,000.....	393	32,864	309	773	309	773	--	--
\$10,000,000 under \$25,000,000.....	61	14,945	46	650	46	650	--	--
\$25,000,000 under \$50,000,000.....	19	9,665	10	377	10	377	--	--
\$50,000,000 under \$100,000,000.....	15	11,623	10	899	10	899	--	--
\$100,000,000 or more.....	16	198,937	10	5,069	10	5,069	--	--

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Total assets (book value)		Total investment assets (book value)		Investments in securities (book value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>All foundations</b>								
<b>Total.....</b>	<b>49,792</b>	<b>256,677,119</b>	<b>42,974</b>	<b>237,003,489</b>	<b>31,502</b>	<b>193,078,752</b>	<b>14,319</b>	<b>31,887,527</b>
Zero or unreported.....	*111	*26,246	*38	*25,141	*1	*12,606	*1	*3,438
\$1 under \$100,000.....	15,409	423,614	9,991	309,056	4,188	120,442	1,203	26,142
\$100,000 under \$1,000,000.....	19,300	6,582,956	18,202	5,631,284	13,975	3,697,358	5,114	815,401
\$1,000,000 under \$10,000,000.....	11,834	29,632,869	11,616	26,708,429	10,358	19,731,472	5,874	4,872,785
\$10,000,000 under \$25,000,000.....	1,765	21,384,275	1,755	19,829,774	1,654	15,133,853	1,134	3,449,762
\$25,000,000 under \$50,000,000.....	656	17,547,312	655	16,304,463	622	12,507,616	445	2,834,058
\$50,000,000 under \$100,000,000.....	358	19,450,438	358	18,306,472	353	15,235,838	270	3,576,725
\$100,000,000 or more.....	359	161,629,408	359	149,888,868	351	126,639,566	278	16,309,215
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>45,082</b>	<b>234,422,176</b>	<b>39,625</b>	<b>221,063,007</b>	<b>29,888</b>	<b>180,184,812</b>	<b>13,555</b>	<b>29,480,494</b>
Zero or unreported.....	*111	*26,246	*38	*25,141	*1	*12,606	*1	*3,438
\$1 under \$100,000.....	13,432	370,289	8,985	281,225	3,888	113,538	1,057	22,769
\$100,000 under \$1,000,000.....	17,726	5,996,375	16,905	5,341,445	13,466	3,595,090	4,968	800,520
\$1,000,000 under \$10,000,000.....	10,927	27,253,862	10,818	25,291,873	9,766	18,834,934	5,571	4,693,375
\$10,000,000 under \$25,000,000.....	1,621	19,436,424	1,616	18,520,618	1,545	14,226,769	1,044	3,240,940
\$25,000,000 under \$50,000,000.....	611	16,137,479	610	15,299,400	578	11,808,940	412	2,672,350
\$50,000,000 under \$100,000,000.....	328	17,704,320	328	16,911,149	323	14,175,780	249	3,292,926
\$100,000,000 or more.....	327	147,497,182	327	139,392,156	322	117,417,156	253	14,754,176
<b>Operating foundations</b>								
<b>Total.....</b>	<b>4,709</b>	<b>22,254,943</b>	<b>3,349</b>	<b>15,940,482</b>	<b>1,613</b>	<b>12,893,941</b>	<b>764</b>	<b>2,407,033</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,977	53,326	1,007	27,831	*299	*6,904	*146	*3,373
\$100,000 under \$1,000,000.....	1,574	586,581	1,297	289,840	510	102,269	146	14,881
\$1,000,000 under \$10,000,000.....	907	2,379,008	798	1,416,556	593	896,538	303	179,410
\$10,000,000 under \$25,000,000.....	144	1,947,852	139	1,309,156	109	907,084	90	208,822
\$25,000,000 under \$50,000,000.....	45	1,409,834	45	1,005,063	44	698,676	33	161,708
\$50,000,000 under \$100,000,000.....	30	1,746,118	30	1,395,323	30	1,060,059	21	283,799
\$100,000,000 or more.....	32	14,132,226	32	10,496,713	29	9,222,410	25	1,555,040
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>40,314</b>	<b>243,737,630</b>	<b>36,773</b>	<b>227,173,632</b>	<b>28,297</b>	<b>185,821,359</b>	<b>13,139</b>	<b>30,477,224</b>
Zero or unreported.....	*38	*13,305	*1	*12,679	*1	*12,606	*1	*3,438
\$1 under \$100,000.....	10,466	323,163	7,633	246,060	3,370	101,856	984	22,184
\$100,000 under \$1,000,000.....	16,165	5,507,593	15,602	4,979,340	12,405	3,329,343	4,619	760,402
\$1,000,000 under \$10,000,000.....	10,707	26,784,118	10,603	24,981,189	9,706	18,758,775	5,533	4,656,877
\$10,000,000 under \$25,000,000.....	1,644	19,821,528	1,640	18,715,532	1,565	14,361,343	1,062	3,283,160
\$25,000,000 under \$50,000,000.....	618	16,373,981	618	15,428,483	587	11,851,746	422	2,682,609
\$50,000,000 under \$100,000,000.....	339	18,434,685	339	17,489,672	334	14,644,624	258	3,362,177
\$100,000,000 or more.....	337	156,479,258	337	145,320,678	330	122,761,066	260	15,706,376
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>38,110</b>	<b>229,311,514</b>	<b>35,066</b>	<b>216,887,282</b>	<b>27,524</b>	<b>177,152,600</b>	<b>12,819</b>	<b>28,853,585</b>
Zero or unreported.....	*38	*13,305	*1	*12,679	*1	*12,606	*1	*3,438
\$1 under \$100,000.....	9,555	296,560	7,101	232,286	3,254	98,732	911	19,635
\$100,000 under \$1,000,000.....	15,377	5,245,339	14,894	4,810,412	12,107	3,264,686	4,575	756,037
\$1,000,000 under \$10,000,000.....	10,314	25,828,942	10,246	24,305,388	9,443	18,351,772	5,407	4,595,206
\$10,000,000 under \$25,000,000.....	1,583	18,972,794	1,580	18,134,330	1,517	13,968,015	1,024	3,186,194
\$25,000,000 under \$50,000,000.....	599	15,809,344	599	15,005,070	568	11,578,155	406	2,586,502
\$50,000,000 under \$100,000,000.....	324	17,435,427	324	16,693,675	319	13,960,407	247	3,221,461
\$100,000,000 or more.....	321	145,709,803	321	137,693,443	316	115,918,226	248	14,485,113
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>14,426,116</b>	<b>1,707</b>	<b>10,286,350</b>	<b>773</b>	<b>8,668,759</b>	<b>320</b>	<b>1,623,639</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	26,603	532	13,774	*116	*3,125	*73	*2,550
\$100,000 under \$1,000,000.....	788	262,254	708	168,928	298	64,657	*44	*4,365
\$1,000,000 under \$10,000,000.....	393	955,176	357	675,801	263	407,003	126	61,671
\$10,000,000 under \$25,000,000.....	61	848,734	60	581,202	48	393,329	38	96,966
\$25,000,000 under \$50,000,000.....	19	564,636	19	423,412	19	273,591	16	96,107
\$50,000,000 under \$100,000,000.....	15	999,258	15	795,997	15	684,216	11	140,716
\$100,000,000 or more.....	16	10,769,455	16	7,627,235	14	6,842,840	12	1,221,264

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (book value)--continued				Total assets (fair market value)		Total investment assets (fair market value)	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All foundations</b>								
<b>Total.....</b>	<b>27,165</b>	<b>139,407,314</b>	<b>12,554</b>	<b>21,783,912</b>	<b>49,686</b>	<b>312,815,324</b>	<b>43,019</b>	<b>291,067,990</b>
Zero or unreported.....	*1	*4,528	*1	*4,639	--	--	--	--
\$1 under \$100,000.....	2,904	66,160	1,094	28,140	15,409	440,769	10,065	325,187
\$100,000 under \$1,000,000.....	11,882	2,326,853	4,334	555,104	19,300	7,631,624	18,202	6,683,898
\$1,000,000 under \$10,000,000.....	9,530	11,892,557	5,191	2,966,130	11,839	37,041,294	11,626	33,861,977
\$10,000,000 under \$25,000,000.....	1,577	9,338,574	1,019	2,345,517	1,765	27,493,693	1,755	25,760,881
\$25,000,000 under \$50,000,000.....	586	7,760,443	410	1,913,116	656	22,751,247	655	21,308,348
\$50,000,000 under \$100,000,000.....	342	9,706,784	240	1,952,330	358	25,053,671	358	23,798,793
\$100,000,000 or more.....	344	98,311,415	265	12,018,936	359	192,403,025	359	179,328,906
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>25,944</b>	<b>130,277,278</b>	<b>11,830</b>	<b>20,427,039</b>	<b>44,977</b>	<b>286,837,299</b>	<b>39,629</b>	<b>272,803,451</b>
Zero or unreported.....	*1	*4,528	*1	*4,639	--	--	--	--
\$1 under \$100,000.....	2,788	64,020	1,057	26,748	13,432	386,479	9,021	296,959
\$100,000 under \$1,000,000.....	11,475	2,267,598	4,073	526,972	17,726	7,011,636	16,905	6,354,444
\$1,000,000 under \$10,000,000.....	9,025	11,322,136	4,910	2,819,423	10,932	34,221,100	10,823	32,137,031
\$10,000,000 under \$25,000,000.....	1,475	8,791,842	940	2,193,987	1,621	25,277,022	1,616	24,267,720
\$25,000,000 under \$50,000,000.....	550	7,343,113	383	1,793,477	611	21,112,595	610	20,159,401
\$50,000,000 under \$100,000,000.....	314	9,125,807	220	1,757,047	328	22,877,380	328	22,014,709
\$100,000,000 or more.....	316	91,358,235	246	11,304,745	327	175,951,087	327	167,573,188
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,221</b>	<b>9,130,036</b>	<b>723</b>	<b>1,356,872</b>	<b>4,709</b>	<b>25,978,025</b>	<b>3,390</b>	<b>18,264,539</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*116	*2,140	*37	*1,392	1,977	54,290	1,043	28,228
\$100,000 under \$1,000,000.....	406	59,255	261	28,132	1,574	619,988	1,297	329,454
\$1,000,000 under \$10,000,000.....	504	570,422	281	146,707	907	2,820,194	803	1,724,946
\$10,000,000 under \$25,000,000.....	102	546,733	79	151,530	144	2,216,671	139	1,493,162
\$25,000,000 under \$50,000,000.....	36	417,329	27	119,639	45	1,638,652	45	1,148,947
\$50,000,000 under \$100,000,000.....	28	580,977	20	195,283	30	2,176,291	30	1,784,084
\$100,000,000 or more.....	28	6,953,180	19	714,190	32	16,451,938	32	11,755,718
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>24,681</b>	<b>134,915,691</b>	<b>11,561</b>	<b>20,428,444</b>	<b>40,276</b>	<b>296,306,137</b>	<b>36,845</b>	<b>278,874,545</b>
Zero or unreported.....	*1	*4,528	*1	*4,639	--	--	--	--
\$1 under \$100,000.....	2,452	55,639	838	24,033	10,466	348,878	7,706	271,160
\$100,000 under \$1,000,000.....	10,563	2,046,877	3,946	522,064	16,165	6,473,924	15,602	5,941,122
\$1,000,000 under \$10,000,000.....	8,966	11,241,876	4,952	2,860,021	10,707	33,546,107	10,603	31,676,375
\$10,000,000 under \$25,000,000.....	1,491	8,883,876	953	2,194,307	1,644	25,685,276	1,640	24,468,681
\$25,000,000 under \$50,000,000.....	558	7,394,294	388	1,774,843	618	21,407,489	618	20,316,392
\$50,000,000 under \$100,000,000.....	327	9,476,981	230	1,805,465	339	23,698,503	339	22,664,370
\$100,000,000 or more.....	324	95,811,619	253	11,243,071	337	185,145,961	337	173,536,443
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>24,066</b>	<b>128,602,867</b>	<b>11,183</b>	<b>19,696,148</b>	<b>38,072</b>	<b>280,712,898</b>	<b>35,133</b>	<b>268,080,379</b>
Zero or unreported.....	*1	*4,528	*1	*4,639	--	--	--	--
\$1 under \$100,000.....	2,409	55,064	838	24,033	9,555	322,217	7,174	257,381
\$100,000 under \$1,000,000.....	10,310	2,009,775	3,758	498,875	15,377	6,184,381	14,894	5,751,279
\$1,000,000 under \$10,000,000.....	8,734	10,976,142	4,821	2,780,424	10,314	32,442,056	10,241	30,851,022
\$10,000,000 under \$25,000,000.....	1,448	8,638,658	924	2,143,163	1,583	24,704,759	1,580	23,796,236
\$25,000,000 under \$50,000,000.....	543	7,248,040	379	1,743,613	599	20,708,498	599	19,811,168
\$50,000,000 under \$100,000,000.....	312	9,055,597	218	1,683,349	324	22,587,264	324	21,776,010
\$100,000,000 or more.....	310	90,615,062	243	10,818,052	321	173,763,723	321	165,837,283
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>615</b>	<b>6,312,824</b>	<b>379</b>	<b>732,296</b>	<b>2,204</b>	<b>15,593,239</b>	<b>1,712</b>	<b>10,794,165</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*43	*575	--	--	911	26,660	532	13,779
\$100,000 under \$1,000,000.....	253	37,102	188	23,189	788	289,543	708	189,842
\$1,000,000 under \$10,000,000.....	232	265,734	131	79,597	393	1,104,051	362	825,354
\$10,000,000 under \$25,000,000.....	43	245,218	29	51,145	61	980,517	60	672,445
\$25,000,000 under \$50,000,000.....	15	146,254	9	31,229	19	698,991	19	505,224
\$50,000,000 under \$100,000,000.....	15	421,384	12	122,116	15	1,111,239	15	888,360
\$100,000,000 or more.....	14	5,196,557	10	425,019	16	11,382,237	16	7,699,160

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (fair market value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All foundations</b>								
<b>Total.....</b>	<b>31,432</b>	<b>243,684,817</b>	<b>14,313</b>	<b>33,045,728</b>	<b>27,085</b>	<b>188,482,810</b>	<b>12,568</b>	<b>22,156,278</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	4,188	142,120	1,203	27,122	2,904	87,059	1,094	27,939
\$100,000 under \$1,000,000.....	13,896	4,678,003	5,100	845,196	11,802	3,258,710	4,370	574,096
\$1,000,000 under \$10,000,000.....	10,368	26,313,438	5,883	4,969,254	9,529	18,275,606	5,175	3,068,578
\$10,000,000 under \$25,000,000.....	1,654	20,713,799	1,134	3,524,505	1,577	14,811,668	1,015	2,377,626
\$25,000,000 under \$50,000,000.....	623	17,053,046	445	2,877,721	586	12,203,914	410	1,971,410
\$50,000,000 under \$100,000,000.....	352	20,271,533	269	3,688,335	342	14,599,856	239	1,983,343
\$100,000,000 or more.....	352	154,512,877	279	17,113,595	345	125,245,996	265	12,153,286
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>29,813</b>	<b>229,118,583</b>	<b>13,548</b>	<b>30,619,819</b>	<b>25,858</b>	<b>177,714,171</b>	<b>11,843</b>	<b>20,784,593</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,888	134,969	1,057	23,644	2,788	84,851	1,057	26,474
\$100,000 under \$1,000,000.....	13,386	4,548,182	4,953	830,391	11,395	3,172,809	4,109	544,981
\$1,000,000 under \$10,000,000.....	9,771	25,154,951	5,580	4,786,394	9,020	17,447,819	4,894	2,920,737
\$10,000,000 under \$25,000,000.....	1,545	19,651,419	1,044	3,312,966	1,475	14,116,088	936	2,222,364
\$25,000,000 under \$50,000,000.....	579	16,252,028	412	2,709,202	550	11,691,635	383	1,851,191
\$50,000,000 under \$100,000,000.....	322	18,917,743	248	3,404,223	314	13,728,678	219	1,784,842
\$100,000,000 or more.....	322	144,459,291	253	15,552,998	316	117,472,290	245	11,434,003
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,619</b>	<b>14,566,233</b>	<b>765</b>	<b>2,425,909</b>	<b>1,227</b>	<b>10,768,638</b>	<b>724</b>	<b>1,371,686</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*299	*7,151	*146	*3,478	*116	*2,209	*37	*1,465
\$100,000 under \$1,000,000.....	510	129,821	*146	*14,805	406	85,901	261	29,114
\$1,000,000 under \$10,000,000.....	598	1,158,488	303	182,859	509	827,787	281	147,841
\$10,000,000 under \$25,000,000.....	109	1,062,380	90	211,539	102	695,579	79	155,262
\$25,000,000 under \$50,000,000.....	44	801,018	33	168,520	36	512,279	27	120,219
\$50,000,000 under \$100,000,000.....	30	1,353,790	21	284,112	28	871,177	20	198,501
\$100,000,000 or more.....	30	10,053,586	26	1,560,597	29	7,773,706	20	719,283
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>28,253</b>	<b>234,838,273</b>	<b>13,133</b>	<b>31,609,151</b>	<b>24,627</b>	<b>182,441,701</b>	<b>11,539</b>	<b>20,787,421</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,407	122,916	984	23,110	2,489	76,245	838	23,562
\$100,000 under \$1,000,000.....	12,325	4,236,674	4,605	789,694	10,483	2,906,444	3,946	540,536
\$1,000,000 under \$10,000,000.....	9,706	24,977,720	5,542	4,750,467	8,955	17,267,024	4,936	2,960,229
\$10,000,000 under \$25,000,000.....	1,564	19,771,498	1,062	3,354,884	1,490	14,193,403	949	2,223,210
\$25,000,000 under \$50,000,000.....	588	16,330,953	422	2,726,054	558	11,771,977	388	1,832,921
\$50,000,000 under \$100,000,000.....	333	19,426,015	257	3,451,834	327	14,137,989	229	1,836,191
\$100,000,000 or more.....	331	149,972,497	261	16,513,107	325	122,088,618	253	11,370,772
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>27,474</b>	<b>225,609,114</b>	<b>12,812</b>	<b>29,973,916</b>	<b>24,005</b>	<b>175,589,093</b>	<b>11,159</b>	<b>20,046,105</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	3,290	119,753	911	20,591	2,445	75,600	838	23,562
\$100,000 under \$1,000,000.....	12,027	4,151,153	4,560	785,418	10,230	2,849,138	3,758	516,597
\$1,000,000 under \$10,000,000.....	9,438	24,435,353	5,417	4,687,694	8,718	16,866,851	4,805	2,880,808
\$10,000,000 under \$25,000,000.....	1,516	19,310,356	1,024	3,257,452	1,447	13,881,927	920	2,170,976
\$25,000,000 under \$50,000,000.....	569	15,988,146	406	2,623,258	543	11,563,545	379	1,801,342
\$50,000,000 under \$100,000,000.....	318	18,681,148	246	3,310,486	312	13,659,510	217	1,711,151
\$100,000,000 or more.....	316	142,923,206	248	15,289,017	310	116,692,521	242	10,941,668
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>779</b>	<b>9,229,159</b>	<b>321</b>	<b>1,635,235</b>	<b>622</b>	<b>6,852,608</b>	<b>380</b>	<b>741,317</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*116	*3,163	*73	*2,519	*43	*644	--	--
\$100,000 under \$1,000,000.....	298	85,521	*44	*4,276	253	57,306	188	23,939
\$1,000,000 under \$10,000,000.....	268	542,368	126	62,774	237	400,173	131	79,421
\$10,000,000 under \$25,000,000.....	48	461,142	38	97,432	43	311,476	29	52,234
\$25,000,000 under \$50,000,000.....	19	342,808	16	102,796	15	208,432	9	31,579
\$50,000,000 under \$100,000,000.....	15	744,867	11	141,348	15	478,479	12	125,040
\$100,000,000 or more.....	15	7,049,290	13	1,224,090	15	5,396,097	11	429,103

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Net worth (book value)		Noncharitable-use assets		Minimum investment return		Distributable amount	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)
<b>All foundations</b>								
<b>Total.....</b>	<b>49,629</b>	<b>247,088,764</b>	<b>49,870</b>	<b>246,321,620</b>	<b>49,552</b>	<b>12,248,242</b>	<b>44,651</b>	<b>11,215,168</b>
Zero or unreported.....	*147	*-57,532	497	89,679	497	4,484	497	4,386
\$1 under \$100,000.....	15,227	351,186	15,154	467,610	14,862	21,257	12,811	17,902
\$100,000 under \$1,000,000.....	19,300	6,372,262	19,271	6,538,137	19,246	320,966	17,595	295,030
\$1,000,000 under \$10,000,000.....	11,819	28,608,147	11,828	31,616,234	11,828	1,565,732	10,884	1,446,215
\$10,000,000 under \$25,000,000.....	1,765	20,784,276	1,763	23,542,253	1,763	1,169,409	1,616	1,079,102
\$25,000,000 under \$50,000,000.....	655	16,964,188	651	19,494,379	651	969,958	604	924,049
\$50,000,000 under \$100,000,000.....	358	19,049,325	355	21,629,080	355	1,079,972	325	982,766
\$100,000,000 or more.....	359	155,016,913	352	142,944,247	352	7,116,465	319	6,465,718
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>44,993</b>	<b>226,238,359</b>	<b>45,262</b>	<b>230,466,064</b>	<b>45,043</b>	<b>11,455,691</b>	<b>44,651</b>	<b>11,215,168</b>
Zero or unreported.....	*147	*-57,532	497	89,679	497	4,484	497	4,386
\$1 under \$100,000.....	13,323	302,063	13,249	429,178	13,030	19,343	12,811	17,902
\$100,000 under \$1,000,000.....	17,726	5,878,479	17,726	6,154,722	17,726	301,803	17,595	295,030
\$1,000,000 under \$10,000,000.....	10,911	26,447,640	10,920	29,917,432	10,920	1,480,837	10,884	1,446,215
\$10,000,000 under \$25,000,000.....	1,621	18,982,882	1,619	22,228,585	1,619	1,103,786	1,616	1,079,102
\$25,000,000 under \$50,000,000.....	610	15,788,931	606	18,539,120	606	922,195	604	924,049
\$50,000,000 under \$100,000,000.....	328	17,360,876	325	20,284,630	325	1,012,854	325	982,766
\$100,000,000 or more.....	327	141,535,018	320	132,822,718	320	6,610,389	319	6,465,718
<b>Operating foundations</b>								
<b>Total.....</b>	<b>4,636</b>	<b>20,850,405</b>	<b>4,608</b>	<b>15,855,556</b>	<b>4,509</b>	<b>792,551</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	1,904	49,122	1,904	38,432	1,831	1,914	N/A	N/A
\$100,000 under \$1,000,000.....	1,574	493,783	1,545	383,415	1,519	19,163	N/A	N/A
\$1,000,000 under \$10,000,000.....	907	2,160,507	907	1,698,802	907	84,895	N/A	N/A
\$10,000,000 under \$25,000,000.....	144	1,801,394	144	1,313,668	144	65,623	N/A	N/A
\$25,000,000 under \$50,000,000.....	45	1,175,257	45	955,259	45	47,763	N/A	N/A
\$50,000,000 under \$100,000,000.....	30	1,688,449	30	1,344,450	30	67,118	N/A	N/A
\$100,000,000 or more.....	32	13,481,894	32	10,121,529	32	506,076	N/A	N/A
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>40,235</b>	<b>235,503,373</b>	<b>40,614</b>	<b>236,604,097</b>	<b>40,504</b>	<b>11,813,693</b>	<b>38,169</b>	<b>11,088,771</b>
Zero or unreported.....	*74	*-70,474	387	80,995	387	4,050	387	3,958
\$1 under \$100,000.....	10,357	257,450	10,430	395,184	10,320	17,750	9,373	15,401
\$100,000 under \$1,000,000.....	16,165	5,433,540	16,165	5,891,657	16,165	292,675	15,300	275,174
\$1,000,000 under \$10,000,000.....	10,702	26,329,967	10,706	29,634,547	10,706	1,479,469	10,298	1,406,449
\$10,000,000 under \$25,000,000.....	1,644	19,385,554	1,642	22,412,856	1,642	1,115,235	1,581	1,064,816
\$25,000,000 under \$50,000,000.....	617	15,990,543	615	18,669,224	615	931,090	594	909,589
\$50,000,000 under \$100,000,000.....	339	18,131,188	337	21,007,310	337	1,048,883	322	978,994
\$100,000,000 or more.....	337	150,045,604	332	138,512,323	332	6,924,542	315	6,434,389
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>38,031</b>	<b>221,719,832</b>	<b>38,410</b>	<b>226,965,429</b>	<b>38,337</b>	<b>11,331,872</b>	<b>38,169</b>	<b>11,088,771</b>
Zero or unreported.....	*74	*-70,474	387	80,995	387	4,050	387	3,958
\$1 under \$100,000.....	9,446	233,378	9,519	375,646	9,446	16,780	9,373	15,401
\$100,000 under \$1,000,000.....	15,377	5,192,261	15,377	5,672,842	15,377	281,735	15,300	275,174
\$1,000,000 under \$10,000,000.....	10,309	25,403,274	10,313	28,872,107	10,313	1,441,346	10,298	1,406,449
\$10,000,000 under \$25,000,000.....	1,583	18,574,738	1,581	21,882,972	1,581	1,088,741	1,581	1,064,816
\$25,000,000 under \$50,000,000.....	598	15,462,309	596	18,290,544	596	912,156	594	909,589
\$50,000,000 under \$100,000,000.....	324	17,164,266	322	20,208,183	322	1,009,031	322	978,994
\$100,000,000 or more.....	321	139,760,080	316	131,582,139	316	6,578,033	315	6,434,389
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>13,783,541</b>	<b>2,204</b>	<b>9,638,668</b>	<b>2,167</b>	<b>481,821</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	--	--	--	--	N/A	N/A
\$1 under \$100,000.....	911	24,072	911	19,538	875	969	N/A	N/A
\$100,000 under \$1,000,000.....	788	241,279	788	218,816	788	10,941	N/A	N/A
\$1,000,000 under \$10,000,000.....	393	926,692	393	762,440	393	38,122	N/A	N/A
\$10,000,000 under \$25,000,000.....	61	810,816	61	529,884	61	26,494	N/A	N/A
\$25,000,000 under \$50,000,000.....	19	528,235	19	378,679	19	18,934	N/A	N/A
\$50,000,000 under \$100,000,000.....	15	966,922	15	799,127	15	39,852	N/A	N/A
\$100,000,000 or more.....	16	10,285,525	16	6,930,184	16	346,509	N/A	N/A

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 1.--Private Foundations: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Qualifying distributions		Undistributed income for 1996		Excess distributions carryover to 1997	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(58)	(59)	(60)	(61)	(62)	(63)
<b>All foundations</b>						
<b>Total.....</b>	<b>46,106</b>	<b>18,021,749</b>	<b>14,735</b>	<b>3,040,501</b>	<b>30,518</b>	<b>19,605,544</b>
Zero or unreported.....	796	203,850	--	--	832	934,538
\$1 under \$100,000.....	12,738	508,366	2,845	2,790	10,185	1,440,832
\$100,000 under \$1,000,000.....	18,051	1,067,716	6,045	68,383	11,601	2,366,863
\$1,000,000 under \$10,000,000.....	11,426	3,107,185	4,551	386,584	6,329	5,649,364
\$10,000,000 under \$25,000,000.....	1,739	1,905,409	733	309,203	880	2,747,826
\$25,000,000 under \$50,000,000.....	650	1,570,061	247	246,129	359	2,270,003
\$50,000,000 under \$100,000,000.....	354	1,334,801	155	319,858	171	1,348,660
\$100,000,000 or more.....	353	8,324,360	159	1,707,553	161	2,847,457
<b>Nonoperating foundations</b>						
<b>Total.....</b>	<b>41,840</b>	<b>15,993,916</b>	<b>14,735</b>	<b>3,040,501</b>	<b>30,518</b>	<b>19,605,544</b>
Zero or unreported.....	796	203,850	--	--	832	934,538
\$1 under \$100,000.....	11,023	466,766	2,845	2,790	10,185	1,440,832
\$100,000 under \$1,000,000.....	16,615	907,570	6,045	68,383	11,601	2,366,863
\$1,000,000 under \$10,000,000.....	10,557	2,764,739	4,551	386,584	6,329	5,649,364
\$10,000,000 under \$25,000,000.....	1,600	1,694,228	733	309,203	880	2,747,826
\$25,000,000 under \$50,000,000.....	605	1,463,884	247	246,129	359	2,270,003
\$50,000,000 under \$100,000,000.....	324	1,181,075	155	319,858	171	1,348,660
\$100,000,000 or more.....	321	7,311,803	159	1,707,553	161	2,847,457
<b>Operating foundations</b>						
<b>Total.....</b>	<b>4,266</b>	<b>2,027,833</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,715	41,600	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	1,436	160,146	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	869	342,446	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	139	211,181	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	45	106,177	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	30	153,726	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	32	1,012,557	N/A	N/A	N/A	N/A
<b>Grantmaking foundations</b>						
<b>Total.....</b>	<b>40,882</b>	<b>17,048,667</b>	<b>11,373</b>	<b>2,975,031</b>	<b>27,230</b>	<b>18,378,474</b>
Zero or unreported.....	613	202,867	--	--	613	606,644
\$1 under \$100,000.....	10,466	476,987	1,210	1,429	8,309	1,321,207
\$100,000 under \$1,000,000.....	16,165	919,937	4,744	58,512	10,618	2,142,117
\$1,000,000 under \$10,000,000.....	10,706	2,818,918	4,154	368,156	6,145	5,252,792
\$10,000,000 under \$25,000,000.....	1,642	1,742,411	714	302,502	862	2,713,580
\$25,000,000 under \$50,000,000.....	618	1,497,453	240	239,921	356	2,263,694
\$50,000,000 under \$100,000,000.....	338	1,238,523	154	319,211	169	1,232,878
\$100,000,000 or more.....	334	8,151,569	157	1,685,301	159	2,845,563
<b>Grantmaking-nonoperating foundations</b>						
<b>Total.....</b>	<b>38,678</b>	<b>15,817,200</b>	<b>11,373</b>	<b>2,975,031</b>	<b>27,230</b>	<b>18,378,474</b>
Zero or unreported.....	613	202,867	--	--	613	606,644
\$1 under \$100,000.....	9,555	448,216	1,210	1,429	8,309	1,321,207
\$100,000 under \$1,000,000.....	15,377	836,152	4,744	58,512	10,618	2,142,117
\$1,000,000 under \$10,000,000.....	10,313	2,706,022	4,154	368,156	6,145	5,252,792
\$10,000,000 under \$25,000,000.....	1,581	1,683,541	714	302,502	862	2,713,580
\$25,000,000 under \$50,000,000.....	599	1,461,154	240	239,921	356	2,263,694
\$50,000,000 under \$100,000,000.....	323	1,174,433	154	319,211	169	1,232,878
\$100,000,000 or more.....	318	7,304,815	157	1,685,301	159	2,845,563
<b>Grantmaking-operating foundations</b>						
<b>Total.....</b>	<b>2,204</b>	<b>1,231,466</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	911	28,771	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	788	83,785	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	393	112,896	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	61	58,870	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	19	36,299	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	15	64,090	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	16	846,754	N/A	N/A	N/A	N/A

N/A--Not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1996 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 3) because foundations may use either the cash disbursement or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1996

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All charitable trusts</b>									
<b>Total.....</b>	<b>2,891</b>	<b>2,866</b>	<b>497,215</b>	<b>427</b>	<b>78,671</b>	<b>2,647</b>	<b>148,405</b>	<b>2,330</b>	<b>212,913</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	670	650	6,075	185	3,121	517	1,122	375	1,221
\$100,000 under \$500,000.....	909	905	28,313	58	6,462	865	9,100	771	10,812
\$500,000 under \$1,000,000.....	384	384	39,204	*32	*3,022	370	10,399	349	23,696
\$1,000,000 under \$10,000,000.....	822	822	260,100	124	52,179	797	79,285	743	103,931
\$10,000,000 or more.....	65	65	158,160	13	13,840	65	45,252	65	71,259
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,850</b>	<b>2,825</b>	<b>485,125</b>	<b>406</b>	<b>77,501</b>	<b>2,621</b>	<b>146,665</b>	<b>2,307</b>	<b>210,540</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	657	636	5,396	178	2,869	517	1,122	375	1,221
\$100,000 under \$500,000.....	905	901	28,226	58	6,462	861	9,059	767	10,767
\$500,000 under \$1,000,000.....	380	380	38,915	*32	*3,022	366	10,246	345	23,568
\$1,000,000 under \$10,000,000.....	805	805	250,404	111	51,261	780	78,347	730	102,179
\$10,000,000 or more.....	64	64	156,820	13	13,840	64	44,643	64	70,811
<b>Operating trusts</b>									
<b>Total.....</b>	<b>41</b>	<b>41</b>	<b>12,090</b>	<b>*20</b>	<b>*1,170</b>	<b>*26</b>	<b>*1,740</b>	<b>*23</b>	<b>*2,373</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*14	*14	*679	*7	*252	--	--	--	--
\$100,000 under \$500,000.....	*4	*4	*87	--	--	*4	*41	*4	*45
\$500,000 under \$1,000,000.....	*4	*4	*289	--	--	*4	*153	*4	*128
\$1,000,000 under \$10,000,000.....	*17	*17	*9,696	*13	*918	*16	*938	*13	*1,753
\$10,000,000 or more.....	*1	*1	*1,339	--	--	*1	*608	*1	*447
<b>Grantmaking charitable trusts</b>									
<b>Total.....</b>	<b>2,660</b>	<b>2,653</b>	<b>476,899</b>	<b>341</b>	<b>67,881</b>	<b>2,526</b>	<b>144,342</b>	<b>2,229</b>	<b>209,318</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	524	517	2,907	*107	*628	469	1,062	334	1,059
\$100,000 under \$500,000.....	857	857	27,056	58	6,462	822	9,004	733	10,136
\$500,000 under \$1,000,000.....	371	371	38,540	*32	*3,022	357	10,090	340	23,360
\$1,000,000 under \$10,000,000.....	805	805	248,101	116	43,882	783	77,070	733	103,292
\$10,000,000 or more.....	63	63	154,932	13	13,840	63	43,867	63	69,478
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,634</b>	<b>2,627</b>	<b>467,337</b>	<b>330</b>	<b>67,611</b>	<b>2,508</b>	<b>142,847</b>	<b>2,212</b>	<b>207,128</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	517	510	2,899	*107	*628	469	1,062	334	1,059
\$100,000 under \$500,000.....	853	853	26,969	58	6,462	818	8,963	728	10,091
\$500,000 under \$1,000,000.....	371	371	38,540	*32	*3,022	357	10,090	340	23,360
\$1,000,000 under \$10,000,000.....	792	792	239,974	106	43,612	769	76,225	722	101,594
\$10,000,000 or more.....	62	62	153,592	13	13,840	62	43,259	62	69,030
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>*26</b>	<b>*26</b>	<b>*9,561</b>	<b>10</b>	<b>270</b>	<b>*19</b>	<b>*1,495</b>	<b>*17</b>	<b>*2,190</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*8	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*4	*87	--	--	*4	*41	*4	*45
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	13	8,127	10	270	13	846	11	1,697
\$10,000,000 or more.....	1	1	1,339	--	--	1	608	1	447

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,854</b>	<b>269,696</b>	<b>2,852</b>	<b>227,519</b>	<b>2,751</b>	<b>397,330</b>	<b>2,821</b>	<b>227,884</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	636	4,082	650	1,993	558	2,412	615	2,864
\$100,000 under \$500,000.....	909	14,094	905	14,219	905	23,113	901	11,836
\$500,000 under \$1,000,000.....	384	32,676	380	6,528	380	34,265	384	29,292
\$1,000,000 under \$10,000,000.....	820	134,285	820	125,815	817	200,732	816	108,925
\$10,000,000 or more.....	65	75,425	65	82,734	65	131,982	65	66,379
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,813</b>	<b>260,818</b>	<b>2,811</b>	<b>224,307</b>	<b>2,710</b>	<b>391,820</b>	<b>2,780</b>	<b>224,736</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	622	3,090	636	2,306	545	2,395	602	2,395
\$100,000 under \$500,000.....	905	13,981	901	14,245	901	23,075	896	11,797
\$500,000 under \$1,000,000.....	380	32,499	376	6,416	376	34,005	380	29,151
\$1,000,000 under \$10,000,000.....	803	127,808	803	122,596	800	196,560	799	107,228
\$10,000,000 or more.....	64	74,307	64	82,513	64	130,959	64	65,578
<b>Operating trusts</b>								
<b>Total.....</b>	<b>41</b>	<b>8,878</b>	<b>41</b>	<b>3,212</b>	<b>41</b>	<b>5,509</b>	<b>41</b>	<b>3,147</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*14	*992	*14	*-313	*14	*17	*14	*469
\$100,000 under \$500,000.....	*4	*113	*4	*-26	*4	*38	*4	*38
\$500,000 under \$1,000,000.....	*4	*178	*4	*112	*4	*259	*4	*142
\$1,000,000 under \$10,000,000.....	17	6,477	17	3,219	17	4,172	17	1,697
\$10,000,000 or more.....	1	1,118	1	221	1	1,023	1	802
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,660</b>	<b>263,679</b>	<b>2,635</b>	<b>213,220</b>	<b>2,605</b>	<b>388,587</b>	<b>2,660</b>	<b>225,262</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	524	2,138	517	769	490	2,170	524	1,800
\$100,000 under \$500,000.....	857	13,847	853	13,209	857	21,862	857	11,756
\$500,000 under \$1,000,000.....	371	32,438	367	6,103	367	33,250	371	29,145
\$1,000,000 under \$10,000,000.....	805	130,812	803	117,288	803	198,161	805	107,599
\$10,000,000 or more.....	63	75,312	63	79,620	63	128,317	63	66,374
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,634</b>	<b>257,584</b>	<b>2,610</b>	<b>209,753</b>	<b>2,580</b>	<b>383,792</b>	<b>2,634</b>	<b>223,973</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	517	2,129	510	770	483	2,162	517	1,791
\$100,000 under \$500,000.....	853	13,734	849	13,235	853	21,824	853	11,718
\$500,000 under \$1,000,000.....	371	32,438	367	6,103	367	33,250	371	29,145
\$1,000,000 under \$10,000,000.....	792	125,957	790	114,016	790	194,435	792	107,159
\$10,000,000 or more.....	62	74,194	62	79,399	62	127,294	62	65,573
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*26</b>	<b>*6,095</b>	<b>*26</b>	<b>*3,466</b>	<b>*26</b>	<b>*4,795</b>	<b>*26</b>	<b>*1,288</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*9	*7	*-1	*7	*8	*7	*9
\$100,000 under \$500,000.....	*4	*113	*4	*-26	*4	*38	*4	*38
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	4,855	13	3,272	13	3,726	13	439
\$10,000,000 or more.....	1	1,118	1	221	1	1,023	1	802

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid*		Excise tax on net investment Income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,660</b>	<b>214,427</b>	<b>2,662</b>	<b>6,626</b>	<b>2,863</b>	<b>3,372,652</b>	<b>2,759</b>	<b>3,184,643</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	524	1,613	551	43	670	24,453	586	21,403
\$100,000 under \$500,000.....	857	10,694	861	366	909	213,477	891	191,005
\$500,000 under \$1,000,000.....	371	28,490	362	541	384	210,400	384	202,668
\$1,000,000 under \$10,000,000.....	805	102,320	797	3,486	822	1,697,213	821	1,639,435
\$10,000,000 or more.....	63	62,767	64	2,108	65	1,175,753	65	1,080,985
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,634</b>	<b>213,493</b>	<b>2,621</b>	<b>6,557</b>	<b>2,822</b>	<b>3,312,305</b>	<b>2,718</b>	<b>3,135,824</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	517	1,606	538	43	657	24,089	572	21,244
\$100,000 under \$500,000.....	853	10,655	857	365	905	212,614	886	190,156
\$500,000 under \$1,000,000.....	371	28,490	358	536	380	206,742	380	199,674
\$1,000,000 under \$10,000,000.....	792	101,907	780	3,444	805	1,650,122	804	1,600,873
\$10,000,000 or more.....	62	62,291	63	2,087	64	1,167,381	64	1,074,729
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*26</b>	<b>*934</b>	<b>41</b>	<b>69</b>	<b>41</b>	<b>60,347</b>	<b>41</b>	<b>48,819</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*14	--	*14	*364	*14	*158
\$100,000 under \$500,000.....	*4	*38	*4	*1	*4	*863	*4	*848
\$500,000 under \$1,000,000.....	--	--	*4	*5	*4	*3,658	*4	*2,994
\$1,000,000 under \$10,000,000.....	13	413	17	42	17	47,091	17	38,562
\$10,000,000 or more.....	1	475	1	20	1	8,372	1	6,256
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,660</b>	<b>214,427</b>	<b>2,524</b>	<b>6,466</b>	<b>2,632</b>	<b>3,284,208</b>	<b>2,600</b>	<b>3,109,857</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	524	1,613	490	38	524	20,668	510	19,202
\$100,000 under \$500,000.....	857	10,694	813	350	857	197,921	839	176,481
\$500,000 under \$1,000,000.....	371	28,490	349	520	371	202,409	371	196,240
\$1,000,000 under \$10,000,000.....	805	102,320	784	3,440	805	1,658,261	805	1,609,961
\$10,000,000 or more.....	63	62,767	62	2,034	63	1,153,593	63	1,058,825
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,634</b>	<b>213,493</b>	<b>2,498</b>	<b>6,408</b>	<b>2,607</b>	<b>3,238,171</b>	<b>2,574</b>	<b>3,069,799</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	517	1,606	483	38	517	20,546	503	19,081
\$100,000 under \$500,000.....	853	10,655	809	350	853	197,058	834	175,632
\$500,000 under \$1,000,000.....	371	28,490	349	520	371	202,409	371	196,240
\$1,000,000 under \$10,000,000.....	792	101,907	771	3,403	792	1,621,580	792	1,577,128
\$10,000,000 or more.....	62	62,291	61	2,014	62	1,145,221	62	1,052,569
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*26</b>	<b>*934</b>	<b>*26</b>	<b>*59</b>	<b>*26</b>	<b>*46,038</b>	<b>*26</b>	<b>*40,059</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*7	--	*7	*122	*7	*122
\$100,000 under \$500,000.....	*4	*38	*4	*1	*4	*863	*4	*848
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	413	13	37	13	36,681	13	32,833
\$10,000,000 or more.....	1	475	1	20	1	8,372	1	6,256

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns (26)	Amount (27)	Number of returns (28)	Amount (29)	Number of returns (30)	Amount (31)	Number of returns (32)	Amount (33)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,163</b>	<b>2,349,249</b>	<b>936</b>	<b>485,654</b>	<b>1,927</b>	<b>1,330,016</b>	<b>1,211</b>	<b>533,580</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	398	12,299	114	3,893	256	5,572	131	2,834
\$100,000 under \$500,000.....	667	129,452	235	21,177	628	67,726	372	40,548
\$500,000 under \$1,000,000.....	290	140,036	121	21,089	281	76,339	228	42,607
\$1,000,000 under \$10,000,000.....	732	1,232,518	418	273,550	694	698,398	430	260,570
\$10,000,000 or more.....	63	786,435	35	131,804	61	468,468	44	186,163
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,136</b>	<b>2,333,203</b>	<b>927</b>	<b>481,743</b>	<b>1,903</b>	<b>1,323,615</b>	<b>1,202</b>	<b>527,844</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	398	12,299	114	3,893	256	5,572	131	2,834
\$100,000 under \$500,000.....	663	128,618	231	21,090	623	66,979	372	40,548
\$500,000 under \$1,000,000.....	285	137,102	121	21,089	276	75,754	224	40,259
\$1,000,000 under \$10,000,000.....	716	1,221,662	414	269,727	680	694,685	426	257,250
\$10,000,000 or more.....	62	785,013	35	131,804	60	467,113	43	186,095
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*26</b>	<b>*16,046</b>	<b>*8</b>	<b>*3,910</b>	<b>*24</b>	<b>*6,401</b>	<b>*9</b>	<b>*5,735</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*834	*4	*87	*4	*747	--	--
\$500,000 under \$1,000,000.....	*4	*2,934	--	--	*4	*586	*4	*2,348
\$1,000,000 under \$10,000,000.....	16	10,856	4	3,823	14	3,713	*4	*3,320
\$10,000,000 or more.....	1	1,422	--	--	1	1,354	1	67
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,094</b>	<b>2,302,923</b>	<b>901</b>	<b>478,176</b>	<b>1,891</b>	<b>1,308,871</b>	<b>1,191</b>	<b>515,876</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	364	11,636	*101	*3,527	243	5,289	124	2,820
\$100,000 under \$500,000.....	654	128,277	222	20,059	623	67,670	372	40,548
\$500,000 under \$1,000,000.....	285	137,102	121	21,089	276	75,754	224	40,259
\$1,000,000 under \$10,000,000.....	717	1,211,254	410	267,558	682	688,116	423	255,581
\$10,000,000 or more.....	61	766,145	35	131,804	59	458,531	42	175,809
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,075</b>	<b>2,294,723</b>	<b>895</b>	<b>477,493</b>	<b>1,873</b>	<b>1,303,647</b>	<b>1,187</b>	<b>513,584</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	364	11,636	*101	*3,527	243	5,289	124	2,820
\$100,000 under \$500,000.....	650	127,443	218	19,972	619	66,923	372	40,548
\$500,000 under \$1,000,000.....	285	137,102	121	21,089	276	75,754	224	40,259
\$1,000,000 under \$10,000,000.....	704	1,205,310	409	266,961	670	684,992	420	253,357
\$10,000,000 or more.....	60	764,723	35	131,804	58	457,177	41	175,742
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*19</b>	<b>*8,200</b>	<b>*5</b>	<b>*684</b>	<b>*18</b>	<b>*5,225</b>	<b>4</b>	<b>2,292</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*834	*4	*87	*4	*747	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	5,944	1	597	12	3,123	3	2,224
\$10,000,000 or more.....	1	1,422	--	--	1	1,354	1	67

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1996

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,851</b>	<b>4,565,733</b>	<b>2,747</b>	<b>4,330,788</b>	<b>2,146</b>	<b>3,372,003</b>	<b>924</b>	<b>462,481</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	670	27,217	586	24,473	398	14,385	*114	*3,905
\$100,000 under \$500,000.....	909	258,829	891	235,071	663	163,536	235	21,617
\$500,000 under \$1,000,000.....	384	276,651	384	266,949	290	184,125	121	21,861
\$1,000,000 under \$10,000,000.....	822	2,323,059	821	2,253,219	732	1,775,849	418	280,803
\$10,000,000 or more.....	65	1,679,977	65	1,551,076	63	1,234,108	35	134,294
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,810</b>	<b>4,496,473</b>	<b>2,706</b>	<b>4,272,377</b>	<b>2,120</b>	<b>3,353,134</b>	<b>915</b>	<b>458,569</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	657	26,854	572	24,315	398	14,385	*114	*3,905
\$100,000 under \$500,000.....	905	257,966	886	234,223	659	162,702	231	21,530
\$500,000 under \$1,000,000.....	380	272,824	380	263,787	285	181,022	121	21,861
\$1,000,000 under \$10,000,000.....	805	2,274,258	804	2,212,266	716	1,763,494	414	276,979
\$10,000,000 or more.....	64	1,664,571	64	1,537,786	62	1,231,530	35	134,294
<b>Operating trusts</b>								
<b>Total.....</b>	<b>41</b>	<b>69,260</b>	<b>41</b>	<b>58,411</b>	<b>*26</b>	<b>*18,869</b>	<b>*8</b>	<b>*3,912</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	14	364	*14	*158	--	--	--	--
\$100,000 under \$500,000.....	4	863	*4	*848	*4	*834	*4	*87
\$500,000 under \$1,000,000.....	4	3,827	*4	*3,163	*4	*3,103	--	--
\$1,000,000 under \$10,000,000.....	17	48,801	17	40,952	16	12,355	4	3,825
\$10,000,000 or more.....	1	15,405	1	13,290	1	2,577	--	--
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,620</b>	<b>4,455,331</b>	<b>2,588</b>	<b>4,238,295</b>	<b>2,077</b>	<b>3,311,840</b>	<b>889</b>	<b>454,867</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	524	23,888	510	22,368	364	13,832	*101	*3,537
\$100,000 under \$500,000.....	857	242,675	839	220,175	650	162,322	222	20,485
\$500,000 under \$1,000,000.....	371	267,181	371	259,042	285	181,022	121	21,861
\$1,000,000 under \$10,000,000.....	805	2,270,560	805	2,214,583	717	1,747,635	410	274,690
\$10,000,000 or more.....	63	1,651,028	63	1,522,127	61	1,207,029	35	134,294
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,595</b>	<b>4,402,333</b>	<b>2,562</b>	<b>4,189,864</b>	<b>2,058</b>	<b>3,301,145</b>	<b>883</b>	<b>454,180</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	517	23,766	503	22,246	364	13,832	*101	*3,537
\$100,000 under \$500,000.....	853	241,812	834	219,326	645	161,488	218	20,398
\$500,000 under \$1,000,000.....	371	267,181	371	259,042	285	181,022	121	21,861
\$1,000,000 under \$10,000,000.....	792	2,233,951	792	2,180,411	704	1,740,351	409	274,090
\$10,000,000 or more.....	62	1,635,623	62	1,508,837	60	1,204,452	35	134,294
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*26</b>	<b>*52,999</b>	<b>*26</b>	<b>*48,432</b>	<b>*19</b>	<b>*10,695</b>	<b>*5</b>	<b>*687</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*122	*7	*122	--	--	--	--
\$100,000 under \$500,000.....	*4	*863	*4	*848	*4	*834	*4	*87
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	36,608	13	34,172	13	7,283	1	600
\$10,000,000 or more.....	1	15,405	1	13,290	1	2,577	--	--

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1996

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Investments in securities (fair market value)--continued				Net worth (book value)		Noncharitable-use assets	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>1,916</b>	<b>2,359,811</b>	<b>1,203</b>	<b>549,711</b>	<b>2,863</b>	<b>3,345,736</b>	<b>2,884</b>	<b>4,249,009</b>
Zero or unreported.....	--	--	--	--	*12	*51,357	*33	*50,354
\$1 under \$100,000.....	256	7,418	131	3,062	670	24,002	670	25,499
\$100,000 under \$500,000.....	623	100,020	372	41,899	909	213,374	909	240,560
\$500,000 under \$1,000,000.....	281	119,156	228	43,108	384	209,657	384	268,372
\$1,000,000 under \$10,000,000.....	694	1,223,557	429	271,489	822	1,677,691	822	2,116,416
\$10,000,000 or more.....	61	909,660	44	190,153	65	1,169,655	65	1,547,807
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>1,892</b>	<b>2,350,480</b>	<b>1,194</b>	<b>544,085</b>	<b>2,822</b>	<b>3,289,976</b>	<b>2,843</b>	<b>4,197,626</b>
Zero or unreported.....	--	--	--	--	*12	*51,357	*33	*50,354
\$1 under \$100,000.....	256	7,418	131	3,062	657	23,834	657	25,375
\$100,000 under \$500,000.....	619	99,273	372	41,899	905	212,511	905	239,826
\$500,000 under \$1,000,000.....	276	118,339	224	40,822	380	206,219	380	265,601
\$1,000,000 under \$10,000,000.....	680	1,218,326	425	268,190	805	1,634,114	805	2,081,923
\$10,000,000 or more.....	60	907,124	43	190,112	64	1,161,941	64	1,534,546
<b>Operating trusts</b>								
<b>Total.....</b>	<b>*24</b>	<b>*9,332</b>	<b>*9</b>	<b>*5,626</b>	<b>41</b>	<b>55,760</b>	<b>41</b>	<b>51,383</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*14	*169	*14	*125
\$100,000 under \$500,000.....	*4	*747	--	--	*4	*863	*4	*734
\$500,000 under \$1,000,000.....	*4	*817	*4	*2,286	*4	*3,438	*4	*2,771
\$1,000,000 under \$10,000,000.....	14	5,231	4	3,299	17	43,577	17	34,493
\$10,000,000 or more.....	1	2,536	1	41	1	7,714	1	13,261
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>1,879</b>	<b>2,325,211</b>	<b>1,183</b>	<b>531,762</b>	<b>2,632</b>	<b>3,262,882</b>	<b>2,653</b>	<b>4,166,887</b>
Zero or unreported.....	--	--	--	--	12	51,357	33	50,354
\$1 under \$100,000.....	243	7,248	124	3,047	524	20,629	524	22,819
\$100,000 under \$500,000.....	619	99,938	372	41,899	857	197,819	857	227,779
\$500,000 under \$1,000,000.....	276	118,339	224	40,822	371	201,886	371	260,340
\$1,000,000 under \$10,000,000.....	682	1,206,592	422	266,352	805	1,643,697	805	2,078,887
\$10,000,000 or more.....	59	893,094	42	179,641	63	1,147,495	63	1,526,707
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>1,862</b>	<b>2,317,457</b>	<b>1,179</b>	<b>529,508</b>	<b>2,607</b>	<b>3,221,009</b>	<b>2,627</b>	<b>4,128,317</b>
Zero or unreported.....	--	--	--	--	12	51,357	33	50,354
\$1 under \$100,000.....	243	7,248	124	3,047	517	20,507	517	22,698
\$100,000 under \$500,000.....	615	99,191	372	41,899	853	196,956	853	227,045
\$500,000 under \$1,000,000.....	276	118,339	224	40,822	371	201,886	371	260,340
\$1,000,000 under \$10,000,000.....	670	1,202,121	419	264,140	792	1,610,523	792	2,054,432
\$10,000,000 or more.....	58	890,557	41	179,601	62	1,139,781	62	1,513,446
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>*18</b>	<b>*7,754</b>	<b>4</b>	<b>2,253</b>	<b>*26</b>	<b>*41,873</b>	<b>*26</b>	<b>*38,570</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*7	*122	*7	*120
\$100,000 under \$500,000.....	*4	*747	--	--	*4	*863	*4	*734
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	12	4,471	3	2,213	13	33,174	13	24,455
\$10,000,000 or more.....	1	2,536	1	41	1	7,714	1	13,261

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1996

**Table 2.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1996		Excess distributions carryover to 1997	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>All charitable trusts</b>										
<b>Total.....</b>	<b>2,884</b>	<b>211,802</b>	<b>2,841</b>	<b>198,940</b>	<b>2,826</b>	<b>229,628</b>	<b>1,496</b>	<b>66,586</b>	<b>1,351</b>	<b>185,719</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	670	1,245	657	1,199	615	2,864	240	331	416	9,161
\$100,000 under \$500,000.....	909	11,986	905	11,692	905	11,935	493	3,482	412	9,221
\$500,000 under \$1,000,000.....	384	13,330	380	12,591	384	29,358	251	4,456	129	22,322
\$1,000,000 under \$10,000,000.....	822	105,332	805	100,095	817	110,490	474	37,554	329	109,727
\$10,000,000 or more.....	65	77,390	62	70,928	65	66,394	37	20,763	26	28,760
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,843</b>	<b>209,233</b>	<b>2,841</b>	<b>198,940</b>	<b>2,785</b>	<b>225,764</b>	<b>1,496</b>	<b>66,586</b>	<b>1,351</b>	<b>185,719</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	657	1,239	657	1,199	602	2,395	240	331	416	9,161
\$100,000 under \$500,000.....	905	11,949	905	11,692	901	11,896	493	3,482	412	9,221
\$500,000 under \$1,000,000.....	380	13,192	380	12,591	380	29,216	251	4,456	129	22,322
\$1,000,000 under \$10,000,000.....	805	103,607	805	100,095	800	108,076	474	37,554	329	109,727
\$10,000,000 or more.....	64	76,727	62	70,928	64	65,592	37	20,763	26	28,760
<b>Operating trusts</b>										
<b>Total.....</b>	<b>41</b>	<b>2,569</b>	<b>N/A</b>	<b>N/A</b>	<b>41</b>	<b>3,865</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*14	*6	N/A	N/A	*14	*469	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*37	N/A	N/A	*4	*38	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	*4	*139	N/A	N/A	*4	*142	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	17	1,725	N/A	N/A	17	2,414	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	663	N/A	N/A	1	802	N/A	N/A	N/A	N/A
<b>Grantmaking charitable trusts</b>										
<b>Total.....</b>	<b>2,653</b>	<b>208,013</b>	<b>2,626</b>	<b>196,701</b>	<b>2,660</b>	<b>225,996</b>	<b>1,370</b>	<b>64,911</b>	<b>1,262</b>	<b>183,146</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	524	1,141	517	1,097	524	1,800	179	278	338	6,990
\$100,000 under \$500,000.....	857	11,347	853	11,068	857	11,775	450	2,960	403	9,119
\$500,000 under \$1,000,000.....	371	12,929	371	12,343	371	29,145	242	4,258	129	22,322
\$1,000,000 under \$10,000,000.....	805	103,743	792	99,049	805	108,300	463	36,871	327	109,452
\$10,000,000 or more.....	63	76,335	61	70,709	63	66,389	36	20,543	25	28,734
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,627</b>	<b>206,085</b>	<b>2,626</b>	<b>196,701</b>	<b>2,634</b>	<b>224,708</b>	<b>1,370</b>	<b>64,911</b>	<b>1,262</b>	<b>183,146</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	517	1,135	517	1,097	517	1,791	179	278	338	6,990
\$100,000 under \$500,000.....	853	11,310	853	11,068	853	11,737	450	2,960	403	9,119
\$500,000 under \$1,000,000.....	371	12,929	371	12,343	371	29,145	242	4,258	129	22,322
\$1,000,000 under \$10,000,000.....	792	102,521	792	99,049	792	107,861	463	36,871	327	109,452
\$10,000,000 or more.....	62	75,672	61	70,709	62	65,587	36	20,543	25	28,734
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>26</b>	<b>1,928</b>	<b>N/A</b>	<b>N/A</b>	<b>26</b>	<b>1,288</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*7	*6	N/A	N/A	*7	*9	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*37	N/A	N/A	*4	*38	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	13	1,223	N/A	N/A	13	439	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	663	N/A	N/A	1	802	N/A	N/A	N/A	N/A

N/A--Not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that charitable trusts actually disbursed for charitable purposes for 1996 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 4) because charitable trusts may use either the cash disbursement or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Private Foundations and Charitable Trusts, 1996

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>50,811</b>	<b>1,124</b>	<b>15,409</b>	<b>19,300</b>	<b>11,839</b>	<b>1,765</b>	<b>656</b>	<b>358</b>	<b>359</b>
<b>Total revenue.....</b>	<b>49,601,883</b>	<b>100,847</b>	<b>560,356</b>	<b>2,093,997</b>	<b>7,195,849</b>	<b>4,890,867</b>	<b>3,765,303</b>	<b>3,965,465</b>	<b>27,029,199</b>
Contributions, gifts, and grants received.....	20,964,565	98,429	391,625	1,424,398	3,791,871	2,351,981	1,607,870	1,516,746	9,781,643
Interest on savings and temporary cash investments.....	1,250,304	1,829	8,683	67,222	218,735	138,913	115,434	110,250	589,239
Dividends and interest from securities.....	7,956,671	*3,347	9,590	205,645	1,055,498	759,255	600,298	678,563	4,644,475
Gross rents and royalties.....	407,958	--	*362	21,240	99,810	37,852	49,317	37,480	161,898
Net gain (less loss) from sales of assets.....	16,923,166	*-3,911	133,670	236,133	1,620,157	1,379,871	1,156,934	1,542,008	10,858,304
Gross profit (less loss) from business activities.....	87,467	--	*1,827	7,800	37,919	11,302	15,170	2,712	10,738
Other income.....	2,011,749	*1,153	14,599	131,557	371,858	211,694	220,280	77,706	982,902
<b>Total expenses.....</b>	<b>20,618,510</b>	<b>216,015</b>	<b>549,822</b>	<b>1,215,852</b>	<b>3,616,367</b>	<b>2,094,362</b>	<b>1,790,798</b>	<b>1,520,599</b>	<b>9,614,696</b>
Contributions, gifts, and grants paid'.....	15,772,567	*207,940	470,722	837,688	2,632,849	1,595,610	1,376,433	1,158,625	7,492,700
Compensation of officers.....	427,751	*914	8,411	38,012	97,848	55,509	40,370	40,322	146,365
Other salaries and wages.....	920,312	*2,079	*9,357	70,590	216,702	106,893	74,236	61,004	379,451
Pension plans and employee benefits.....	236,129	--	*356	10,564	34,421	20,601	13,210	17,020	139,958
Legal fees.....	86,709	*590	2,189	8,884	23,650	11,326	8,187	6,541	25,344
Accounting fees.....	89,180	*824	4,378	15,882	29,123	11,775	7,819	6,518	12,861
Other professional fees.....	772,922	*830	4,932	56,643	89,757	72,748	54,031	63,389	430,592
Interest.....	94,733	--	669	5,766	38,918	14,871	15,878	6,041	12,589
Taxes.....	471,780	789	2,162	11,392	72,476	45,235	46,650	42,350	250,728
Depreciation and depletion.....	232,672	*203	1,538	8,703	46,045	24,141	34,654	23,297	94,091
Occupancy.....	225,104	*610	4,520	21,428	39,382	20,757	16,919	15,469	106,018
Travel, conferences, and meetings.....	139,980	*162	5,327	26,100	12,391	7,611	8,042	8,914	71,432
Printing and publications.....	61,884	*12	4,114	8,544	4,666	3,825	2,297	3,648	34,779
Other expenses.....	1,086,785	1,063	31,145	95,654	278,139	103,460	92,072	67,462	417,790
<b>Excess of revenue (less loss) over expenses.....</b>	<b>28,983,373</b>	<b>-115,169</b>	<b>10,535</b>	<b>878,145</b>	<b>3,579,482</b>	<b>2,796,505</b>	<b>1,974,505</b>	<b>2,444,866</b>	<b>17,414,503</b>
Excess of revenue.....	31,419,240	*205	73,995	1,158,299	4,245,594	3,067,158	2,169,061	2,582,579	18,122,350
Loss.....	-2,435,868	-115,374	-63,460	-280,154	-666,111	-270,653	-194,556	-137,713	-707,847
<b>Total assets (fair market value).....</b>	<b>312,815,324</b>	<b>--</b>	<b>440,769</b>	<b>7,631,624</b>	<b>37,041,294</b>	<b>27,493,693</b>	<b>22,751,247</b>	<b>25,053,671</b>	<b>192,403,025</b>
Cash, total.....	19,515,735	--	241,138	1,650,474	4,235,813	2,434,704	1,639,767	1,315,088	7,998,746
Non-interest bearing accounts.....	2,738,593	--	88,645	388,813	597,071	318,530	143,330	175,428	1,026,777
Savings and temporary cash investments.....	16,777,142	--	152,494	1,261,666	3,638,743	2,116,174	1,496,437	1,139,660	6,971,969
Accounts receivable, net.....	492,940	--	*1,480	28,628	86,018	35,270	57,089	25,298	259,155
Pledges receivable, net.....	4,797,358	--	--	*1,743	61,278	40,224	10,340	12,582	4,671,191
Grants receivable.....	350,274	--	--	*18,485	*47,418	68,493	51,047	41,267	123,565
Receivables due from disqualified persons.....	52,725	--	*619	*18,674	*20,120	10,770	587	1,750	205
Other notes and loans receivable.....	1,177,088	--	4,573	131,985	324,842	170,050	126,139	73,607	345,891
Inventories.....	39,135	--	*3,281	*12,458	4,268	9,258	1,746	752	7,372
Prepaid expenses and deferred charges.....	318,447	--	*6	1,380	8,038	6,867	7,161	11,960	283,035
Investments, total (non-cash).....	274,290,847	--	172,693	5,422,232	30,223,234	23,644,707	19,811,911	22,659,133	172,356,938
Securities, total.....	243,684,817	--	142,120	4,678,003	26,313,438	20,713,799	17,053,046	20,271,533	154,512,877
Government obligations.....	33,045,728	--	27,122	845,196	4,969,254	3,524,505	2,877,721	3,688,335	17,113,595
Corporate stock.....	188,482,810	--	87,059	3,258,710	18,275,606	14,811,668	12,203,914	14,599,856	125,245,996
Corporate bonds.....	22,156,278	--	27,939	574,096	3,068,578	2,377,626	1,971,410	1,983,343	12,153,286
Land, buildings, and equipment (less accumulated depreciation).....	5,505,803	--	*3,067	127,450	784,086	455,077	348,251	381,152	3,406,719
Mortgage loans.....	876,407	--	*3,713	54,150	189,504	129,546	83,549	59,455	356,490
Other investments.....	24,223,821	--	23,792	562,629	2,936,206	2,346,286	2,327,065	1,946,992	14,080,851
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	6,529,153	--	11,720	256,264	1,360,562	695,452	581,564	453,583	3,170,008
Other assets.....	5,251,621	--	5,258	89,296	669,702	377,898	463,896	458,651	3,186,921

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 3.--All Private Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value).....</b>	<b>256,677,119</b>	<b>*26,246</b>	<b>423,614</b>	<b>6,582,956</b>	<b>29,632,869</b>	<b>21,384,275</b>	<b>17,547,312</b>	<b>19,450,438</b>	<b>161,629,408</b>
Cash, total.....	19,440,822	*6,380	241,122	1,649,198	4,211,183	2,400,490	1,638,229	1,315,115	7,979,106
Non-interest bearing accounts.....	2,716,819	*771	88,472	388,937	594,192	317,469	141,651	176,684	1,008,644
Savings and temporary cash investments....	16,724,003	*5,609	152,650	1,260,261	3,616,990	2,083,021	1,496,578	1,138,431	6,970,462
Accounts receivable, net.....	504,405	--	*1,483	38,971	84,179	35,280	56,162	25,729	262,601
Pledges receivable, net.....	4,797,458	--	--	*1,743	61,378	40,224	10,340	12,582	4,671,191
Grants receivable.....	351,237	*334	--	*18,485	*47,418	68,493	51,047	41,267	124,194
Receivables due from disqualified persons.....	50,915	--	*619	*17,174	*19,812	10,770	587	1,750	205
Other notes and loans receivable.....	1,289,039	--	4,573	137,119	332,882	170,032	126,666	69,736	448,031
Inventories.....	37,014	--	*2,765	*12,458	4,393	8,672	1,707	704	6,316
Prepaid expenses and deferred charges.....	295,380	--	*330	1,619	8,152	6,866	7,307	12,041	259,064
Investments, total (non-cash).....	220,279,486	19,532	156,406	4,371,023	23,091,439	17,746,754	14,807,885	17,168,042	142,918,406
Securities, total.....	193,078,752	12,606	120,442	3,697,358	19,731,472	15,133,853	12,507,616	15,235,838	126,639,566
Government obligations.....	31,887,527	*3,438	26,142	815,401	4,872,785	3,449,762	2,834,058	3,576,725	16,309,215
Corporate stock.....	139,407,314	*4,528	66,160	2,326,853	11,892,557	9,338,574	7,760,443	9,706,784	98,311,415
Corporate bonds.....	21,783,912	*4,639	28,140	555,104	2,966,130	2,345,517	1,913,116	1,952,330	12,018,936
Land, buildings, and equipment (less accumulated depreciation).....	4,313,818	*6,926	*11,062	106,370	575,443	345,101	242,065	272,990	2,753,861
Mortgage loans.....	970,169	--	*3,713	54,172	180,352	130,100	82,900	61,356	457,576
Other investments.....	21,916,747	--	21,188	513,123	2,604,171	2,137,700	1,975,304	1,597,858	13,067,403
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	5,290,810	--	11,689	252,425	1,154,170	567,165	480,653	371,547	2,453,161
Other assets.....	4,340,549	--	4,626	82,741	617,863	329,531	366,730	431,925	2,507,133
<b>Total liabilities (book value).....</b>	<b>9,588,355</b>	<b>*83,778</b>	<b>72,428</b>	<b>210,694</b>	<b>1,024,723</b>	<b>599,999</b>	<b>583,125</b>	<b>401,113</b>	<b>6,612,495</b>
<b>Net worth (book value).....</b>	<b>247,088,764</b>	<b>*-57,532</b>	<b>351,186</b>	<b>6,372,262</b>	<b>28,608,147</b>	<b>20,784,276</b>	<b>16,964,188</b>	<b>19,049,325</b>	<b>155,016,913</b>
<b>Total assets, b-o-y (book value).....</b>	<b>216,154,674</b>	<b>185,357</b>	<b>417,921</b>	<b>5,664,754</b>	<b>25,867,979</b>	<b>18,151,320</b>	<b>15,373,719</b>	<b>16,605,278</b>	<b>133,888,346</b>
<b>Investments in securities</b>									
<b>beginning-of-year (book value).....</b>	<b>162,540,823</b>	<b>*87,130</b>	<b>105,194</b>	<b>3,050,358</b>	<b>17,061,382</b>	<b>12,676,888</b>	<b>10,612,469</b>	<b>12,585,893</b>	<b>106,361,507</b>
Government obligations.....	29,429,496	*51,694	25,367	746,858	4,609,522	3,182,352	2,539,553	3,144,052	15,130,098
Corporate stock.....	114,349,895	*22,752	56,966	1,772,349	9,642,426	7,363,015	6,337,801	7,794,824	81,359,762
Corporate bonds.....	18,761,432	*12,684	22,861	531,151	2,809,435	2,131,522	1,735,115	1,647,017	9,871,647

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipt and disbursement method of accounting.

NOTE: Detail may not add to total because of rounding.

# Private Foundations and Charitable Trusts, 1996

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets					
		Assets	\$1	\$100,000	\$500,000	\$1,000,000	\$10,000,000
		zero or unreported	under \$100,000	under \$500,000	under \$1,000,000	under \$10,000,000	or more
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
<b>Number of returns.....</b>	<b>2,891</b>	<b>*39</b>	<b>670</b>	<b>909</b>	<b>384</b>	<b>822</b>	<b>65</b>
<b>Total revenue.....</b>	<b>497,215</b>	<b>*5,363</b>	<b>6,075</b>	<b>28,313</b>	<b>39,204</b>	<b>260,100</b>	<b>158,160</b>
Contributions, gifts, and grants received.....	78,671	*47	3,121	6,462	*3,022	52,179	13,840
Interest on savings and temporary cash investments.....	19,079	*59	146	1,261	1,790	9,292	6,532
Dividends and interest from securities.....	148,405	*3,248	1,122	9,100	10,399	79,285	45,252
Gross rents and royalties.....	6,583	--	--	*57	*11	4,421	2,094
Net gain (less loss) from sales of assets.....	212,913	*1,993	1,221	10,812	23,696	103,931	71,259
Gross profit (less loss) from business activities.....	404	--	--	*5	--	399	--
Other income.....	31,159	*16	465	617	*286	10,592	19,184
<b>Total expenses.....</b>	<b>269,696</b>	<b>*9,133</b>	<b>4,082</b>	<b>14,094</b>	<b>32,676</b>	<b>134,285</b>	<b>75,425</b>
Contributions, gifts, and grants paid*.....	214,636	*8,544	1,943	10,523	28,688	102,121	62,817
Compensation of officers.....	23,630	*313	267	2,429	2,290	13,040	5,290
Other salaries and wages.....	3,017	--	--	--	--	2,601	416
Pension plans and employee benefits.....	734	--	*18	--	--	634	82
Legal fees.....	1,829	*81	*32	152	132	1,080	351
Accounting fees.....	1,957	*15	215	347	195	904	281
Other professional fees.....	4,213	*6	*34	105	240	2,401	1,427
Interest.....	566	*41	*18	--	--	426	80
Taxes.....	8,707	*72	56	420	915	4,395	2,850
Depreciation and depletion.....	935	--	*10	*2	--	816	108
Occupancy.....	1,361	--	*214	*11	--	938	199
Travel, conferences, and meetings.....	807	--	*30	--	--	680	97
Printing and publications.....	166	--	15	13	6	123	9
Other expenses.....	7,136	*60	1,229	92	210	4,126	1,418
<b>Excess of revenue (less loss) over expenses.....</b>	<b>227,519</b>	<b>*-3,770</b>	<b>1,993</b>	<b>14,219</b>	<b>6,528</b>	<b>125,815</b>	<b>82,734</b>
Excess of revenue.....	262,217	*1,239	2,575	15,264	17,385	142,131	83,624
Loss.....	-34,698	*-5,008	-582	-1,044	-10,857	-16,317	-889
<b>Total assets (fair market value).....</b>	<b>4,565,733</b>	<b>--</b>	<b>27,217</b>	<b>258,829</b>	<b>276,651</b>	<b>2,323,059</b>	<b>1,679,977</b>
Cash, total.....	257,107	--	4,163	33,627	11,815	134,971	72,529
Non-interest bearing accounts.....	40,913	--	1,125	7,921	1,518	25,931	4,418
Savings and temporary cash investments.....	216,194	--	3,038	25,706	10,297	109,041	68,112
Accounts receivable, net.....	3,893	--	*65	*74	*1,121	2,241	393
Pledges receivable, net.....	190	--	--	--	--	190	--
Grants receivable.....	177	--	--	--	--	143	34
Receivables due from disqualified persons.....	12	--	*1	*11	--	--	--
Other notes and loans receivable.....	35,169	--	*985	*4,105	--	6,726	23,352
Inventories.....	155	--	--	--	--	155	--
Prepaid expenses and deferred charges.....	579	--	--	--	*4	399	175
Investments, total (non-cash).....	4,114,594	--	21,435	209,365	256,652	2,144,178	1,482,964
Securities, total.....	3,372,003	--	14,385	163,536	184,125	1,775,849	1,234,108
Government obligations.....	462,481	--	*3,905	21,617	21,861	280,803	134,294
Corporate stock.....	2,359,811	--	7,418	100,020	119,156	1,223,557	909,660
Corporate bonds.....	549,711	--	3,062	41,899	43,108	271,489	190,153
Land, buildings, and equipment (less accumulated depreciation).....	55,130	--	--	*227	*253	44,805	9,845
Mortgage loans.....	27,637	--	--	*7,056	*1,665	14,005	4,912
Other investments.....	659,825	--	7,050	38,546	70,610	309,519	234,100
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	43,469	--	*12	*168	*3,210	20,420	19,659
Other assets.....	110,388	--	*557	*11,478	*3,849	13,635	80,870

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1996

**Table 4.--All Section 4947(a)(1) Charitable Trusts Treated as Foundations: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>3,372,652</b>	<b>*51,357</b>	<b>24,453</b>	<b>213,477</b>	<b>210,400</b>	<b>1,697,213</b>	<b>1,175,753</b>
Cash, total.....	260,364	*2,847	4,166	33,453	11,815	135,484	72,599
Non-interest bearing accounts.....	43,046	*2,208	1,128	7,832	1,518	25,931	4,430
Savings and temporary cash investments.....	217,317	*639	3,038	25,621	10,297	109,553	68,169
Accounts receivable, net.....	3,894	--	*65	*75	*1,121	2,241	393
Pledges receivable, net.....	*548	--	*358	--	--	190	--
Grants receivable.....	*177	--	--	--	--	143	34
Receivables due from disqualified persons.....	*12	--	*1	*11	--	--	--
Other notes and loans receivable.....	35,010	--	*985	*4,105	--	6,726	23,194
Inventories.....	50	--	--	--	--	50	--
Prepaid expenses and deferred charges.....	579	--	--	--	*4	399	175
Investments, total (non-cash).....	2,967,326	*48,510	18,365	165,384	192,370	1,529,882	1,012,816
Securities, total.....	2,349,249	*48,510	12,299	129,452	140,036	1,232,518	786,435
Government obligations.....	485,654	*34,140	*3,893	21,177	21,089	273,550	131,804
Corporate stock.....	1,330,016	*13,512	5,572	67,726	76,339	698,398	468,468
Corporate bonds.....	533,580	*858	2,834	40,548	42,607	260,570	186,163
Land, buildings, and equipment (less accumulated depreciation).....	35,239	--	--	*230	*4	32,940	2,065
Mortgage loans.....	24,833	--	--	*4,412	*1,665	13,849	4,907
Other investments.....	558,005	--	6,065	31,290	50,665	250,575	219,409
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	19,183	--	*22	*168	*2,225	12,724	4,044
Other assets.....	85,509	--	*492	*10,281	*2,865	9,373	62,498
<b>Total liabilities (book value).....</b>	<b>26,916</b>	<b>--</b>	<b>*451</b>	<b>*102</b>	<b>*743</b>	<b>19,522</b>	<b>6,098</b>
<b>Net worth (book value).....</b>	<b>3,345,736</b>	<b>*51,357</b>	<b>24,002</b>	<b>213,374</b>	<b>209,657</b>	<b>1,677,691</b>	<b>1,169,655</b>
<b>Total assets, b-o-y (book value).....</b>	<b>3,132,356</b>	<b>*54,626</b>	<b>22,223</b>	<b>198,427</b>	<b>205,533</b>	<b>1,563,738</b>	<b>1,087,809</b>
<b>Investments in securities</b>							
<b>beginning-of-year (book value).....</b>	<b>2,151,331</b>	<b>*48,093</b>	<b>11,802</b>	<b>126,390</b>	<b>137,882</b>	<b>1,119,961</b>	<b>707,203</b>
Government obligations.....	485,736	*31,860	*3,774	30,313	27,306	262,920	129,563
Corporate stock.....	1,190,833	*15,258	5,304	61,320	72,777	626,357	409,816
Corporate bonds.....	474,762	*975	2,724	34,756	37,800	230,683	167,823

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 2, which are calculated using the cash receipt and disbursement method of accounting.

NOTE: Detail may not add to total because of rounding.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

*Data Release*

**D**omestic private foundations contributed \$16.4 billion to charitable activities for 1997, a 13-percent increase over 1996. These organizations, which file the information return Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*, represent roughly one-fifth of all tax-exempt entities required to file information returns annually with the Internal Revenue Service. Like other organizations defined as tax-exempt under Internal Revenue Code section 501(c)(3), private foundations support activities in such areas as health, education, human services, arts and humanities, and environmental preservation. The majority of private foundations are classified as “nonoperating,” meaning that their charitable support is generally given in the form of grants or other outlays to organizations that execute charitable programs. “Operating” foundations, which represent a smaller portion of Form 990-PF filers, are more directly involved in the operation of their charitable activities, but may also be involved in grantmaking.

Foundations are distinguished from publicly-supported organizations that file Form 990 by their narrow spheres of support and control [1]. A private foundation is generally controlled by an individual, family, or corporation and is therefore subject to more stringent IRS regulation than other types of 501(c)(3) organizations. For example, most private foundations are required to pay an excise tax on their “net investment income,” and nonoperating foundations are subject to a “payout” requirement, which mandates that they annually contribute a minimum amount, based on a percentage of the value of their noncharitable-use assets, for charitable purposes.

Section 4947(a)(1) nonexempt charitable trusts accounted for approximately 5 percent of all Forms 990-PF filed for 1997. These organizations, while not exempt from income tax, also make charitable distributions annually and are subject to the same tax rules as private foundations. Despite a nearly 28-percent increase in total revenue received, charitable trusts reported an 11-percent reduction in contributions, gifts, and grants distributed.

Data for 1997 are based on the returns of domestic private foundations only and do not include information reported by foreign foundations and charitable trusts, also required to file Form 990-PF. These organizations, which are organized abroad but receive certain degrees of support from U.S. sources, usually account for about 1 percent of Forms 990-PF filed. While foreign private foundations and charitable trusts may make charitable distributions within the U.S., they are generally not required to do so. In previous publications, information reported by these organizations has been included in the aggregate statistics and accompanying tables. Beginning with 1997, foreign organizations will no longer be included in aggregate published data. For comparison purposes, aggregate data for 1996, excluding foreign organizations, are also included in this data release. Figure A shows the data previously published for 1996, including foreign foundations and charitable trusts, as well as a 2-year comparison of selected data for domestic private foundations and charitable trusts [2].

## **Data Sources and Limitations**

Tables 1, 2, 5, and 6 provide information for Reporting Years 1996 and 1997 for private foundations, while tables 3, 4, 7, and 8 provide similar data for charitable trusts.

The statistics in this article are based on a sample of Reporting Year 1997 Forms 990-PF that were filed with the IRS. Organizations having accounting periods beginning in 1997 (and therefore ending between December 1997 and November 1998) were required by IRS to file a 1997 Form 990-PF. Some part-year returns were included in the samples for organizations that changed their accounting periods, or filed initial or final returns. Some 65 percent of the foundations in the sample had accounting periods covering Calendar Year 1997 or, in some cases, part-year periods that ended in December 1997. For charitable trusts, 59 percent filed calendar year returns. The 1997 sample was stratified based on both the size of fair market value of total assets and the type of organization (either a foundation or a 4947(a)(1) charitable trust).

Foundation returns were selected at rates that ranged from approximately 2.7 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large

*This data release was written by Melissa Whitten, an economist with the Special Studies Special Projects Section, under the direction of Michael Alexander, Chief.*

# Domestic Private Foundations and Charitable Trusts, 1996-1997

## Figure A

### Private Foundations and Charitable Trusts: Selected Financial Items and Percentage Changes, 1996-1997

[Money amounts are in millions of dollars.]

Item	Private foundations				Charitable trusts			
	Published 1996 <sup>1</sup>	1996	1997	Percentage change, 1996-1997	Published 1996 <sup>1</sup>	1996	1997	Percentage change, 1996-1997
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Number of organizations</b> .....	<b>50,811</b>	<b>50,774</b>	<b>55,113</b>	<b>8.5</b>	<b>2,891</b>	<b>2,890</b>	<b>2,971</b>	<b>2.8</b>
<b>Total assets (fair market value)</b> .....	<b>312,815.3</b>	<b>288,588.0</b>	<b>342,688.5</b>	<b>18.7</b>	<b>4,565.7</b>	<b>4,564.0</b>	<b>4,749.8</b>	<b>4.1</b>
Cash.....	2,738.6	2,020.7	2,356.6	16.6	40.9	40.9	35.0	-14.4
Investments (noncash), total.....	291,068.0	268,327.3	323,004.2	20.4	4,330.8	4,329.0	4,634.5	7.1
Investments in securities, total.....	243,684.8	225,086.6	272,412.4	21.0	3,372.0	3,370.6	3,735.3	10.8
Government obligations.....	33,045.7	32,680.0	38,512.3	17.8	462.5	462.5	523.9	13.3
Corporate stock.....	188,482.8	171,621.3	205,327.4	19.6	2,359.8	2,358.4	2,551.6	8.2
Corporate bonds.....	22,156.3	20,785.3	28,572.7	37.5	549.7	549.7	659.9	20.0
<b>Total revenue</b> .....	<b>49,601.9</b>	<b>48,246.8</b>	<b>55,459.9</b>	<b>15.0</b>	<b>497.2</b>	<b>497.2</b>	<b>636.0</b>	<b>27.9</b>
Contributions, gifts, and grants received.....	20,964.6	20,948.9	20,224.0	-3.5	78.7	78.7	111.4	41.6
Net gain (or loss) from sales of assets.....	16,923.2	16,444.5	23,538.2	43.1	212.9	212.9	348.9	63.9
Dividends and interest from securities.....	7,956.7	7,327.3	8,295.2	13.2	148.4	148.4	137.2	-7.5
<b>Total expenses</b> .....	<b>20,618.5</b>	<b>19,851.8</b>	<b>22,413.6</b>	<b>12.9</b>	<b>269.7</b>	<b>269.6</b>	<b>240.1</b>	<b>-10.9</b>
Contributions, gifts, and grants paid <sup>2</sup> .....	15,122.8	14,519.1	16,421.0	13.1	214.4	214.4	190.9	-11.0

<sup>1</sup> Data in columns (1) and (5) were previously published, and include data for foreign foundations and charitable trusts for 1996. Data in columns (2) and (6) are recalculated to exclude foreign foundations and charitable trusts and are comparable with 1997 data in columns (3) and (7), which are for domestic organizations only.

<sup>2</sup> These data are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes for 1996 and 1997 using the cash receipt and disbursement method of accounting.

amounts of assets). Charitable trust returns were selected at rates that ranged from 14.0 percent to 100 percent. The 8,410 returns in the combined sample (7,206 foundations and 1,204 trusts) were drawn from an estimated population of 57,463 foundations and 3,070 trusts. The magnitude of sampling error, measured by coefficients of variation for selected items, is shown in Figure B.

The samples were designed to provide reliable estimates of total assets and total revenue. To accomplish this, 100 percent of foundation returns with

fair market asset value of \$10 million or more and 100 percent of charitable trust returns with fair market asset value of \$1 million or more were included in the samples, since these were the returns that accounted for the majority of financial activity. Efforts were made to verify that organizations that were selected for the sample were properly classified as foundations or trusts. The relatively small number of foundations in the sample that were incorrectly selected as trusts were reclassified as foundations (for the statistics) using identification codes from the IRS

## Figure B

### Coefficients of Variation for Selected Items, by Type of Organization, 1996 and 1997

Items	1996		1997	
	Private foundations	Charitable trusts	Private foundations	Charitable trusts
	Coefficients of variation (percentages)			
	(1)	(2)	(3)	(4)
Total assets (fair market value).....	0.89	3.24	0.10	0.52
Total revenue.....	1.29	4.27	0.64	0.83
Total expenses.....	1.52	7.56	1.34	1.07

## Domestic Private Foundations and Charitable Trusts, 1996-1997

Business Master File. However, the weights used for these organizations were based on the original sample selection classification. These same methods were used for the trusts that were incorrectly sampled as foundations.

Approximately 6 percent of all foundations, including those reclassified as foundations, reported \$10 million or more in fair market value of total assets for 1997. While these foundations were selected at a rate of 100 percent, the remaining foundation population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 2.7 percent for returns with assets zero, unreported, or less than \$125,000; 3.9 percent for returns with assets of \$125,000 to less than \$400,000; 7.0 percent for returns with assets of \$400,000 to less than \$1 million; 9.2 percent for returns with assets of \$1 million to less than \$2.5 million; and 19.4 percent for returns with assets of \$2.5 million to less than \$10 million.

Approximately 63 percent of all section 4947(a)(1) charitable trusts in the sample reported \$1 million or more in fair market value of total assets for 1997. While these trusts were selected at a rate of 100 percent, the remaining trust population was randomly selected for the sample at various rates of less than 100 percent depending on asset size: 13.8 percent for returns with assets zero, unreported, or less than \$100,000; and 22.4 percent for returns with assets of \$100,000 to less than \$1 million.

The population from which the 1997 sample was drawn consisted of Form 990-PF records posted to the IRS Business Master File during 1997 and 1998. Some of the records designated were for organizations that were deemed inactive or terminated. Inactive and terminated organizations are not reflected in the estimates. For the small number of active, large foundations whose returns were not yet filed or were otherwise unavailable for the statistics, data were estimated using other returns having similar characteristics. For the unavailable active trust returns, which were smaller in size than those for foundations, prior-year data of those trusts were in most instances used as a substitute.

The data presented were obtained from returns as originally filed with IRS. The data were subject to comprehensive testing and correction procedures in order to increase statistical reliability and validity. In most cases, changes made to the original return as a

result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated. A general discussion of the reliability of estimates based on samples, methods for evaluating both the magnitude of sampling and non-sampling error, and the precision of sample estimates can be found in the general Appendix to this issue of the *SOI Bulletin*.

### Explanation of Terms

**Charitable Trust.**—A charitable trust, also referred to as a “nonexempt” charitable trust, is defined in Internal Revenue Code section 4947(a)(1) as an organization (1) that is not considered tax-exempt under section 501(a); (2) that has exclusively charitable interests; and (3) that has amounts in trust for which donors are allowed to claim a tax deduction for charitable contributions. Nonexempt charitable trusts that are not publicly supported are subject to the excise tax provisions that apply to private foundations and are required to file Form 990-PF. (Most “publicly supported” nonexempt charitable trusts are required to file Form 990, *Return of Organization Exempt From Income Tax*, and are, therefore, not included in these statistics.) Non-exempt charitable trusts that are treated as private foundations must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes, and they must report such income and tax on Form 1041, *U.S. Income Tax Return for Estates and Trusts*. Data from this form are not included in this article.

**Distributable (Payout) Amount.**—This is the minimum payout amount that was required to be distributed by nonoperating foundations by the end of the year following the year for which the return was filed. Failure to distribute income within this time period resulted in a 15-percent excise tax on the undistributed portion. The distributable amount was computed as 5 percent of the average monthly value of net investment assets, called the “minimum investment return,” minus the excise tax on net investment income and the income tax under Subtitle A, plus or minus other adjustments, either allowed or required.

**Excess Distributions Carryover.**—This is the amount distributed, after fulfilling the charitable payout requirement, that equaled the excess of qualifying distributions for 1997 over the distributable amount. Excess amounts from the current year may be carried forward to be applied to the distributable



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amount for the 5 following years. This item was reported on Form 990-PF, Part XIII, line 9.

*Minimum Investment Return.*—This is 5 percent of the average monthly fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire these assets and the cash held for charitable activities. The minimum investment return was used as the base for calculating the “distributable amount.” This item was reported on Form 990-PF, Part X, line 6.

*Nonoperating Foundations (and Charitable Trusts).*—These are organizations that generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to operating foundations and trusts that engaged in charitable activities themselves. However, some nonoperating foundations and trusts were actively involved in charitable programs of their own, in addition to making grants. Nonoperating foundations and trusts were subject to an excise tax (and possible additional penalties) for failure to distribute an annual minimum amount for charitable purposes within a required time period. An organization’s status as a nonoperating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Operating Foundations (and Charitable Trusts).*—These organizations generally expended their income for direct, active involvement in a tax-exempt activity, such as operating a library or museum, or conducting scientific research. Operating foundations and trusts were excepted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. To qualify as an operating foundation or trust for 1997, the foundation or trust had to meet both an “income test” and one of three other tests: an “assets test,” an “endowment test,” or a “support test.”

To meet the income test, a foundation or trust had to spend at least 85 percent of the lesser of its “adjusted net income” or “minimum investment return” on the direct, active conduct of tax-exempt, charitable activities (as opposed to the payout of grants in support of such programs). Simply put, to meet the assets test, a foundation or trust had to directly use 65 percent or more of its assets for the active conduct of charitable activities. To meet the endowment test, a foundation or trust had to regularly

make distributions for the active conduct of charitable activities in an amount not less than two-thirds of its “minimum investment return.” To meet the support test, a foundation or trust had to regularly receive substantially all of its support (other than from gross investment income) from the public or from five or more qualifying exempt organizations, *and* (a) no more than 25 percent of its support (other than from gross investment income) from any one such qualifying exempt organization; and (b) no more than 50 percent of its support from gross investment income.

Distributions made by a private nonoperating foundation or trust to an operating foundation or trust qualified toward meeting the nonoperating organization’s distribution requirement. (Distributions made by one nonoperating foundation or trust to another were subject to a number of conditions and restrictions requiring a “pass-through” of the distribution, whereby the donor organization received credit for a qualifying distribution but the donee organization did not.) Additionally, contributions to operating foundations or trusts, along with contributions to most other charitable organizations, were deductible on the donor’s individual income tax return up to 50 percent of the “adjusted gross income” (as opposed to 30 percent for contributions to nonoperating foundations).

While most operating foundations paid the excise tax on net investment income, 17 percent of operating foundations were considered exempt from this tax for 1997 under section 4940(d)(2) of the Internal Revenue Code. In order to be exempt, an operating foundation was required to meet the following requirements in any given year: (1) maintain public support for a minimum of 10 taxable years; (2) maintain a governing body at all times that is broadly representative of the general public and that is comprised of no more than 25 percent disqualified individuals (defined as substantial contributors, foundation managers, persons with more than 20 percent ownership in an enterprise that is itself a substantial contributor, or a family member of one of the above types of disqualified persons); and (3) at no time during the year include a disqualified individual as an officer of the foundation. An organization’s status as an operating foundation or trust was indicated on Form 990-PF, Part VII, line 9.

*Private Foundation.*—A private foundation is defined in Internal Revenue Code section 501(c)(3)

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as a nonprofit organization with a narrow source of funds that operated or supported educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of society. A private foundation qualified for tax-exempt status under Code section 501(c)(3) but was not (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax-exempt activities; (3) an organization that was operated by, or in connection with, any of the above described organizations; or (4) an organization that conducted tests for public safety. The primary difference between a private foundation and a public charity was the sources of the organization's funding. A foundation was typically funded primarily by an individual, a family, or a corporation, while a public charity received its funds from a large number of sources within the general public.

*Qualifying Distributions.*—Qualifying distributions include disbursements for charitable purposes (grants, direct expenditures to accomplish charitable purposes, and charitable-purpose operating and administrative expenses); amounts paid to acquire assets used directly to accomplish tax-exempt functions; charitable program-related investments; and amounts set aside for future charitable projects. Qualifying distributions could be credited against the

foundation's or trust's obligation to pay out its "distributable amount." This item was reported on Form 990-PF, Part XII, line 4.

*Undistributed Income.*—This is the portion of the required "distributable amount" still undistributed after applying against it the sum of current-year qualifying distributions and any excess distributions carried over from prior years. Sanctions were imposed in the form of excise taxes on private foundations that did not pay out an amount equal to the "distributable amount" by the end of the following tax year. This item was reported on Form 990-PF, Part XIII, line 6f, column (d).

### Notes and References

- [1] For information on charities and other tax-exempt organizations, see Arnsberger, Paul, "Charities and Other Tax-Exempt Organizations, 1997," in this issue.
- [2] For detailed information and data sources and limitations statistics on private foundations and charitable trusts, including foreign foundations and charitable trusts, for 1996, see Whitten, Melissa, "Private Foundations and Charitable Trusts, 1996," *Statistics of Income Bulletin*, Fall 1999, Volume 19, Number 2.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 1.--All Domestic Private Foundations, 1996: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>All foundations</b>									
<b>Total.....</b>	<b>50,774</b>	<b>49,688</b>	<b>48,246,836</b>	<b>25,482</b>	<b>20,948,937</b>	<b>33,836</b>	<b>7,327,282</b>	<b>24,703</b>	<b>16,444,511</b>
Zero or unreported.....	1,124	1,008	100,847	628	98,429	*117	*3,347	*191	*-3,911
\$1 under \$100,000.....	15,409	14,496	560,356	8,564	391,625	5,318	9,590	2,722	133,670
\$100,000 under \$1,000,000.....	19,296	19,270	2,093,708	9,460	1,424,398	14,837	205,645	9,880	236,133
\$1,000,000 under \$10,000,000.....	11,838	11,808	7,194,907	5,423	3,791,871	10,597	1,055,383	9,102	1,619,757
\$10,000,000 under \$25,000,000.....	1,759	1,758	4,877,517	806	2,351,981	1,663	756,780	1,560	1,374,396
\$25,000,000 under \$50,000,000.....	649	649	3,750,718	293	1,607,482	623	591,165	590	1,153,788
\$50,000,000 under \$100,000,000.....	351	351	3,921,232	151	1,510,960	338	666,687	332	1,519,624
\$100,000,000 or more.....	348	348	25,747,551	156	9,772,188	344	4,038,686	328	10,411,052
<b>Nonoperating foundations</b>									
<b>Total.....</b>	<b>46,066</b>	<b>45,162</b>	<b>44,430,218</b>	<b>22,466</b>	<b>19,622,586</b>	<b>32,052</b>	<b>6,884,854</b>	<b>23,596</b>	<b>15,345,347</b>
Zero or unreported.....	1,124	1,008	100,847	628	98,429	*117	*3,347	*191	*-3,911
\$1 under \$100,000.....	13,432	12,702	509,988	7,397	341,641	4,982	9,267	2,612	136,621
\$100,000 under \$1,000,000.....	17,722	17,696	1,797,418	8,469	1,231,418	14,171	197,233	9,519	224,358
\$1,000,000 under \$10,000,000.....	10,931	10,901	6,618,169	4,770	3,454,120	10,030	1,006,685	8,673	1,554,058
\$10,000,000 under \$25,000,000.....	1,615	1,614	4,513,171	690	2,251,066	1,543	713,282	1,449	1,310,698
\$25,000,000 under \$50,000,000.....	604	604	3,552,347	257	1,561,962	579	558,723	548	1,097,850
\$50,000,000 under \$100,000,000.....	321	321	3,511,942	127	1,272,648	314	625,734	305	1,425,123
\$100,000,000 or more.....	317	317	23,826,336	128	9,411,301	315	3,770,583	301	9,600,549
<b>Operating foundations</b>									
<b>Total.....</b>	<b>4,708</b>	<b>4,526</b>	<b>3,816,618</b>	<b>3,015</b>	<b>1,326,351</b>	<b>1,784</b>	<b>442,428</b>	<b>1,107</b>	<b>1,099,164</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,977	1,795	50,368	1,167	49,984	*336	*323	*110	*-2,951
\$100,000 under \$1,000,000.....	1,574	1,574	296,290	992	192,981	665	8,412	362	11,775
\$1,000,000 under \$10,000,000.....	907	907	576,738	653	337,751	566	48,698	429	65,700
\$10,000,000 under \$25,000,000.....	144	144	364,347	116	100,916	120	43,498	111	63,698
\$25,000,000 under \$50,000,000.....	45	45	198,371	36	45,520	44	32,442	42	55,939
\$50,000,000 under \$100,000,000.....	30	30	409,290	24	238,312	24	40,953	27	94,501
\$100,000,000 or more.....	31	31	1,921,214	28	360,887	29	268,102	27	810,504
<b>Grantmaking foundations</b>									
<b>Total.....</b>	<b>40,863</b>	<b>40,606</b>	<b>43,608,718</b>	<b>19,289</b>	<b>17,760,556</b>	<b>30,723</b>	<b>7,079,313</b>	<b>22,909</b>	<b>15,983,544</b>
Zero or unreported.....	613	570	95,287	372	93,812	*81	*3,049	*154	*-3,989
\$1 under \$100,000.....	10,466	10,284	495,191	5,731	334,091	4,347	7,846	2,356	132,332
\$100,000 under \$1,000,000.....	16,165	16,139	1,485,007	7,344	989,581	13,474	195,077	9,078	206,126
\$1,000,000 under \$10,000,000.....	10,706	10,701	5,966,444	4,587	2,998,847	10,012	1,006,901	8,652	1,536,171
\$10,000,000 under \$25,000,000.....	1,638	1,638	4,396,901	717	2,084,804	1,568	724,487	1,481	1,324,181
\$25,000,000 under \$50,000,000.....	613	613	3,411,777	263	1,376,001	591	568,248	559	1,126,783
\$50,000,000 under \$100,000,000.....	333	333	3,571,625	135	1,260,488	325	649,784	317	1,476,577
\$100,000,000 or more.....	329	329	24,186,486	140	8,622,934	325	3,923,920	312	10,185,363
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	<b>38,659</b>	<b>38,403</b>	<b>41,315,088</b>	<b>18,075</b>	<b>16,996,705</b>	<b>29,843</b>	<b>6,808,592</b>	<b>22,312</b>	<b>15,229,065</b>
Zero or unreported.....	613	570	95,287	372	93,812	*81	*3,049	*154	*-3,989
\$1 under \$100,000.....	9,555	9,373	459,198	5,302	298,846	4,194	7,688	2,283	135,331
\$100,000 under \$1,000,000.....	15,377	15,351	1,360,416	6,889	878,755	13,107	189,593	8,859	205,393
\$1,000,000 under \$10,000,000.....	10,313	10,308	5,749,139	4,346	2,860,518	9,749	986,826	8,441	1,499,677
\$10,000,000 under \$25,000,000.....	1,577	1,577	4,251,830	668	2,028,030	1,516	707,622	1,432	1,290,922
\$25,000,000 under \$50,000,000.....	594	594	3,342,244	249	1,358,151	572	555,932	542	1,097,434
\$50,000,000 under \$100,000,000.....	318	318	3,351,940	124	1,128,527	313	625,258	304	1,424,599
\$100,000,000 or more.....	313	313	22,705,035	125	8,350,066	311	3,732,624	297	9,579,698
<b>Grantmaking-operating foundations</b>									
<b>Total.....</b>	<b>2,204</b>	<b>2,204</b>	<b>2,293,630</b>	<b>1,214</b>	<b>763,851</b>	<b>879</b>	<b>270,721</b>	<b>598</b>	<b>754,480</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	911	35,993	429	35,244	*153	*158	*73	*-3,000
\$100,000 under \$1,000,000.....	788	788	124,591	455	110,825	366	5,485	220	733
\$1,000,000 under \$10,000,000.....	393	393	217,305	240	138,329	263	20,075	211	36,494
\$10,000,000 under \$25,000,000.....	61	61	145,071	49	56,774	52	16,865	49	33,259
\$25,000,000 under \$50,000,000.....	19	19	69,533	14	17,849	19	12,316	17	29,349
\$50,000,000 under \$100,000,000.....	15	15	219,686	11	131,961	12	24,526	13	51,979
\$100,000,000 or more.....	16	16	1,481,451	15	272,868	14	191,296	15	605,666

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 1.--All Domestic Private Foundations, 1996: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses <sup>1</sup>		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All foundations</b>								
<b>Total.....</b>	<b>48,782</b>	<b>19,851,784</b>	<b>49,518</b>	<b>28,395,052</b>	<b>43,548</b>	<b>26,188,510</b>	<b>45,876</b>	<b>16,881,138</b>
Zero or unreported.....	1,015	216,015	643	-115,169	526	9,728	796	203,850
\$1 under \$100,000.....	14,329	549,822	14,752	10,535	10,510	160,546	12,665	497,467
\$100,000 under \$1,000,000.....	18,685	1,215,821	19,234	877,888	17,977	611,638	17,960	1,048,556
\$1,000,000 under \$10,000,000.....	11,656	3,615,991	11,786	3,578,916	11,453	3,433,785	11,389	3,012,753
\$10,000,000 under \$25,000,000.....	1,755	2,089,089	1,758	2,788,428	1,744	2,436,677	1,729	1,830,936
\$25,000,000 under \$50,000,000.....	645	1,774,475	648	1,976,243	643	2,076,501	642	1,523,986
\$50,000,000 under \$100,000,000.....	350	1,495,601	351	2,425,631	348	2,469,547	349	1,234,129
\$100,000,000 or more.....	348	8,894,970	348	16,852,580	348	14,990,088	347	7,529,461
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>44,182</b>	<b>17,980,256</b>	<b>44,954</b>	<b>26,449,962</b>	<b>40,029</b>	<b>24,420,803</b>	<b>41,686</b>	<b>15,455,577</b>
Zero or unreported.....	1,015	216,015	643	-115,169	526	9,728	796	203,850
\$1 under \$100,000.....	12,425	494,350	12,884	15,639	9,313	156,031	10,950	457,732
\$100,000 under \$1,000,000.....	17,125	982,881	17,679	814,538	16,673	581,290	16,575	897,084
\$1,000,000 under \$10,000,000.....	10,769	3,267,004	10,894	3,351,164	10,676	3,261,740	10,541	2,732,359
\$10,000,000 under \$25,000,000.....	1,611	1,852,888	1,614	2,660,282	1,606	2,317,870	1,591	1,666,136
\$25,000,000 under \$50,000,000.....	600	1,650,477	603	1,901,870	599	1,984,763	598	1,438,865
\$50,000,000 under \$100,000,000.....	320	1,368,138	321	2,143,803	319	2,319,463	319	1,140,007
\$100,000,000 or more.....	317	8,148,503	317	15,677,834	317	13,789,919	316	6,919,543
<b>Operating foundations</b>								
<b>Total.....</b>	<b>4,600</b>	<b>1,871,528</b>	<b>4,564</b>	<b>1,945,090</b>	<b>3,519</b>	<b>1,767,707</b>	<b>4,191</b>	<b>1,425,561</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,904	55,472	1,868	-5,104	1,196	4,515	1,715	39,735
\$100,000 under \$1,000,000.....	1,559	232,940	1,555	63,350	1,304	30,348	1,385	151,472
\$1,000,000 under \$10,000,000.....	886	348,986	892	227,752	776	172,045	848	280,394
\$10,000,000 under \$25,000,000.....	144	236,201	144	128,146	138	118,807	138	164,800
\$25,000,000 under \$50,000,000.....	45	123,998	45	74,373	44	91,739	44	85,120
\$50,000,000 under \$100,000,000.....	30	127,462	30	281,828	29	150,084	30	94,121
\$100,000,000 or more.....	31	746,468	31	1,174,747	31	1,200,169	31	609,918
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>40,862</b>	<b>18,467,071</b>	<b>40,570</b>	<b>25,141,647</b>	<b>37,975</b>	<b>25,251,932</b>	<b>40,863</b>	<b>16,122,966</b>
Zero or unreported.....	613	203,887	423	-108,600	344	9,092	613	202,867
\$1 under \$100,000.....	10,466	505,108	10,393	-9,917	8,443	155,912	10,466	476,114
\$100,000 under \$1,000,000.....	16,165	970,499	16,136	514,508	15,724	544,596	16,165	913,773
\$1,000,000 under \$10,000,000.....	10,705	3,061,601	10,704	2,904,843	10,566	3,179,404	10,706	2,771,658
\$10,000,000 under \$25,000,000.....	1,638	1,920,881	1,638	2,476,019	1,628	2,327,006	1,638	1,713,712
\$25,000,000 under \$50,000,000.....	613	1,686,733	613	1,725,044	610	1,998,375	613	1,471,236
\$50,000,000 under \$100,000,000.....	333	1,400,782	333	2,170,843	332	2,402,120	333	1,184,240
\$100,000,000 or more.....	329	8,717,579	329	15,468,906	329	14,635,427	329	7,389,365
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>38,658</b>	<b>17,457,783</b>	<b>38,366</b>	<b>23,857,306</b>	<b>36,185</b>	<b>24,094,102</b>	<b>38,659</b>	<b>15,307,333</b>
Zero or unreported.....	613	203,887	423	-108,600	344	9,092	613	202,867
\$1 under \$100,000.....	9,555	462,590	9,482	-3,392	7,795	152,447	9,555	448,098
\$100,000 under \$1,000,000.....	15,377	880,914	15,348	479,502	15,044	534,535	15,377	831,814
\$1,000,000 under \$10,000,000.....	10,312	2,952,194	10,311	2,796,944	10,209	3,121,046	10,313	2,677,200
\$10,000,000 under \$25,000,000.....	1,577	1,837,574	1,577	2,414,255	1,571	2,272,993	1,577	1,660,289
\$25,000,000 under \$50,000,000.....	594	1,649,416	594	1,692,828	592	1,955,383	594	1,438,755
\$50,000,000 under \$100,000,000.....	318	1,330,077	318	2,021,863	317	2,316,451	318	1,133,365
\$100,000,000 or more.....	313	8,141,130	313	14,563,905	313	13,732,154	313	6,914,945
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>1,009,288</b>	<b>2,204</b>	<b>1,284,342</b>	<b>1,791</b>	<b>1,157,830</b>	<b>2,204</b>	<b>815,632</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	42,518	911	-6,525	648	3,466	911	28,016
\$100,000 under \$1,000,000.....	788	89,585	788	35,006	680	10,060	788	81,958
\$1,000,000 under \$10,000,000.....	393	109,407	393	107,899	357	58,357	393	94,458
\$10,000,000 under \$25,000,000.....	61	83,307	61	61,764	57	54,013	61	53,423
\$25,000,000 under \$50,000,000.....	19	37,317	19	32,216	18	42,992	19	32,482
\$50,000,000 under \$100,000,000.....	15	70,705	15	148,980	15	85,669	15	50,876
\$100,000,000 or more.....	16	576,449	16	905,001	16	903,273	16	474,421

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 1.--All Domestic Private Foundations, 1996: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on net investment income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All foundations</b>								
<b>Total.....</b>	<b>40,863</b>	<b>14,519,057</b>	<b>41,039</b>	<b>369,481</b>	<b>49,755</b>	<b>232,564,949</b>	<b>42,937</b>	<b>214,354,816</b>
Zero or unreported.....	613	202,250	337	105	*111	*26,246	*38	*25,141
\$1 under \$100,000.....	10,466	460,315	9,071	3,071	15,409	423,614	9,991	309,056
\$100,000 under \$1,000,000.....	16,165	834,184	17,464	9,849	19,296	6,581,724	18,198	5,630,052
\$1,000,000 under \$10,000,000.....	10,706	2,592,988	11,188	53,446	11,833	29,627,626	11,615	26,703,270
\$10,000,000 under \$25,000,000.....	1,638	1,586,649	1,694	37,664	1,759	21,294,858	1,749	19,742,456
\$25,000,000 under \$50,000,000.....	613	1,358,606	617	30,908	649	17,289,693	648	16,064,909
\$50,000,000 under \$100,000,000.....	333	1,058,090	337	36,593	351	19,011,402	351	17,991,128
\$100,000,000 or more.....	329	6,425,973	332	197,844	348	138,309,786	348	127,888,803
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>38,659</b>	<b>14,182,865</b>	<b>38,345</b>	<b>357,068</b>	<b>45,047</b>	<b>210,438,763</b>	<b>39,590</b>	<b>198,521,467</b>
Zero or unreported.....	613	202,250	337	105	*111	*26,246	*38	*25,141
\$1 under \$100,000.....	9,555	435,966	8,167	2,989	13,432	370,289	8,985	281,225
\$100,000 under \$1,000,000.....	15,377	790,375	16,387	9,354	17,722	5,995,143	16,901	5,340,213
\$1,000,000 under \$10,000,000.....	10,313	2,560,124	10,623	51,436	10,926	27,248,618	10,817	25,286,714
\$10,000,000 under \$25,000,000.....	1,577	1,571,705	1,600	36,481	1,615	19,347,007	1,610	18,433,300
\$25,000,000 under \$50,000,000.....	594	1,348,941	596	30,226	604	15,879,859	603	15,059,846
\$50,000,000 under \$100,000,000.....	318	1,046,467	318	34,835	321	17,265,284	321	16,595,805
\$100,000,000 or more.....	313	6,227,036	317	191,641	317	124,306,318	317	117,499,223
<b>Operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>336,192</b>	<b>2,694</b>	<b>12,413</b>	<b>4,708</b>	<b>22,126,186</b>	<b>3,348</b>	<b>15,833,349</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	24,349	904	82	1,977	53,326	1,007	27,831
\$100,000 under \$1,000,000.....	788	43,809	1,077	495	1,574	586,581	1,297	289,840
\$1,000,000 under \$10,000,000.....	393	32,864	564	2,010	907	2,379,008	798	1,416,556
\$10,000,000 under \$25,000,000.....	61	14,945	94	1,183	144	1,947,852	139	1,309,156
\$25,000,000 under \$50,000,000.....	19	9,665	21	682	45	1,409,834	45	1,005,063
\$50,000,000 under \$100,000,000.....	15	11,623	19	1,758	30	1,746,118	30	1,395,323
\$100,000,000 or more.....	16	198,937	15	6,202	31	14,003,468	31	10,389,580
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>40,863</b>	<b>14,519,057</b>	<b>36,604</b>	<b>358,883</b>	<b>40,288</b>	<b>220,315,686</b>	<b>36,747</b>	<b>205,182,822</b>
Zero or unreported.....	613	202,250	*264	*93	*38	*13,305	*1	*12,679
\$1 under \$100,000.....	10,466	460,315	7,494	2,986	10,466	323,163	7,633	246,060
\$100,000 under \$1,000,000.....	16,165	834,184	15,504	8,594	16,165	5,507,593	15,602	4,979,340
\$1,000,000 under \$10,000,000.....	10,706	2,592,988	10,481	49,494	10,706	26,778,874	10,602	24,976,030
\$10,000,000 under \$25,000,000.....	1,638	1,586,649	1,614	36,325	1,638	19,732,111	1,634	18,628,214
\$25,000,000 under \$50,000,000.....	613	1,358,606	599	30,024	613	16,170,783	613	15,241,537
\$50,000,000 under \$100,000,000.....	333	1,058,090	327	35,683	333	18,070,841	333	17,244,779
\$100,000,000 or more.....	329	6,425,973	323	195,683	329	133,719,016	329	123,854,183
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>38,659</b>	<b>14,182,865</b>	<b>35,100</b>	<b>350,906</b>	<b>38,084</b>	<b>205,889,570</b>	<b>35,040</b>	<b>194,896,473</b>
Zero or unreported.....	613	202,250	*264	*93	*38	*13,305	*1	*12,679
\$1 under \$100,000.....	9,555	435,966	6,955	2,922	9,555	296,560	7,101	232,286
\$100,000 under \$1,000,000.....	15,377	790,375	14,923	8,448	15,377	5,245,339	14,894	4,810,412
\$1,000,000 under \$10,000,000.....	10,313	2,560,124	10,172	48,721	10,313	25,823,698	10,245	24,300,229
\$10,000,000 under \$25,000,000.....	1,577	1,571,705	1,568	35,675	1,577	18,883,377	1,574	18,047,012
\$25,000,000 under \$50,000,000.....	594	1,348,941	589	29,647	594	15,606,147	594	14,818,125
\$50,000,000 under \$100,000,000.....	318	1,046,467	317	34,785	318	17,071,583	318	16,448,782
\$100,000,000 or more.....	313	6,227,036	313	190,614	313	122,949,561	313	116,226,947
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>336,192</b>	<b>1,504</b>	<b>7,977</b>	<b>2,204</b>	<b>14,426,116</b>	<b>1,707</b>	<b>10,286,350</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	24,349	539	64	911	26,603	532	13,774
\$100,000 under \$1,000,000.....	788	43,809	581	146	788	262,254	708	168,928
\$1,000,000 under \$10,000,000.....	393	32,864	309	773	393	955,176	357	675,801
\$10,000,000 under \$25,000,000.....	61	14,945	46	650	61	848,734	60	581,202
\$25,000,000 under \$50,000,000.....	19	9,665	10	377	19	564,636	19	423,412
\$50,000,000 under \$100,000,000.....	15	11,623	10	899	15	999,258	15	795,997
\$100,000,000 or more.....	16	198,937	10	5,069	16	10,769,455	16	7,627,235

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 1.--All Domestic Private Foundations, 1996: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>All foundations</b>								
<b>Total.....</b>	<b>31,467</b>	<b>174,578,908</b>	<b>14,310</b>	<b>31,491,180</b>	<b>27,135</b>	<b>122,647,735</b>	<b>12,536</b>	<b>20,439,993</b>
Zero or unreported.....	*1	*12,606	*1	*3,438	*1	*4,528	*1	*4,639
\$1 under \$100,000.....	4,188	120,442	1,203	26,142	2,904	66,160	1,094	28,140
\$100,000 under \$1,000,000.....	13,971	3,696,126	5,114	815,401	11,877	2,325,621	4,334	555,104
\$1,000,000 under \$10,000,000.....	10,357	19,726,313	5,874	4,872,785	9,529	11,888,941	5,190	2,964,587
\$10,000,000 under \$25,000,000.....	1,648	15,077,032	1,133	3,445,168	1,572	9,307,496	1,014	2,324,369
\$25,000,000 under \$50,000,000.....	615	12,320,491	444	2,832,611	579	7,653,746	405	1,834,135
\$50,000,000 under \$100,000,000.....	347	15,026,989	268	3,505,770	338	9,573,821	238	1,947,398
\$100,000,000 or more.....	341	108,598,909	273	15,989,865	335	81,827,422	260	10,781,621
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>29,854</b>	<b>161,684,968</b>	<b>13,546</b>	<b>29,084,148</b>	<b>25,913</b>	<b>113,517,699</b>	<b>11,812</b>	<b>19,083,121</b>
Zero or unreported.....	*1	*12,606	*1	*3,438	*1	*4,528	*1	*4,639
\$1 under \$100,000.....	3,888	113,538	1,057	22,769	2,788	64,020	1,057	26,748
\$100,000 under \$1,000,000.....	13,461	3,593,858	4,968	800,520	11,471	2,266,366	4,073	526,972
\$1,000,000 under \$10,000,000.....	9,765	18,829,775	5,571	4,693,375	9,024	11,318,520	4,909	2,817,880
\$10,000,000 under \$25,000,000.....	1,539	14,169,948	1,043	3,236,346	1,470	8,760,763	935	2,172,839
\$25,000,000 under \$50,000,000.....	571	11,621,815	411	2,670,902	543	7,236,416	378	1,714,496
\$50,000,000 under \$100,000,000.....	317	13,966,930	247	3,221,971	310	8,992,844	218	1,752,115
\$100,000,000 or more.....	312	99,376,499	248	14,434,826	307	74,874,242	241	10,067,431
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,613</b>	<b>12,893,941</b>	<b>764</b>	<b>2,407,033</b>	<b>1,221</b>	<b>9,130,036</b>	<b>723</b>	<b>1,356,872</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*299	*6,904	*146	*3,373	*116	*2,140	*37	*1,392
\$100,000 under \$1,000,000.....	510	102,269	*146	*14,881	406	59,255	261	28,132
\$1,000,000 under \$10,000,000.....	593	896,538	303	179,410	504	570,422	281	146,707
\$10,000,000 under \$25,000,000.....	109	907,084	90	208,822	102	546,733	79	151,530
\$25,000,000 under \$50,000,000.....	44	698,676	33	161,708	36	417,329	27	119,639
\$50,000,000 under \$100,000,000.....	30	1,060,059	21	283,799	28	580,977	20	195,283
\$100,000,000 or more.....	29	9,222,410	25	1,555,040	28	6,953,180	19	714,190
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>28,272</b>	<b>167,765,031</b>	<b>13,133</b>	<b>30,163,136</b>	<b>24,659</b>	<b>118,515,257</b>	<b>11,544</b>	<b>19,086,638</b>
Zero or unreported.....	*1	*12,606	*1	*3,438	*1	*4,528	*1	*4,639
\$1 under \$100,000.....	3,370	101,856	984	22,184	2,452	55,639	838	24,033
\$100,000 under \$1,000,000.....	12,405	3,329,343	4,619	760,402	10,563	2,046,877	3,946	522,064
\$1,000,000 under \$10,000,000.....	9,705	18,753,616	5,533	4,656,877	8,965	11,238,260	4,951	2,858,478
\$10,000,000 under \$25,000,000.....	1,559	14,304,522	1,061	3,278,566	1,486	8,852,797	948	2,173,159
\$25,000,000 under \$50,000,000.....	582	11,673,065	422	2,682,609	553	7,292,481	384	1,697,975
\$50,000,000 under \$100,000,000.....	329	14,506,035	257	3,361,483	323	9,344,019	228	1,800,533
\$100,000,000 or more.....	322	105,083,988	256	15,397,576	317	79,680,655	248	10,005,757
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>27,499</b>	<b>159,096,271</b>	<b>12,813</b>	<b>28,539,497</b>	<b>24,044</b>	<b>112,202,433</b>	<b>11,166</b>	<b>18,354,342</b>
Zero or unreported.....	*1	*12,606	*1	*3,438	*1	*4,528	*1	*4,639
\$1 under \$100,000.....	3,254	98,732	911	19,635	2,409	55,064	838	24,033
\$100,000 under \$1,000,000.....	12,107	3,264,686	4,575	756,037	10,310	2,009,775	3,758	498,875
\$1,000,000 under \$10,000,000.....	9,442	18,346,613	5,407	4,595,206	8,733	10,972,526	4,820	2,778,881
\$10,000,000 under \$25,000,000.....	1,511	13,911,194	1,023	3,181,600	1,443	8,607,579	919	2,122,014
\$25,000,000 under \$50,000,000.....	563	11,399,474	406	2,586,502	538	7,146,227	375	1,666,745
\$50,000,000 under \$100,000,000.....	314	13,821,819	246	3,220,767	308	8,922,635	216	1,678,417
\$100,000,000 or more.....	308	98,241,148	244	14,176,312	303	74,484,098	238	9,580,737
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>773</b>	<b>8,668,759</b>	<b>320</b>	<b>1,623,639</b>	<b>615</b>	<b>6,312,824</b>	<b>379</b>	<b>732,296</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*116	*3,125	*73	*2,550	*43	*575	--	--
\$100,000 under \$1,000,000.....	298	64,657	*44	*4,365	253	37,102	188	23,189
\$1,000,000 under \$10,000,000.....	263	407,003	126	61,671	232	265,734	131	79,597
\$10,000,000 under \$25,000,000.....	48	393,329	38	96,966	43	245,218	29	51,145
\$25,000,000 under \$50,000,000.....	19	273,591	16	96,107	15	146,254	9	31,229
\$50,000,000 under \$100,000,000.....	15	684,216	11	140,716	15	421,384	12	122,116
\$100,000,000 or more.....	14	6,842,840	12	1,221,264	14	5,196,557	10	425,019

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 1.--All Domestic Private Foundations, 1996: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All foundations</b>								
<b>Total.....</b>	<b>49,650</b>	<b>288,587,974</b>	<b>42,983</b>	<b>268,327,285</b>	<b>31,398</b>	<b>225,086,584</b>	<b>14,304</b>	<b>32,679,980</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	15,409	440,769	10,065	325,187	4,188	142,120	1,203	27,122
\$100,000 under \$1,000,000.....	19,296	7,628,984	18,198	6,681,258	13,891	4,675,363	5,100	845,196
\$1,000,000 under \$10,000,000.....	11,838	37,034,115	11,625	33,854,883	10,367	26,306,344	5,883	4,969,254
\$10,000,000 under \$25,000,000.....	1,759	27,396,002	1,749	25,665,289	1,648	20,651,356	1,133	3,519,861
\$25,000,000 under \$50,000,000.....	649	22,467,192	648	21,042,358	616	16,839,892	444	2,876,273
\$50,000,000 under \$100,000,000.....	351	24,520,885	351	23,411,386	346	19,994,690	267	3,595,141
\$100,000,000 or more.....	348	169,100,026	348	157,346,925	342	136,476,818	274	16,847,133
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>44,941</b>	<b>262,738,706</b>	<b>39,594</b>	<b>250,169,879</b>	<b>29,778</b>	<b>210,520,351</b>	<b>13,539</b>	<b>30,254,070</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	13,432	386,479	9,021	296,959	3,888	134,969	1,057	23,644
\$100,000 under \$1,000,000.....	17,722	7,008,996	16,901	6,351,804	13,382	4,545,542	4,953	830,391
\$1,000,000 under \$10,000,000.....	10,931	34,213,921	10,822	32,129,937	9,770	25,147,856	5,580	4,786,394
\$10,000,000 under \$25,000,000.....	1,615	25,179,330	1,610	24,172,128	1,539	19,588,976	1,043	3,308,323
\$25,000,000 under \$50,000,000.....	604	20,828,540	603	19,893,411	572	16,038,874	411	2,707,753
\$50,000,000 under \$100,000,000.....	321	22,344,594	321	21,627,301	316	18,640,900	246	3,311,029
\$100,000,000 or more.....	317	152,776,845	317	145,698,339	312	126,423,232	248	15,286,536
<b>Operating foundations</b>								
<b>Total.....</b>	<b>4,708</b>	<b>25,849,268</b>	<b>3,389</b>	<b>18,157,406</b>	<b>1,619</b>	<b>14,566,233</b>	<b>765</b>	<b>2,425,909</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,977	54,290	1,043	28,228	*299	*7,151	*146	*3,478
\$100,000 under \$1,000,000.....	1,574	619,988	1,297	329,454	510	129,821	*146	*14,805
\$1,000,000 under \$10,000,000.....	907	2,820,194	803	1,724,946	598	1,158,488	303	182,859
\$10,000,000 under \$25,000,000.....	144	2,216,671	139	1,493,162	109	1,062,380	90	211,539
\$25,000,000 under \$50,000,000.....	45	1,638,652	45	1,148,947	44	801,018	33	168,520
\$50,000,000 under \$100,000,000.....	30	2,176,291	30	1,784,084	30	1,353,790	21	284,112
\$100,000,000 or more.....	31	16,323,181	31	11,648,586	30	10,053,586	26	1,560,597
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>40,250</b>	<b>272,815,078</b>	<b>36,819</b>	<b>256,837,769</b>	<b>28,228</b>	<b>216,729,215</b>	<b>13,127</b>	<b>31,347,933</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	10,466	348,878	7,706	271,160	3,407	122,916	984	23,110
\$100,000 under \$1,000,000.....	16,165	6,473,924	15,602	5,941,122	12,325	4,236,674	4,605	789,694
\$1,000,000 under \$10,000,000.....	10,706	33,538,928	10,602	31,669,281	9,705	24,970,626	5,542	4,750,467
\$10,000,000 under \$25,000,000.....	1,638	25,587,584	1,634	24,373,089	1,558	19,709,055	1,061	3,350,241
\$25,000,000 under \$50,000,000.....	613	21,185,645	613	20,110,801	583	16,133,626	422	2,726,054
\$50,000,000 under \$100,000,000.....	333	23,263,181	333	22,369,687	328	19,241,704	256	3,451,173
\$100,000,000 or more.....	329	162,416,938	329	152,102,629	323	132,314,613	257	16,257,194
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>38,046</b>	<b>257,221,839</b>	<b>35,107</b>	<b>246,043,604</b>	<b>27,449</b>	<b>207,500,056</b>	<b>12,806</b>	<b>29,712,698</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	9,555	322,217	7,174	257,381	3,290	119,753	911	20,591
\$100,000 under \$1,000,000.....	15,377	6,184,381	14,894	5,751,279	12,027	4,151,153	4,560	785,418
\$1,000,000 under \$10,000,000.....	10,313	32,434,877	10,240	30,843,927	9,437	24,428,259	5,417	4,687,694
\$10,000,000 under \$25,000,000.....	1,577	24,607,068	1,574	23,700,643	1,510	19,247,913	1,023	3,252,809
\$25,000,000 under \$50,000,000.....	594	20,486,654	594	19,605,577	564	15,790,818	406	2,623,258
\$50,000,000 under \$100,000,000.....	318	22,151,942	318	21,481,327	313	18,496,837	245	3,309,824
\$100,000,000 or more.....	313	151,034,701	313	144,403,469	308	125,265,323	244	15,033,105
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>15,593,239</b>	<b>1,712</b>	<b>10,794,165</b>	<b>779</b>	<b>9,229,159</b>	<b>321</b>	<b>1,635,235</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	911	26,660	532	13,779	*116	*3,163	*73	*2,519
\$100,000 under \$1,000,000.....	788	289,543	708	189,842	298	85,521	*44	*4,276
\$1,000,000 under \$10,000,000.....	393	1,104,051	362	825,354	268	542,368	126	62,774
\$10,000,000 under \$25,000,000.....	61	980,517	60	672,445	48	461,142	38	97,432
\$25,000,000 under \$50,000,000.....	19	698,991	19	505,224	19	342,808	16	102,796
\$50,000,000 under \$100,000,000.....	15	1,111,239	15	888,360	15	744,867	11	141,348
\$100,000,000 or more.....	16	11,382,237	16	7,699,160	15	7,049,290	13	1,224,090

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 1.--All Domestic Private Foundations, 1996: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (fair market value)--continued				Net worth (book value)		Noncharitable-use assets	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All foundations</b>								
<b>Total.....</b>	<b>27,055</b>	<b>171,621,311</b>	<b>12,551</b>	<b>20,785,294</b>	<b>49,593</b>	<b>224,496,995</b>	<b>49,851</b>	<b>245,286,965</b>
Zero or unreported.....	--	--	--	--	*147	*-57,532	497	89,679
\$1 under \$100,000.....	2,904	87,059	1,094	27,939	15,227	351,186	15,154	467,610
\$100,000 under \$1,000,000.....	11,797	3,256,070	4,370	574,096	19,296	6,371,362	19,267	6,535,537
\$1,000,000 under \$10,000,000.....	9,528	18,270,150	5,174	3,066,941	11,818	28,602,903	11,828	31,616,234
\$10,000,000 under \$25,000,000.....	1,572	14,777,679	1,011	2,353,816	1,759	20,697,953	1,759	23,486,347
\$25,000,000 under \$50,000,000.....	579	12,074,942	405	1,888,677	648	16,708,823	649	19,399,576
\$50,000,000 under \$100,000,000.....	338	14,426,755	237	1,972,795	351	18,624,973	351	21,383,516
\$100,000,000 or more.....	336	108,728,655	260	10,901,030	348	133,197,327	348	142,308,467
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>25,827</b>	<b>160,852,672</b>	<b>11,826</b>	<b>19,413,608</b>	<b>44,957</b>	<b>203,774,271</b>	<b>45,245</b>	<b>229,451,741</b>
Zero or unreported.....	--	--	--	--	*147	*-57,532	497	89,679
\$1 under \$100,000.....	2,788	84,851	1,057	26,474	13,323	302,063	13,249	429,178
\$100,000 under \$1,000,000.....	11,391	3,170,169	4,109	544,981	17,722	5,877,579	17,722	6,152,122
\$1,000,000 under \$10,000,000.....	9,019	17,442,363	4,893	2,919,099	10,910	26,442,396	10,920	29,917,432
\$10,000,000 under \$25,000,000.....	1,470	14,082,100	932	2,198,553	1,615	18,896,559	1,615	22,172,679
\$25,000,000 under \$50,000,000.....	543	11,562,663	378	1,768,458	603	15,533,566	604	18,444,317
\$50,000,000 under \$100,000,000.....	310	13,555,577	217	1,774,294	321	16,936,524	321	20,039,066
\$100,000,000 or more.....	307	100,954,949	240	10,181,747	317	119,843,114	317	132,207,270
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,227</b>	<b>10,768,638</b>	<b>724</b>	<b>1,371,686</b>	<b>4,635</b>	<b>20,722,725</b>	<b>4,607</b>	<b>15,835,224</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*116	*2,209	*37	*1,465	1,904	49,122	1,904	38,432
\$100,000 under \$1,000,000.....	406	85,901	261	29,114	1,574	493,783	1,545	383,415
\$1,000,000 under \$10,000,000.....	509	827,787	281	147,841	907	2,160,507	907	1,698,802
\$10,000,000 under \$25,000,000.....	102	695,579	79	155,262	144	1,801,394	144	1,313,668
\$25,000,000 under \$50,000,000.....	36	512,279	27	120,219	45	1,175,257	45	955,259
\$50,000,000 under \$100,000,000.....	28	871,177	20	198,501	30	1,688,449	30	1,344,450
\$100,000,000 or more.....	29	7,773,706	20	719,283	31	13,354,213	31	10,101,197
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>24,605</b>	<b>165,962,695</b>	<b>11,523</b>	<b>19,418,587</b>	<b>40,209</b>	<b>213,587,813</b>	<b>40,601</b>	<b>235,592,375</b>
Zero or unreported.....	--	--	--	--	*74	*-70,474	387	80,995
\$1 under \$100,000.....	2,489	76,245	838	23,562	10,357	257,450	10,430	395,184
\$100,000 under \$1,000,000.....	10,483	2,906,444	3,946	540,536	16,165	5,433,540	16,165	5,891,657
\$1,000,000 under \$10,000,000.....	8,954	17,261,568	4,935	2,958,591	10,701	26,324,723	10,706	29,634,547
\$10,000,000 under \$25,000,000.....	1,485	14,159,415	945	2,199,399	1,638	19,299,230	1,638	22,356,950
\$25,000,000 under \$50,000,000.....	553	11,655,233	384	1,752,339	612	15,788,440	613	18,574,420
\$50,000,000 under \$100,000,000.....	323	13,964,888	227	1,825,644	333	17,781,132	333	20,761,746
\$100,000,000 or more.....	318	105,938,903	248	10,118,516	329	128,773,771	329	137,896,875
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>23,983</b>	<b>159,110,087</b>	<b>11,143</b>	<b>18,677,270</b>	<b>38,005</b>	<b>199,804,272</b>	<b>38,397</b>	<b>225,953,707</b>
Zero or unreported.....	--	--	--	--	*74	*-70,474	387	80,995
\$1 under \$100,000.....	2,445	75,600	838	23,562	9,446	233,378	9,519	375,646
\$100,000 under \$1,000,000.....	10,230	2,849,138	3,758	516,597	15,377	5,192,261	15,377	5,672,842
\$1,000,000 under \$10,000,000.....	8,717	16,861,395	4,804	2,879,170	10,308	25,398,030	10,313	28,872,107
\$10,000,000 under \$25,000,000.....	1,442	13,847,939	916	2,147,165	1,577	18,488,414	1,577	21,827,066
\$25,000,000 under \$50,000,000.....	538	11,446,800	375	1,720,760	593	15,260,206	594	18,195,741
\$50,000,000 under \$100,000,000.....	308	13,486,409	215	1,700,603	318	16,814,210	318	19,962,619
\$100,000,000 or more.....	303	100,542,805	237	9,689,413	313	118,488,247	313	130,966,691
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>622</b>	<b>6,852,608</b>	<b>380</b>	<b>741,317</b>	<b>2,204</b>	<b>13,783,541</b>	<b>2,204</b>	<b>9,638,668</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*43	*644	--	--	911	24,072	911	19,538
\$100,000 under \$1,000,000.....	253	57,306	188	23,939	788	241,279	788	218,816
\$1,000,000 under \$10,000,000.....	237	400,173	131	79,421	393	926,692	393	762,440
\$10,000,000 under \$25,000,000.....	43	311,476	29	52,234	61	810,816	61	529,884
\$25,000,000 under \$50,000,000.....	15	208,432	9	31,579	19	528,235	19	378,679
\$50,000,000 under \$100,000,000.....	15	478,479	12	125,040	15	966,922	15	799,127
\$100,000,000 or more.....	15	5,396,097	11	429,103	16	10,285,525	16	6,930,184

Footnotes at end of table.



# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 1.--All Domestic Private Foundations, 1996: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1996		Excess distributions carryover to 1997	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>All foundations</b>										
<b>Total.....</b>	<b>49,533</b>	<b>12,196,510</b>	<b>44,634</b>	<b>11,175,284</b>	<b>46,084</b>	<b>17,850,017</b>	<b>14,724</b>	<b>3,030,490</b>	<b>30,509</b>	<b>19,481,851</b>
Zero or unreported.....	497	4,484	497	4,386	796	203,850	--	--	832	934,538
\$1 under \$100,000.....	14,862	21,257	12,811	17,902	12,738	508,366	2,845	2,790	10,185	1,440,832
\$100,000 under \$1,000,000.....	19,241	320,836	17,591	294,911	18,051	1,067,716	6,041	68,264	11,601	2,366,863
\$1,000,000 under \$10,000,000.....	11,828	1,565,732	10,884	1,446,215	11,426	3,107,185	4,551	386,584	6,329	5,649,364
\$10,000,000 under \$25,000,000.....	1,759	1,166,614	1,612	1,076,322	1,735	1,901,689	731	308,490	878	2,744,016
\$25,000,000 under \$50,000,000.....	649	965,218	602	919,309	643	1,556,448	247	246,129	356	2,256,135
\$50,000,000 under \$100,000,000.....	351	1,067,693	321	970,489	349	1,319,595	152	318,153	169	1,343,879
\$100,000,000 or more.....	348	7,084,676	317	6,445,750	347	8,185,168	158	1,700,079	159	2,746,224
<b>Nonoperating foundations</b>										
<b>Total.....</b>	<b>45,026</b>	<b>11,404,975</b>	<b>44,634</b>	<b>11,175,284</b>	<b>41,819</b>	<b>15,831,911</b>	<b>14,724</b>	<b>3,030,490</b>	<b>30,509</b>	<b>19,481,851</b>
Zero or unreported.....	497	4,484	497	4,386	796	203,850	--	--	832	934,538
\$1 under \$100,000.....	13,030	19,343	12,811	17,902	11,023	466,766	2,845	2,790	10,185	1,440,832
\$100,000 under \$1,000,000.....	17,722	301,673	17,591	294,911	16,615	907,570	6,041	68,264	11,601	2,366,863
\$1,000,000 under \$10,000,000.....	10,920	1,480,837	10,884	1,446,215	10,557	2,764,739	4,551	386,584	6,329	5,649,364
\$10,000,000 under \$25,000,000.....	1,615	1,100,991	1,612	1,076,322	1,596	1,690,508	731	308,490	878	2,744,016
\$25,000,000 under \$50,000,000.....	604	917,455	602	919,309	598	1,450,270	247	246,129	356	2,256,135
\$50,000,000 under \$100,000,000.....	321	1,000,575	321	970,489	319	1,165,869	152	318,153	169	1,343,879
\$100,000,000 or more.....	317	6,579,616	317	6,445,750	316	7,182,338	158	1,700,079	159	2,746,224
<b>Operating foundations</b>										
<b>Total.....</b>	<b>4,508</b>	<b>791,535</b>	<b>N/A</b>	<b>N/A</b>	<b>4,265</b>	<b>2,018,106</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,831	1,914	N/A	N/A	1,715	41,600	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	1,519	19,163	N/A	N/A	1,436	160,146	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	907	84,895	N/A	N/A	869	342,446	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	144	65,623	N/A	N/A	139	211,181	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	45	47,763	N/A	N/A	45	106,177	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	30	67,118	N/A	N/A	30	153,726	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	31	505,060	N/A	N/A	31	1,002,830	N/A	N/A	N/A	N/A
<b>Grantmaking foundations</b>										
<b>Total.....</b>	<b>40,491</b>	<b>11,763,107</b>	<b>38,157</b>	<b>11,049,006</b>	<b>40,863</b>	<b>16,886,730</b>	<b>11,367</b>	<b>2,965,138</b>	<b>27,221</b>	<b>18,254,782</b>
Zero or unreported.....	387	4,050	387	3,958	613	202,867	--	--	613	606,644
\$1 under \$100,000.....	10,320	17,750	9,373	15,401	10,466	476,987	1,210	1,429	8,309	1,321,207
\$100,000 under \$1,000,000.....	16,165	292,675	15,300	275,174	16,165	919,937	4,744	58,512	10,618	2,142,117
\$1,000,000 under \$10,000,000.....	10,706	1,479,469	10,298	1,406,449	10,706	2,818,918	4,154	368,156	6,145	5,252,792
\$10,000,000 under \$25,000,000.....	1,638	1,112,440	1,577	1,062,036	1,638	1,738,691	712	301,789	860	2,709,770
\$25,000,000 under \$50,000,000.....	613	926,350	592	904,849	613	1,483,908	240	239,921	353	2,249,826
\$50,000,000 under \$100,000,000.....	333	1,036,605	318	966,717	333	1,223,317	151	317,505	167	1,228,097
\$100,000,000 or more.....	329	6,893,770	313	6,414,421	329	8,022,105	156	1,677,827	157	2,744,330
<b>Grantmaking-nonoperating foundations</b>										
<b>Total.....</b>	<b>38,324</b>	<b>11,281,286</b>	<b>38,157</b>	<b>11,049,006</b>	<b>38,659</b>	<b>15,655,264</b>	<b>11,367</b>	<b>2,965,138</b>	<b>27,221</b>	<b>18,254,782</b>
Zero or unreported.....	387	4,050	387	3,958	613	202,867	--	--	613	606,644
\$1 under \$100,000.....	9,446	16,780	9,373	15,401	9,555	448,216	1,210	1,429	8,309	1,321,207
\$100,000 under \$1,000,000.....	15,377	281,735	15,300	275,174	15,377	836,152	4,744	58,512	10,618	2,142,117
\$1,000,000 under \$10,000,000.....	10,313	1,441,346	10,298	1,406,449	10,313	2,706,022	4,154	368,156	6,145	5,252,792
\$10,000,000 under \$25,000,000.....	1,577	1,085,945	1,577	1,062,036	1,577	1,679,821	712	301,789	860	2,709,770
\$25,000,000 under \$50,000,000.....	594	907,416	592	904,849	594	1,447,608	240	239,921	353	2,249,826
\$50,000,000 under \$100,000,000.....	318	996,753	318	966,717	318	1,159,226	151	317,505	167	1,228,097
\$100,000,000 or more.....	313	6,547,261	313	6,414,421	313	7,175,351	156	1,677,827	157	2,744,330
<b>Grantmaking-operating foundations</b>										
<b>Total.....</b>	<b>2,167</b>	<b>481,821</b>	<b>N/A</b>	<b>N/A</b>	<b>2,204</b>	<b>1,231,466</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	875	969	N/A	N/A	911	28,771	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	788	10,941	N/A	N/A	788	83,785	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	393	38,122	N/A	N/A	393	112,896	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	61	26,494	N/A	N/A	61	58,870	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	19	18,934	N/A	N/A	19	36,299	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	15	39,852	N/A	N/A	15	64,090	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	16	346,509	N/A	N/A	16	846,754	N/A	N/A	N/A	N/A

N/A--Not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in column 13 may be negative due to reported negative revenue amounts or to reported expenses in excess of revenue.

<sup>2</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that private foundations actually disbursed for charitable purposes for 1996 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 5) because private foundations may use either the cash disbursement or the accrual method of accounting.

NOTE: Detail may not add to totals because of rounding.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 2.--All Domestic Private Foundations, 1997: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All foundations</b>									
<b>Total.....</b>	<b>55,113</b>	<b>53,884</b>	<b>55,459,904</b>	<b>28,870</b>	<b>20,223,968</b>	<b>38,197</b>	<b>8,295,218</b>	<b>28,777</b>	<b>23,538,174</b>
Zero or unreported.....	1,337	1,116	52,518	700	43,335	*232	*1,604	*121	*3,206
\$1 under \$100,000.....	15,454	14,533	607,494	9,042	574,992	5,454	11,307	2,727	-1,121
\$100,000 under \$1,000,000.....	20,643	20,566	2,727,219	10,479	1,932,585	16,310	219,065	11,423	380,710
\$1,000,000 under \$10,000,000.....	14,059	14,053	10,151,245	6,949	5,434,174	12,747	1,154,987	11,237	2,877,792
\$10,000,000 under \$25,000,000.....	2,028	2,025	5,901,234	968	2,533,217	1,918	821,469	1,797	2,073,939
\$25,000,000 under \$50,000,000.....	764	763	4,920,438	361	2,146,495	727	681,924	696	1,704,076
\$50,000,000 under \$100,000,000.....	420	420	5,119,086	189	1,909,981	408	776,281	389	2,147,560
\$100,000,000 or more.....	407	407	25,980,671	181	5,649,189	401	4,628,580	386	14,352,012
<b>Nonoperating foundations</b>									
<b>Total.....</b>	<b>50,541</b>	<b>49,560</b>	<b>51,029,987</b>	<b>25,734</b>	<b>18,645,536</b>	<b>36,472</b>	<b>7,810,069</b>	<b>27,542</b>	<b>21,884,722</b>
Zero or unreported.....	1,190	969	38,582	590	31,136	*232	*1,604	*121	*3,206
\$1 under \$100,000.....	13,796	13,096	529,183	7,974	499,974	5,233	10,742	2,653	-1,158
\$100,000 under \$1,000,000.....	19,103	19,052	2,390,493	9,498	1,682,790	15,628	208,040	10,965	382,752
\$1,000,000 under \$10,000,000.....	13,111	13,106	9,447,145	6,203	5,014,086	12,161	1,108,362	10,758	2,769,251
\$10,000,000 under \$25,000,000.....	1,863	1,860	5,342,740	834	2,292,690	1,784	773,719	1,673	1,979,581
\$25,000,000 under \$50,000,000.....	715	714	4,626,750	320	2,013,175	683	651,674	654	1,643,300
\$50,000,000 under \$100,000,000.....	392	392	4,710,405	166	1,769,880	384	728,928	365	1,967,923
\$100,000,000 or more.....	371	371	23,944,690	150	5,341,805	367	4,327,001	353	13,139,867
<b>Operating foundations</b>									
<b>Total.....</b>	<b>4,572</b>	<b>4,325</b>	<b>4,429,917</b>	<b>3,136</b>	<b>1,578,432</b>	<b>1,724</b>	<b>485,149</b>	<b>1,235</b>	<b>1,653,452</b>
Zero or unreported.....	*147	*147	*13,936	*111	*12,200	--	--	--	--
\$1 under \$100,000.....	1,658	1,437	78,312	1,069	75,018	*221	*566	*74	*37
\$100,000 under \$1,000,000.....	1,541	1,515	336,726	981	249,795	682	11,024	459	-2,042
\$1,000,000 under \$10,000,000.....	947	947	704,100	747	420,088	585	46,626	480	108,540
\$10,000,000 under \$25,000,000.....	165	165	558,494	134	240,527	134	47,751	124	94,358
\$25,000,000 under \$50,000,000.....	49	49	293,688	41	133,320	44	30,251	42	60,776
\$50,000,000 under \$100,000,000.....	28	28	408,681	23	140,102	24	47,354	24	179,637
\$100,000,000 or more.....	36	36	2,035,981	31	307,384	34	301,578	33	1,212,145
<b>Grantmaking foundations</b>									
<b>Total.....</b>	<b>44,577</b>	<b>44,218</b>	<b>50,953,500</b>	<b>22,007</b>	<b>17,284,869</b>	<b>34,420</b>	<b>8,075,224</b>	<b>26,494</b>	<b>22,847,059</b>
Zero or unreported.....	785	711	35,596	332	28,345	*232	*1,604	*121	*3,206
\$1 under \$100,000.....	10,318	10,097	515,558	6,117	496,541	4,348	9,656	2,211	-1,932
\$100,000 under \$1,000,000.....	17,467	17,404	2,122,083	8,178	1,454,063	14,669	205,339	10,499	353,184
\$1,000,000 under \$10,000,000.....	12,627	12,627	8,621,562	5,871	4,437,283	11,904	1,102,896	10,556	2,655,306
\$10,000,000 under \$25,000,000.....	1,877	1,875	5,311,896	853	2,221,500	1,806	782,348	1,703	1,991,342
\$25,000,000 under \$50,000,000.....	723	723	4,442,740	329	1,805,563	692	649,708	663	1,654,110
\$50,000,000 under \$100,000,000.....	391	391	4,560,636	161	1,547,437	383	749,429	369	2,010,959
\$100,000,000 or more.....	390	390	25,343,430	166	5,294,137	385	4,574,235	372	14,180,884
<b>Grantmaking-nonoperating foundations</b>									
<b>Total.....</b>	<b>42,337</b>	<b>42,040</b>	<b>47,953,815</b>	<b>20,561</b>	<b>16,228,750</b>	<b>33,458</b>	<b>7,733,355</b>	<b>25,840</b>	<b>21,539,196</b>
Zero or unreported.....	748	674	34,922	295	27,671	*232	*1,604	*121	*3,206
\$1 under \$100,000.....	9,470	9,286	464,401	5,601	447,329	4,201	9,294	2,211	-1,932
\$100,000 under \$1,000,000.....	16,600	16,563	1,952,956	7,668	1,302,990	14,258	196,622	10,178	357,328
\$1,000,000 under \$10,000,000.....	12,261	12,261	8,267,099	5,590	4,212,807	11,608	1,079,580	10,322	2,585,544
\$10,000,000 under \$25,000,000.....	1,811	1,809	5,047,690	799	2,062,166	1,751	763,990	1,652	1,943,005
\$25,000,000 under \$50,000,000.....	700	700	4,287,645	308	1,717,181	671	636,302	644	1,624,039
\$50,000,000 under \$100,000,000.....	378	378	4,304,823	152	1,450,957	372	724,897	359	1,898,187
\$100,000,000 or more.....	369	369	23,594,278	148	5,007,650	365	4,321,067	352	13,129,818
<b>Grantmaking-operating foundations</b>									
<b>Total.....</b>	<b>2,240</b>	<b>2,178</b>	<b>2,999,686</b>	<b>1,446</b>	<b>1,056,119</b>	<b>962</b>	<b>341,869</b>	<b>655</b>	<b>1,307,863</b>
Zero or unreported.....	*37	*37	*674	*37	*674	--	--	--	--
\$1 under \$100,000.....	848	811	51,157	516	49,212	*147	*372	--	--
\$100,000 under \$1,000,000.....	867	841	169,127	510	151,073	411	8,718	322	-4,144
\$1,000,000 under \$10,000,000.....	366	366	354,464	281	224,477	297	23,316	233	69,761
\$10,000,000 under \$25,000,000.....	66	66	264,206	54	159,334	55	18,358	51	48,337
\$25,000,000 under \$50,000,000.....	23	23	155,095	21	88,382	21	13,406	19	30,071
\$50,000,000 under \$100,000,000.....	13	13	255,812	9	96,480	11	24,528	10	112,772
\$100,000,000 or more.....	21	21	1,749,151	18	286,487	20	253,172	20	1,051,066

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 2.--All Domestic Private Foundations, 1997: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses <sup>1</sup>		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All foundations</b>								
<b>Total.....</b>	<b>52,921</b>	<b>22,413,587</b>	<b>53,913</b>	<b>33,046,317</b>	<b>47,343</b>	<b>34,801,242</b>	<b>49,478</b>	<b>19,076,388</b>
Zero or unreported.....	1,264	87,392	969	-34,874	416	6,548	1,006	77,729
\$1 under \$100,000.....	14,128	642,867	14,754	-35,373	10,613	39,270	12,308	607,024
\$100,000 under \$1,000,000.....	20,084	1,371,376	20,546	1,355,842	19,153	958,415	19,120	1,189,249
\$1,000,000 under \$10,000,000.....	13,849	3,916,401	14,027	6,234,844	13,579	4,844,994	13,473	3,233,011
\$10,000,000 under \$25,000,000.....	2,016	2,514,661	2,027	3,386,573	1,999	3,345,514	1,996	2,184,370
\$25,000,000 under \$50,000,000.....	761	1,977,206	763	2,943,232	759	2,771,427	759	1,715,297
\$50,000,000 under \$100,000,000.....	412	1,836,102	420	3,282,983	417	3,293,580	411	1,561,016
\$100,000,000 or more.....	407	10,067,582	407	15,913,089	407	19,541,494	406	8,508,692
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>48,527</b>	<b>19,989,943</b>	<b>49,588</b>	<b>31,040,043</b>	<b>44,032</b>	<b>32,389,808</b>	<b>45,542</b>	<b>17,231,192</b>
Zero or unreported.....	1,116	72,998	858	-34,416	416	6,548	932	65,529
\$1 under \$100,000.....	12,617	558,867	13,280	-29,685	9,692	37,780	10,908	526,833
\$100,000 under \$1,000,000.....	18,558	946,362	19,020	1,444,131	17,818	924,248	17,781	862,563
\$1,000,000 under \$10,000,000.....	12,917	3,528,196	13,090	5,918,949	12,792	4,678,392	12,616	2,951,434
\$10,000,000 under \$25,000,000.....	1,852	2,202,154	1,862	3,140,585	1,841	3,185,572	1,840	1,958,737
\$25,000,000 under \$50,000,000.....	712	1,793,323	714	2,833,427	712	2,654,483	712	1,568,704
\$50,000,000 under \$100,000,000.....	384	1,683,763	392	3,026,642	390	3,055,354	383	1,451,868
\$100,000,000 or more.....	371	9,204,281	371	14,740,409	371	17,847,431	370	7,845,524
<b>Operating foundations</b>								
<b>Total.....</b>	<b>4,393</b>	<b>2,423,644</b>	<b>4,326</b>	<b>2,006,273</b>	<b>3,311</b>	<b>2,411,435</b>	<b>3,936</b>	<b>1,845,196</b>
Zero or unreported.....	*147	*14,394	*111	*-458	--	--	*74	*12,199
\$1 under \$100,000.....	1,511	84,000	1,474	-5,688	921	1,490	1,400	80,191
\$100,000 under \$1,000,000.....	1,527	425,014	1,527	-88,288	1,335	34,168	1,338	326,686
\$1,000,000 under \$10,000,000.....	931	388,205	937	315,895	787	166,602	857	281,578
\$10,000,000 under \$25,000,000.....	164	312,506	165	245,988	158	159,942	156	225,633
\$25,000,000 under \$50,000,000.....	49	183,883	49	109,804	47	116,944	47	146,593
\$50,000,000 under \$100,000,000.....	28	152,339	28	256,342	27	238,226	28	109,148
\$100,000,000 or more.....	36	863,301	36	1,172,680	36	1,694,064	36	663,168
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>44,577</b>	<b>21,169,109</b>	<b>44,212</b>	<b>29,784,391</b>	<b>41,130</b>	<b>33,671,713</b>	<b>44,577</b>	<b>18,421,325</b>
Zero or unreported.....	785	68,211	674	-32,615	416	6,548	785	65,939
\$1 under \$100,000.....	10,318	584,986	10,097	-69,428	8,070	30,688	10,318	571,932
\$100,000 under \$1,000,000.....	17,467	1,195,819	17,438	926,263	16,861	890,859	17,467	1,099,959
\$1,000,000 under \$10,000,000.....	12,627	3,462,227	12,622	5,159,335	12,419	4,472,107	12,627	3,066,721
\$10,000,000 under \$25,000,000.....	1,877	2,308,688	1,877	3,003,208	1,862	3,177,607	1,877	2,050,359
\$25,000,000 under \$50,000,000.....	723	1,901,869	723	2,540,871	722	2,671,548	723	1,664,496
\$50,000,000 under \$100,000,000.....	391	1,740,714	391	2,819,922	390	3,122,621	391	1,498,320
\$100,000,000 or more.....	390	9,906,595	390	15,436,835	390	19,299,735	390	8,403,600
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>42,337</b>	<b>19,583,665</b>	<b>42,009</b>	<b>28,370,149</b>	<b>39,344</b>	<b>31,807,085</b>	<b>42,337</b>	<b>17,104,571</b>
Zero or unreported.....	748	67,537	637	-32,615	416	6,548	748	65,265
\$1 under \$100,000.....	9,470	522,855	9,286	-58,454	7,481	29,804	9,470	513,075
\$100,000 under \$1,000,000.....	16,600	886,375	16,571	1,066,580	16,100	862,651	16,600	817,655
\$1,000,000 under \$10,000,000.....	12,261	3,282,993	12,256	4,984,105	12,101	4,383,667	12,261	2,915,189
\$10,000,000 under \$25,000,000.....	1,811	2,177,767	1,811	2,869,923	1,800	3,106,845	1,811	1,949,055
\$25,000,000 under \$50,000,000.....	700	1,779,502	700	2,508,142	700	2,604,184	700	1,558,223
\$50,000,000 under \$100,000,000.....	378	1,667,369	378	2,637,455	377	2,981,489	378	1,444,050
\$100,000,000 or more.....	369	9,199,267	369	14,395,011	369	17,831,897	369	7,842,060
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,240</b>	<b>1,585,443</b>	<b>2,204</b>	<b>1,414,242</b>	<b>1,786</b>	<b>1,864,628</b>	<b>2,240</b>	<b>1,316,754</b>
Zero or unreported.....	*37	*675	*37	*(- <sup>3</sup> )	--	--	*37	*675
\$1 under \$100,000.....	848	62,131	811	-10,974	590	885	848	58,857
\$100,000 under \$1,000,000.....	867	309,444	867	-140,317	761	28,208	867	282,305
\$1,000,000 under \$10,000,000.....	366	179,234	366	175,230	318	88,440	366	151,531
\$10,000,000 under \$25,000,000.....	66	130,921	66	133,285	62	70,762	66	101,305
\$25,000,000 under \$50,000,000.....	23	122,367	23	32,729	22	67,364	23	106,273
\$50,000,000 under \$100,000,000.....	13	73,346	13	182,467	13	141,132	13	54,269
\$100,000,000 or more.....	21	707,328	21	1,041,824	21	1,467,838	21	561,540

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 2.--All Domestic Private Foundations, 1997: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on net investment income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All foundations</b>								
<b>Total.....</b>	<b>44,577</b>	<b>16,420,991</b>	<b>45,032</b>	<b>501,864</b>	<b>53,934</b>	<b>280,920,320</b>	<b>47,588</b>	<b>262,211,013</b>
Zero or unreported.....	785	64,930	*306	*101	*158	*40,272	*158	*39,649
\$1 under \$100,000.....	10,318	537,213	9,176	647	15,454	472,609	10,516	371,819
\$100,000 under \$1,000,000.....	17,467	965,989	18,742	14,970	20,643	7,061,889	19,495	6,092,836
\$1,000,000 under \$10,000,000.....	12,627	2,822,826	13,342	78,391	14,059	34,376,381	13,809	31,472,105
\$10,000,000 under \$25,000,000.....	1,877	1,907,033	1,941	51,522	2,028	24,346,431	2,019	22,595,983
\$25,000,000 under \$50,000,000.....	723	1,534,139	733	42,835	764	20,493,926	763	19,188,393
\$50,000,000 under \$100,000,000.....	391	1,363,113	405	49,921	420	22,512,170	420	21,453,940
\$100,000,000 or more.....	390	7,225,748	388	263,477	407	171,616,642	407	160,996,288
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>42,337</b>	<b>15,855,040</b>	<b>42,445</b>	<b>487,295</b>	<b>49,509</b>	<b>256,409,270</b>	<b>44,196</b>	<b>242,989,196</b>
Zero or unreported.....	748	64,276	*306	*101	*158	*40,272	*158	*39,649
\$1 under \$100,000.....	9,470	499,125	8,476	629	13,796	421,541	9,595	339,318
\$100,000 under \$1,000,000.....	16,600	778,630	17,623	14,580	19,103	6,462,134	18,120	5,781,603
\$1,000,000 under \$10,000,000.....	12,261	2,790,943	12,740	76,205	13,111	31,810,863	12,990	29,932,627
\$10,000,000 under \$25,000,000.....	1,811	1,846,432	1,833	49,799	1,863	22,047,552	1,856	20,984,620
\$25,000,000 under \$50,000,000.....	700	1,460,995	708	41,621	715	18,910,111	714	18,051,514
\$50,000,000 under \$100,000,000.....	378	1,356,101	389	46,888	392	20,662,409	392	20,007,511
\$100,000,000 or more.....	369	7,058,537	371	257,472	371	156,054,387	371	147,852,353
<b>Operating foundations</b>								
<b>Total.....</b>	<b>2,240</b>	<b>565,952</b>	<b>2,587</b>	<b>14,568</b>	<b>4,424</b>	<b>24,511,051</b>	<b>3,392</b>	<b>19,221,817</b>
Zero or unreported.....	*37	*654	--	--	--	--	--	--
\$1 under \$100,000.....	848	38,088	700	18	1,658	51,068	921	32,500
\$100,000 under \$1,000,000.....	867	187,359	1,119	391	1,541	599,755	1,375	311,233
\$1,000,000 under \$10,000,000.....	366	31,883	602	2,186	947	2,565,518	819	1,539,478
\$10,000,000 under \$25,000,000.....	66	60,600	108	1,723	165	2,298,879	163	1,611,363
\$25,000,000 under \$50,000,000.....	23	73,144	25	1,214	49	1,583,815	49	1,136,879
\$50,000,000 under \$100,000,000.....	13	7,013	16	3,033	28	1,849,761	28	1,446,429
\$100,000,000 or more.....	21	167,211	17	6,005	36	15,562,255	36	13,143,935
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>44,577</b>	<b>16,420,991</b>	<b>39,733</b>	<b>487,087</b>	<b>43,914</b>	<b>269,226,680</b>	<b>40,554</b>	<b>253,385,651</b>
Zero or unreported.....	785	64,930	*306	*101	*121	*27,359	*121	*27,359
\$1 under \$100,000.....	10,318	537,213	7,075	485	10,318	330,115	7,702	265,040
\$100,000 under \$1,000,000.....	17,467	965,989	16,666	13,727	17,467	6,024,059	16,815	5,437,043
\$1,000,000 under \$10,000,000.....	12,627	2,822,826	12,367	71,896	12,627	31,017,974	12,542	29,189,588
\$10,000,000 under \$25,000,000.....	1,877	1,907,033	1,840	49,142	1,877	22,410,253	1,871	21,176,706
\$25,000,000 under \$50,000,000.....	723	1,534,139	711	41,534	723	19,303,784	722	18,288,243
\$50,000,000 under \$100,000,000.....	391	1,363,113	387	48,346	391	21,048,536	391	20,221,443
\$100,000,000 or more.....	390	7,225,748	381	261,857	390	169,064,601	390	158,780,229
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>42,337</b>	<b>15,855,040</b>	<b>38,156</b>	<b>476,597</b>	<b>41,711</b>	<b>251,708,570</b>	<b>38,654</b>	<b>239,104,143</b>
Zero or unreported.....	748	64,276	*306	*101	*121	*27,359	*121	*27,359
\$1 under \$100,000.....	9,470	499,125	6,596	474	9,470	302,775	7,075	245,391
\$100,000 under \$1,000,000.....	16,600	778,630	15,959	13,396	16,600	5,700,963	16,003	5,234,461
\$1,000,000 under \$10,000,000.....	12,261	2,790,943	12,059	70,402	12,261	30,018,872	12,203	28,516,187
\$10,000,000 under \$25,000,000.....	1,811	1,846,432	1,793	48,264	1,811	21,450,433	1,806	20,499,622
\$25,000,000 under \$50,000,000.....	700	1,460,995	697	40,713	700	18,522,444	699	17,686,395
\$50,000,000 under \$100,000,000.....	378	1,356,101	377	45,942	378	20,130,140	378	19,524,433
\$100,000,000 or more.....	369	7,058,537	369	257,305	369	155,555,584	369	147,370,296
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,240</b>	<b>565,952</b>	<b>1,576</b>	<b>10,490</b>	<b>2,204</b>	<b>17,518,110</b>	<b>1,900</b>	<b>14,281,508</b>
Zero or unreported.....	*37	*654	--	--	--	--	--	--
\$1 under \$100,000.....	848	38,088	479	11	848	27,340	626	19,649
\$100,000 under \$1,000,000.....	867	187,359	707	331	867	323,096	813	202,582
\$1,000,000 under \$10,000,000.....	366	31,883	307	1,493	366	999,102	339	673,401
\$10,000,000 under \$25,000,000.....	66	60,600	47	877	66	959,819	65	677,084
\$25,000,000 under \$50,000,000.....	23	73,144	14	821	23	781,341	23	601,848
\$50,000,000 under \$100,000,000.....	13	7,013	10	2,404	13	918,397	13	697,010
\$100,000,000 or more.....	21	167,211	12	4,552	21	13,509,017	21	11,409,934

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 2.--All Domestic Private Foundations, 1997: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>All foundations</b>								
<b>Total.....</b>	<b>35,574</b>	<b>216,268,094</b>	<b>15,099</b>	<b>37,082,670</b>	<b>31,247</b>	<b>151,204,377</b>	<b>14,206</b>	<b>27,981,047</b>
Zero or unreported.....	*11	*23,834	--	--	*11	*23,834	--	--
\$1 under \$100,000.....	4,385	146,614	1,179	25,914	3,280	91,056	1,179	29,644
\$100,000 under \$1,000,000.....	15,099	3,978,388	5,046	775,288	12,911	2,599,651	4,764	603,449
\$1,000,000 under \$10,000,000.....	12,648	23,903,366	6,548	5,221,775	11,747	15,146,987	6,038	3,534,604
\$10,000,000 under \$25,000,000.....	1,904	17,505,967	1,228	3,786,609	1,810	10,945,973	1,165	2,773,385
\$25,000,000 under \$50,000,000.....	722	15,004,219	500	3,210,681	700	9,522,875	474	2,270,663
\$50,000,000 under \$100,000,000.....	405	17,156,843	291	3,714,624	398	10,946,871	282	2,495,348
\$100,000,000 or more.....	400	138,548,864	307	20,347,780	390	101,927,130	303	16,273,955
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>33,976</b>	<b>201,705,086</b>	<b>14,443</b>	<b>34,406,720</b>	<b>29,937</b>	<b>141,189,361</b>	<b>13,562</b>	<b>26,109,005</b>
Zero or unreported.....	*11	*23,834	--	--	*11	*23,834	--	--
\$1 under \$100,000.....	4,127	135,680	1,142	24,070	3,095	82,335	1,142	29,276
\$100,000 under \$1,000,000.....	14,561	3,863,439	4,898	753,423	12,492	2,530,916	4,573	579,101
\$1,000,000 under \$10,000,000.....	12,084	22,959,103	6,244	4,984,615	11,257	14,552,547	5,781	3,421,940
\$10,000,000 under \$25,000,000.....	1,773	16,348,605	1,135	3,527,842	1,691	10,242,238	1,081	2,578,525
\$25,000,000 under \$50,000,000.....	679	14,268,608	468	3,055,949	663	9,108,652	444	2,104,007
\$50,000,000 under \$100,000,000.....	377	16,110,834	273	3,457,010	371	10,350,689	263	2,303,135
\$100,000,000 or more.....	365	127,994,982	283	18,603,811	357	94,298,150	278	15,093,022
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,598</b>	<b>14,563,008</b>	<b>656</b>	<b>2,675,951</b>	<b>1,310</b>	<b>10,015,016</b>	<b>643</b>	<b>1,872,042</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*258	*10,933	*37	*1,844	*184	*8,721	*37	*369
\$100,000 under \$1,000,000.....	539	114,949	*148	*21,866	419	68,736	191	24,348
\$1,000,000 under \$10,000,000.....	564	944,263	304	237,160	491	594,440	257	112,663
\$10,000,000 under \$25,000,000.....	131	1,157,362	93	258,766	119	703,735	84	194,860
\$25,000,000 under \$50,000,000.....	43	735,610	32	154,732	37	414,222	30	166,656
\$50,000,000 under \$100,000,000.....	28	1,046,009	18	257,614	27	596,182	19	192,213
\$100,000,000 or more.....	35	10,553,882	24	1,743,969	33	7,628,980	25	1,180,933
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>31,623</b>	<b>210,007,161</b>	<b>13,968</b>	<b>35,906,863</b>	<b>27,890</b>	<b>147,045,001</b>	<b>13,193</b>	<b>27,055,297</b>
Zero or unreported.....	*11	*23,834	--	--	*11	*23,834	--	--
\$1 under \$100,000.....	3,390	113,912	995	22,397	2,506	65,178	1,032	26,337
\$100,000 under \$1,000,000.....	13,287	3,561,763	4,659	735,625	11,361	2,266,504	4,342	559,634
\$1,000,000 under \$10,000,000.....	11,704	22,551,589	6,123	4,922,735	10,898	14,226,651	5,721	3,402,203
\$10,000,000 under \$25,000,000.....	1,785	16,506,689	1,149	3,584,299	1,699	10,326,246	1,091	2,596,144
\$25,000,000 under \$50,000,000.....	686	14,338,040	477	3,121,582	668	9,100,813	453	2,115,646
\$50,000,000 under \$100,000,000.....	377	16,255,199	269	3,447,877	372	10,496,205	262	2,311,117
\$100,000,000 or more.....	383	136,656,135	297	20,072,350	375	100,539,570	292	16,044,216
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>30,715</b>	<b>199,027,823</b>	<b>13,627</b>	<b>33,973,033</b>	<b>27,205</b>	<b>139,266,056</b>	<b>12,865</b>	<b>25,788,734</b>
Zero or unreported.....	*11	*23,834	--	--	*11	*23,834	--	--
\$1 under \$100,000.....	3,206	106,944	958	20,553	2,395	60,423	995	25,969
\$100,000 under \$1,000,000.....	12,939	3,490,585	4,553	719,327	11,119	2,230,302	4,231	540,956
\$1,000,000 under \$10,000,000.....	11,434	22,084,788	5,996	4,804,403	10,660	13,930,015	5,605	3,350,369
\$10,000,000 under \$25,000,000.....	1,732	16,028,529	1,115	3,478,520	1,654	10,019,224	1,064	2,530,785
\$25,000,000 under \$50,000,000.....	666	13,993,270	462	3,020,830	652	8,911,521	439	2,060,920
\$50,000,000 under \$100,000,000.....	364	15,781,952	261	3,339,573	359	10,223,018	254	2,219,362
\$100,000,000 or more.....	363	127,517,920	282	18,589,828	355	93,867,719	277	15,060,374
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>908</b>	<b>10,979,338</b>	<b>341</b>	<b>1,933,831</b>	<b>685</b>	<b>7,778,945</b>	<b>328</b>	<b>1,266,562</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*184	*6,968	*37	*1,844	*111	*4,755	*37	*369
\$100,000 under \$1,000,000.....	347	71,178	*105	*16,298	242	36,202	*111	*18,677
\$1,000,000 under \$10,000,000.....	270	466,801	127	118,332	238	296,635	116	51,834
\$10,000,000 under \$25,000,000.....	53	478,160	34	105,779	45	307,022	27	65,359
\$25,000,000 under \$50,000,000.....	20	344,770	15	100,752	16	189,292	14	54,726
\$50,000,000 under \$100,000,000.....	13	473,247	8	108,304	13	273,187	8	91,755
\$100,000,000 or more.....	20	9,138,215	15	1,482,522	20	6,671,851	15	983,842

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 2.--All Domestic Private Foundations, 1997: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All foundations</b>								
<b>Total.....</b>	<b>53,775</b>	<b>342,688,539</b>	<b>47,409</b>	<b>323,004,223</b>	<b>35,520</b>	<b>272,412,404</b>	<b>15,111</b>	<b>38,512,297</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	15,454	483,008	10,480	381,650	4,348	176,680	1,179	27,443
\$100,000 under \$1,000,000.....	20,643	8,302,510	19,507	7,348,184	15,096	5,141,936	5,046	809,150
\$1,000,000 under \$10,000,000.....	14,059	43,815,841	13,814	40,711,275	12,642	32,659,474	6,558	5,449,832
\$10,000,000 under \$25,000,000.....	2,028	31,868,337	2,020	29,964,142	1,905	24,431,673	1,228	3,927,629
\$25,000,000 under \$50,000,000.....	764	26,936,697	762	25,555,485	722	20,885,159	500	3,320,521
\$50,000,000 under \$100,000,000.....	420	29,481,351	420	28,326,352	405	23,530,377	291	3,807,587
\$100,000,000 or more.....	407	201,800,796	407	190,717,133	401	165,587,105	308	21,170,135
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>49,351</b>	<b>314,368,030</b>	<b>44,017</b>	<b>300,693,393</b>	<b>33,921</b>	<b>256,081,437</b>	<b>14,454</b>	<b>35,721,339</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	13,796	431,245	9,558	348,941	4,090	165,564	1,142	25,597
\$100,000 under \$1,000,000.....	19,103	7,671,087	18,131	6,998,862	14,557	4,996,946	4,898	786,458
\$1,000,000 under \$10,000,000.....	13,111	40,814,989	12,995	38,859,693	12,078	31,447,859	6,254	5,203,518
\$10,000,000 under \$25,000,000.....	1,863	29,263,649	1,857	28,115,938	1,774	23,055,133	1,135	3,665,387
\$25,000,000 under \$50,000,000.....	715	25,118,605	713	24,225,936	679	20,024,591	468	3,158,028
\$50,000,000 under \$100,000,000.....	392	27,471,648	392	26,755,358	377	22,434,130	273	3,548,833
\$100,000,000 or more.....	371	183,596,807	371	175,388,664	365	153,957,214	283	19,333,517
<b>Operating foundations</b>								
<b>Total.....</b>	<b>4,424</b>	<b>28,320,509</b>	<b>3,392</b>	<b>22,310,830</b>	<b>1,599</b>	<b>16,330,967</b>	<b>657</b>	<b>2,790,959</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,658	51,763	921	32,709	*258	*11,116	*37	*1,845
\$100,000 under \$1,000,000.....	1,541	631,423	1,375	349,322	539	144,989	*148	*22,692
\$1,000,000 under \$10,000,000.....	947	3,000,852	819	1,851,582	564	1,211,615	304	246,314
\$10,000,000 under \$25,000,000.....	165	2,604,688	163	1,848,204	131	1,376,540	93	262,242
\$25,000,000 under \$50,000,000.....	49	1,818,092	49	1,329,549	43	860,568	32	162,492
\$50,000,000 under \$100,000,000.....	28	2,009,702	28	1,570,995	28	1,096,248	18	258,755
\$100,000,000 or more.....	36	18,203,989	36	15,328,469	36	11,629,891	25	1,836,618
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>43,793</b>	<b>328,039,978</b>	<b>40,444</b>	<b>311,671,433</b>	<b>31,575</b>	<b>264,489,481</b>	<b>13,975</b>	<b>37,241,915</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	10,318	358,861	7,702	293,841	3,390	141,173	995	23,791
\$100,000 under \$1,000,000.....	17,467	7,152,643	16,826	6,574,806	13,258	4,622,205	4,659	768,645
\$1,000,000 under \$10,000,000.....	12,627	39,713,449	12,542	37,810,386	11,693	30,737,041	6,128	5,140,961
\$10,000,000 under \$25,000,000.....	1,877	29,593,402	1,872	28,242,770	1,786	23,147,836	1,149	3,722,953
\$25,000,000 under \$50,000,000.....	723	25,488,118	721	24,434,927	686	20,105,459	477	3,230,783
\$50,000,000 under \$100,000,000.....	391	27,594,097	391	26,694,544	377	22,334,288	269	3,539,944
\$100,000,000 or more.....	390	198,139,410	390	187,620,160	384	163,401,479	298	20,814,839
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>41,589</b>	<b>308,450,852</b>	<b>38,544</b>	<b>295,632,744</b>	<b>30,666</b>	<b>252,365,930</b>	<b>13,632</b>	<b>35,280,190</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	9,470	331,359	7,075	274,030	3,206	134,069	958	21,945
\$100,000 under \$1,000,000.....	16,600	6,803,192	16,014	6,347,155	12,911	4,526,402	4,553	751,680
\$1,000,000 under \$10,000,000.....	12,261	38,567,585	12,203	36,998,396	11,423	30,143,547	6,001	5,018,259
\$10,000,000 under \$25,000,000.....	1,811	28,495,398	1,807	27,464,362	1,733	22,579,437	1,115	3,615,376
\$25,000,000 under \$50,000,000.....	700	24,575,748	698	23,727,884	666	19,694,834	462	3,122,587
\$50,000,000 under \$100,000,000.....	378	26,610,058	378	25,942,959	364	21,836,136	261	3,430,809
\$100,000,000 or more.....	369	183,067,513	369	174,877,960	363	153,451,505	282	19,319,535
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>2,204</b>	<b>19,589,126</b>	<b>1,900</b>	<b>16,038,689</b>	<b>909</b>	<b>12,123,550</b>	<b>342</b>	<b>1,961,725</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	848	27,502	626	19,811	*184	*7,104	*37	*1,845
\$100,000 under \$1,000,000.....	867	349,451	813	227,651	347	95,803	*105	*16,965
\$1,000,000 under \$10,000,000.....	366	1,145,864	339	811,991	270	593,494	127	122,703
\$10,000,000 under \$25,000,000.....	66	1,098,004	65	778,408	53	568,399	34	107,578
\$25,000,000 under \$50,000,000.....	23	912,370	23	707,044	20	410,625	15	108,195
\$50,000,000 under \$100,000,000.....	13	984,039	13	751,585	13	498,152	8	109,135
\$100,000,000 or more.....	21	15,071,896	21	12,742,200	21	9,949,974	16	1,495,304

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 2.--All Domestic Private Foundations, 1997: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Investments in securities (fair market value)--continued				Net worth (book value)		Noncharitable-use assets	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All foundations</b>								
<b>Total.....</b>	<b>31,231</b>	<b>205,327,426</b>	<b>14,063</b>	<b>28,572,681</b>	<b>53,980</b>	<b>271,483,701</b>	<b>54,314</b>	<b>297,356,032</b>
Zero or unreported.....	--	--	--	--	*269	*36,680	637	65,056
\$1 under \$100,000.....	3,280	119,405	1,142	29,832	15,418	346,122	15,381	514,869
\$100,000 under \$1,000,000.....	12,908	3,702,588	4,687	630,197	20,629	6,879,730	20,629	7,313,300
\$1,000,000 under \$10,000,000.....	11,742	23,541,332	6,012	3,668,311	14,048	33,465,094	14,048	38,313,315
\$10,000,000 under \$25,000,000.....	1,811	17,639,774	1,162	2,864,270	2,026	23,634,855	2,028	28,056,132
\$25,000,000 under \$50,000,000.....	700	15,217,951	473	2,346,687	764	19,924,602	764	23,590,680
\$50,000,000 under \$100,000,000.....	399	17,185,324	282	2,537,466	420	21,969,319	420	26,101,047
\$100,000,000 or more.....	391	127,921,052	304	16,495,918	407	165,227,298	407	173,401,632
<b>Nonoperating foundations</b>								
<b>Total.....</b>	<b>29,920</b>	<b>193,675,867</b>	<b>13,418</b>	<b>26,684,231</b>	<b>49,482</b>	<b>248,570,128</b>	<b>49,864</b>	<b>279,163,027</b>
Zero or unreported.....	--	--	--	--	*195	*36,950	*600	*65,033
\$1 under \$100,000.....	3,095	110,503	1,106	29,463	13,759	295,949	13,722	469,772
\$100,000 under \$1,000,000.....	12,489	3,606,201	4,496	604,287	19,088	6,351,604	19,088	6,836,902
\$1,000,000 under \$10,000,000.....	11,252	22,690,395	5,755	3,553,946	13,100	31,148,373	13,111	36,601,447
\$10,000,000 under \$25,000,000.....	1,692	16,722,748	1,078	2,666,998	1,861	21,505,034	1,863	26,528,958
\$25,000,000 under \$50,000,000.....	663	14,688,260	443	2,178,303	715	18,560,809	715	22,571,524
\$50,000,000 under \$100,000,000.....	372	16,539,424	263	2,345,873	392	20,201,401	392	24,685,564
\$100,000,000 or more.....	357	119,318,337	278	15,305,360	371	150,470,010	371	161,403,826
<b>Operating foundations</b>								
<b>Total.....</b>	<b>1,311</b>	<b>11,651,559</b>	<b>644</b>	<b>1,888,450</b>	<b>4,498</b>	<b>22,913,572</b>	<b>4,450</b>	<b>18,193,005</b>
Zero or unreported.....	--	--	--	--	*74	*270	*37	*23
\$1 under \$100,000.....	*184	*8,902	*37	*369	1,658	50,174	1,658	45,097
\$100,000 under \$1,000,000.....	419	96,387	191	25,911	1,541	528,127	1,541	476,398
\$1,000,000 under \$10,000,000.....	491	850,937	257	114,364	947	2,316,721	937	1,711,869
\$10,000,000 under \$25,000,000.....	119	917,026	84	197,272	165	2,129,821	165	1,527,174
\$25,000,000 under \$50,000,000.....	37	529,691	30	168,384	49	1,363,793	49	1,019,156
\$50,000,000 under \$100,000,000.....	27	645,900	19	191,593	28	1,767,919	28	1,415,483
\$100,000,000 or more.....	34	8,602,715	26	1,190,558	36	14,757,288	36	11,997,806
<b>Grantmaking foundations</b>								
<b>Total.....</b>	<b>27,853</b>	<b>199,613,902</b>	<b>13,087</b>	<b>27,633,664</b>	<b>43,912</b>	<b>261,090,065</b>	<b>44,393</b>	<b>288,311,950</b>
Zero or unreported.....	--	--	--	--	*158	*24,041	600	65,056
\$1 under \$100,000.....	2,506	89,945	1,032	27,437	10,281	208,742	10,318	409,354
\$100,000 under \$1,000,000.....	11,332	3,268,458	4,264	585,103	17,467	5,937,335	17,467	6,554,677
\$1,000,000 under \$10,000,000.....	10,898	22,066,917	5,696	3,529,163	12,627	30,641,572	12,627	35,836,477
\$10,000,000 under \$25,000,000.....	1,700	16,740,508	1,088	2,684,375	1,875	21,913,132	1,877	26,635,328
\$25,000,000 under \$50,000,000.....	668	14,684,324	452	2,190,353	723	18,915,189	723	22,667,989
\$50,000,000 under \$100,000,000.....	373	16,442,484	262	2,351,860	391	20,622,552	391	24,914,553
\$100,000,000 or more.....	376	126,321,266	293	16,265,374	390	162,827,503	390	171,228,516
<b>Grantmaking-nonoperating foundations</b>								
<b>Total.....</b>	<b>27,167</b>	<b>190,729,851</b>	<b>12,758</b>	<b>26,355,889</b>	<b>41,672</b>	<b>244,390,113</b>	<b>42,153</b>	<b>275,387,916</b>
Zero or unreported.....	--	--	--	--	*121	*24,041	564	65,033
\$1 under \$100,000.....	2,395	85,055	995	27,068	9,434	181,509	9,470	384,639
\$100,000 under \$1,000,000.....	11,090	3,209,437	4,153	565,286	16,600	5,642,056	16,600	6,238,238
\$1,000,000 under \$10,000,000.....	10,660	21,648,033	5,580	3,477,255	12,261	29,664,073	12,261	35,054,791
\$10,000,000 under \$25,000,000.....	1,655	16,346,253	1,061	2,617,808	1,809	20,997,654	1,811	25,970,435
\$25,000,000 under \$50,000,000.....	652	14,437,231	438	2,135,016	700	18,180,871	700	22,189,389
\$50,000,000 under \$100,000,000.....	360	16,144,583	254	2,260,744	378	19,728,056	378	24,222,197
\$100,000,000 or more.....	355	118,859,258	277	15,272,712	369	149,971,853	369	161,263,193
<b>Grantmaking-operating foundations</b>								
<b>Total.....</b>	<b>686</b>	<b>8,884,051</b>	<b>329</b>	<b>1,277,775</b>	<b>2,240</b>	<b>16,699,952</b>	<b>2,240</b>	<b>12,924,034</b>
Zero or unreported.....	--	--	--	--	*37	*( <sup>3</sup> )	*37	*23
\$1 under \$100,000.....	*111	*4,890	*37	*369	848	27,234	848	24,715
\$100,000 under \$1,000,000.....	242	59,020	*111	*19,817	867	295,279	867	316,440
\$1,000,000 under \$10,000,000.....	238	418,884	116	51,908	366	977,499	366	781,685
\$10,000,000 under \$25,000,000.....	45	394,255	27	66,566	66	915,479	66	664,892
\$25,000,000 under \$50,000,000.....	16	247,093	14	55,337	23	734,317	23	478,600
\$50,000,000 under \$100,000,000.....	13	297,901	8	91,116	13	894,496	13	692,356
\$100,000,000 or more.....	21	7,462,008	16	992,662	21	12,855,649	21	9,965,323

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 2.--All Domestic Private Foundations, 1997: Number and Selected Financial Data, by Type of Foundation and Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of foundation, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1997		Excess distributions carryover to 1998	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>All foundations</b>										
<b>Total.....</b>	<b>54,115</b>	<b>14,786,506</b>	<b>49,327</b>	<b>13,514,980</b>	<b>49,803</b>	<b>19,984,549</b>	<b>17,942</b>	<b>4,093,201</b>	<b>31,832</b>	<b>19,707,202</b>
Zero or unreported.....	564	3,253	527	3,155	1,079	78,897	*11	*852	921	178,645
\$1 under \$100,000.....	15,307	24,946	13,428	22,204	12,418	620,489	3,368	3,459	10,134	2,001,239
\$100,000 under \$1,000,000.....	20,578	358,798	18,983	324,383	19,200	1,207,806	7,128	80,459	11,818	2,029,626
\$1,000,000 under \$10,000,000.....	14,048	1,891,993	13,054	1,741,427	13,526	3,310,130	5,858	491,439	7,211	5,119,913
\$10,000,000 under \$25,000,000.....	2,028	1,396,212	1,861	1,281,642	2,001	2,261,216	854	362,080	1,002	3,147,449
\$25,000,000 under \$50,000,000.....	764	1,175,868	713	1,102,678	760	1,787,830	329	312,599	383	2,480,826
\$50,000,000 under \$100,000,000.....	420	1,286,986	391	1,172,237	412	1,606,172	199	402,877	189	1,646,145
\$100,000,000 or more.....	407	8,648,451	371	7,867,254	406	9,112,009	196	2,439,435	174	3,103,361
<b>Total.....</b>	<b>49,665</b>	<b>13,896,511</b>	<b>49,327</b>	<b>13,514,980</b>	<b>45,750</b>	<b>17,726,919</b>	<b>17,942</b>	<b>4,093,201</b>	<b>31,832</b>	<b>19,707,202</b>
Zero or unreported.....	527	3,252	527	3,155	969	66,698	*11	*852	921	178,645
\$1 under \$100,000.....	13,649	22,654	13,428	22,204	11,018	539,971	3,368	3,459	10,134	2,001,239
\$100,000 under \$1,000,000.....	19,037	335,106	18,983	324,383	17,821	871,909	7,128	80,459	11,818	2,029,626
\$1,000,000 under \$10,000,000.....	13,111	1,806,414	13,054	1,741,427	12,632	2,997,830	5,858	491,439	7,211	5,119,913
\$10,000,000 under \$25,000,000.....	1,863	1,320,769	1,861	1,281,642	1,843	1,986,998	854	362,080	1,002	3,147,449
\$25,000,000 under \$50,000,000.....	715	1,124,910	713	1,102,678	712	1,601,817	329	312,599	383	2,480,826
\$50,000,000 under \$100,000,000.....	392	1,216,212	391	1,172,237	384	1,463,269	199	402,877	189	1,646,145
\$100,000,000 or more.....	371	8,067,194	371	7,867,254	370	8,198,428	196	2,439,435	174	3,103,361
<b>Nonoperating foundations</b>										
<b>Total.....</b>	<b>4,450</b>	<b>889,996</b>	<b>N/A</b>	<b>N/A</b>	<b>4,053</b>	<b>2,257,630</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*37	*1	N/A	N/A	*111	*12,199	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	1,658	2,292	N/A	N/A	1,400	80,519	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	1,541	23,692	N/A	N/A	1,378	335,897	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	937	85,579	N/A	N/A	894	312,300	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	165	75,444	N/A	N/A	158	274,218	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	49	50,958	N/A	N/A	48	186,013	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	28	70,774	N/A	N/A	28	142,903	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	36	581,256	N/A	N/A	36	913,581	N/A	N/A	N/A	N/A
<b>Operating foundations</b>										
<b>Total.....</b>	<b>44,331</b>	<b>14,374,234</b>	<b>41,916</b>	<b>13,371,977</b>	<b>44,577</b>	<b>19,157,780</b>	<b>13,591</b>	<b>4,020,033</b>	<b>28,572</b>	<b>19,071,518</b>
Zero or unreported.....	564	3,253	527	3,155	785	65,946	*11	*852	700	177,219
\$1 under \$100,000.....	10,318	19,844	9,397	18,255	10,318	573,345	1,327	2,118	8,107	1,914,189
\$100,000 under \$1,000,000.....	17,441	324,321	16,520	296,813	17,467	1,108,550	5,496	64,320	11,025	1,929,788
\$1,000,000 under \$10,000,000.....	12,627	1,781,542	12,219	1,681,175	12,627	3,103,001	5,233	458,361	7,022	4,813,107
\$10,000,000 under \$25,000,000.....	1,877	1,329,468	1,809	1,259,320	1,877	2,076,495	822	353,813	982	3,102,050
\$25,000,000 under \$50,000,000.....	723	1,131,994	698	1,086,740	723	1,709,110	319	302,262	378	2,419,710
\$50,000,000 under \$100,000,000.....	391	1,244,017	378	1,166,129	391	1,532,099	189	399,584	185	1,614,717
\$100,000,000 or more.....	390	8,539,795	369	7,860,389	390	8,989,233	195	2,438,724	173	3,100,738
<b>Grantmaking foundations</b>										
<b>Total.....</b>	<b>42,090</b>	<b>13,747,407</b>	<b>41,916</b>	<b>13,371,977</b>	<b>42,337</b>	<b>17,547,741</b>	<b>13,591</b>	<b>4,020,033</b>	<b>28,572</b>	<b>19,071,518</b>
Zero or unreported.....	527	3,252	527	3,155	748	65,271	*11	*852	700	177,219
\$1 under \$100,000.....	9,470	18,608	9,397	18,255	9,470	514,194	1,327	2,118	8,107	1,914,189
\$100,000 under \$1,000,000.....	16,574	308,509	16,520	296,813	16,600	819,517	5,496	64,320	11,025	1,929,788
\$1,000,000 under \$10,000,000.....	12,261	1,742,458	12,219	1,681,175	12,261	2,943,389	5,233	458,361	7,022	4,813,107
\$10,000,000 under \$25,000,000.....	1,811	1,296,955	1,809	1,259,320	1,811	1,969,159	822	353,813	982	3,102,050
\$25,000,000 under \$50,000,000.....	700	1,108,064	698	1,086,740	700	1,591,060	319	302,262	378	2,419,710
\$50,000,000 under \$100,000,000.....	378	1,209,399	378	1,166,129	378	1,454,926	189	399,584	185	1,614,717
\$100,000,000 or more.....	369	8,060,163	369	7,860,389	369	8,190,225	195	2,438,724	173	3,100,738
<b>Grantmaking-nonoperating foundations</b>										
<b>Total.....</b>	<b>2,240</b>	<b>626,827</b>	<b>N/A</b>	<b>N/A</b>	<b>2,240</b>	<b>1,610,039</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	*37	*1	N/A	N/A	*37	*675	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	848	1,236	N/A	N/A	848	59,152	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	867	15,812	N/A	N/A	867	289,034	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	366	39,084	N/A	N/A	366	159,612	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	66	32,513	N/A	N/A	66	107,336	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	23	23,930	N/A	N/A	23	118,050	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	13	34,618	N/A	N/A	13	77,173	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	21	479,632	N/A	N/A	21	799,008	N/A	N/A	N/A	N/A

N/A--Not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in column 13 may be negative due to reported negative revenue amounts or to reported expenses in excess of revenue.

<sup>2</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that private foundations actually disbursed for charitable purposes for 1997 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 6) because private foundations may use either the cash disbursement or the accrual method of accounting.

<sup>3</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.



# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 3.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
		Number of returns	Amount	Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
<b>All charitable trusts</b>									
<b>Total.....</b>	<b>2,890</b>	<b>2,865</b>	<b>497,161</b>	<b>427</b>	<b>78,671</b>	<b>2,646</b>	<b>148,372</b>	<b>2,330</b>	<b>212,913</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	670	650	6,075	185	3,121	517	1,122	375	1,221
\$100,000 under \$500,000.....	909	905	28,313	58	6,462	865	9,100	771	10,812
\$500,000 under \$1,000,000.....	384	384	39,204	*32	*3,022	370	10,399	349	23,696
\$1,000,000 under \$10,000,000.....	821	821	260,046	124	52,179	796	79,252	743	103,931
\$10,000,000 or more.....	65	65	158,160	13	13,840	65	45,252	65	71,259
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,849</b>	<b>2,824</b>	<b>485,070</b>	<b>406</b>	<b>77,501</b>	<b>2,620</b>	<b>146,632</b>	<b>2,307</b>	<b>210,540</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	657	636	5,396	178	2,869	517	1,122	375	1,221
\$100,000 under \$500,000.....	905	901	28,226	58	6,462	861	9,059	767	10,767
\$500,000 under \$1,000,000.....	380	380	38,915	*32	*3,022	366	10,246	345	23,568
\$1,000,000 under \$10,000,000.....	804	804	250,350	111	51,261	779	78,314	730	102,179
\$10,000,000 or more.....	64	64	156,820	13	13,840	64	44,643	64	70,811
<b>Operating trusts</b>									
<b>Total.....</b>	<b>41</b>	<b>41</b>	<b>12,090</b>	<b>20</b>	<b>1,170</b>	<b>26</b>	<b>1,740</b>	<b>23</b>	<b>2,373</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*14	*14	*679	*7	*252	--	--	--	--
\$100,000 under \$500,000.....	*4	*4	*87	--	--	*4	*41	*4	*45
\$500,000 under \$1,000,000.....	*4	*4	*289	--	--	*4	*153	*4	*128
\$1,000,000 under \$10,000,000.....	17	17	9,696	13	918	16	938	13	1,753
\$10,000,000 or more.....	1	1	1,339	--	--	1	608	1	447
<b>Grantmaking charitable trusts</b>									
<b>Total.....</b>	<b>2,659</b>	<b>2,652</b>	<b>476,845</b>	<b>341</b>	<b>67,881</b>	<b>2,525</b>	<b>144,309</b>	<b>2,229</b>	<b>209,318</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	524	517	2,907	*107	*628	*469	*1,062	334	1,059
\$100,000 under \$500,000.....	857	857	27,056	58	6,462	822	9,004	733	10,136
\$500,000 under \$1,000,000.....	371	371	38,540	*32	*3,022	357	10,090	340	23,360
\$1,000,000 under \$10,000,000.....	804	804	248,046	116	43,882	782	77,037	733	103,292
\$10,000,000 or more.....	63	63	154,932	13	13,840	63	43,867	63	69,478
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,633</b>	<b>2,626</b>	<b>467,283</b>	<b>330</b>	<b>67,611</b>	<b>2,507</b>	<b>142,814</b>	<b>2,212</b>	<b>207,128</b>
Zero or unreported.....	*39	*39	*5,363	*14	*47	*33	*3,248	*26	*1,993
\$1 under \$100,000.....	517	510	2,899	*107	*628	469	1,062	334	1,059
\$100,000 under \$500,000.....	853	853	26,969	58	6,462	818	8,963	728	10,091
\$500,000 under \$1,000,000.....	371	371	38,540	*32	*3,022	357	10,090	340	23,360
\$1,000,000 under \$10,000,000.....	791	791	239,920	106	43,612	768	76,192	722	101,594
\$10,000,000 or more.....	62	62	153,592	13	13,840	62	43,259	62	69,030
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>26</b>	<b>26</b>	<b>9,561</b>	<b>10</b>	<b>270</b>	<b>19</b>	<b>1,495</b>	<b>17</b>	<b>2,190</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*8	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*4	*87	--	--	*4	*41	*4	*45
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	13	8,127	10	270	13	846	11	1,697
\$10,000,000 or more.....	1	1	1,339	--	--	1	608	1	447

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 3.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses <sup>1</sup>		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,853</b>	<b>269,618</b>	<b>2,851</b>	<b>227,542</b>	<b>2,750</b>	<b>397,297</b>	<b>2,820</b>	<b>227,824</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	636	4,082	650	1,993	558	2,412	615	2,864
\$100,000 under \$500,000.....	909	14,094	905	14,219	905	23,113	901	11,836
\$500,000 under \$1,000,000.....	384	32,676	380	6,528	380	34,265	384	29,292
\$1,000,000 under \$10,000,000.....	819	134,208	819	125,838	816	200,699	815	108,865
\$10,000,000 or more.....	65	75,425	65	82,734	65	131,982	65	66,379
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,812</b>	<b>260,740</b>	<b>2,810</b>	<b>224,330</b>	<b>2,709</b>	<b>391,787</b>	<b>2,779</b>	<b>224,676</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	622	3,090	636	2,306	545	2,395	602	2,395
\$100,000 under \$500,000.....	905	13,981	901	14,245	901	23,075	896	11,797
\$500,000 under \$1,000,000.....	380	32,499	376	6,416	376	34,005	380	29,151
\$1,000,000 under \$10,000,000.....	802	127,730	802	122,619	799	196,527	798	107,168
\$10,000,000 or more.....	64	74,307	64	82,513	64	130,959	64	65,578
<b>Operating trusts</b>								
<b>Total.....</b>	<b>41</b>	<b>8,878</b>	<b>41</b>	<b>3,212</b>	<b>41</b>	<b>5,509</b>	<b>41</b>	<b>3,147</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*14	*992	*14	*-313	*14	*17	*14	*469
\$100,000 under \$500,000.....	*4	*113	*4	*-26	*4	*38	*4	*38
\$500,000 under \$1,000,000.....	*4	*178	*4	*112	*4	*259	*4	*142
\$1,000,000 under \$10,000,000.....	17	6,477	17	3,219	17	4,172	17	1,697
\$10,000,000 or more.....	1	1,118	1	221	1	1,023	1	802
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,659</b>	<b>263,602</b>	<b>2,634</b>	<b>213,243</b>	<b>2,604</b>	<b>388,554</b>	<b>2,659</b>	<b>225,202</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	524	2,138	517	769	490	2,170	524	1,800
\$100,000 under \$500,000.....	857	13,847	853	13,209	857	21,862	857	11,756
\$500,000 under \$1,000,000.....	371	32,438	367	6,103	367	33,250	371	29,145
\$1,000,000 under \$10,000,000.....	804	130,735	802	117,312	802	198,128	804	107,539
\$10,000,000 or more.....	63	75,312	63	79,620	63	128,317	63	66,374
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,633</b>	<b>257,507</b>	<b>2,609</b>	<b>209,777</b>	<b>2,579</b>	<b>383,759</b>	<b>2,633</b>	<b>223,913</b>
Zero or unreported.....	*39	*9,133	*33	*-3,770	*26	*4,827	*39	*8,587
\$1 under \$100,000.....	517	2,129	510	770	483	2,162	517	1,791
\$100,000 under \$500,000.....	853	13,734	849	13,235	853	21,824	853	11,718
\$500,000 under \$1,000,000.....	371	32,438	367	6,103	367	33,250	371	29,145
\$1,000,000 under \$10,000,000.....	791	125,880	789	114,040	789	194,402	791	107,099
\$10,000,000 or more.....	62	74,194	62	79,399	62	127,294	62	65,573
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>26</b>	<b>6,095</b>	<b>26</b>	<b>3,466</b>	<b>26</b>	<b>4,795</b>	<b>26</b>	<b>1,288</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*9	*7	*-1	*7	*8	*7	*9
\$100,000 under \$500,000.....	*4	*113	*4	*-26	*4	*38	*4	*38
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	4,855	13	3,272	13	3,726	13	439
\$10,000,000 or more.....	1	1,118	1	221	1	1,023	1	802

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 3.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on net investment Income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,659</b>	<b>214,367</b>	<b>2,661</b>	<b>6,625</b>	<b>2,862</b>	<b>3,371,765</b>	<b>2,758</b>	<b>3,183,766</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	524	1,613	551	43	670	24,453	586	21,403
\$100,000 under \$500,000.....	857	10,694	861	366	909	213,477	891	191,005
\$500,000 under \$1,000,000.....	371	28,490	362	541	384	210,400	384	202,668
\$1,000,000 under \$10,000,000.....	804	102,260	796	3,485	821	1,696,326	820	1,638,558
\$10,000,000 or more.....	63	62,767	64	2,108	65	1,175,753	65	1,080,985
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,633</b>	<b>213,433</b>	<b>2,620</b>	<b>6,556</b>	<b>2,821</b>	<b>3,311,418</b>	<b>2,717</b>	<b>3,134,947</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	517	1,606	538	43	657	24,089	572	21,244
\$100,000 under \$500,000.....	853	10,655	857	365	905	212,614	886	190,156
\$500,000 under \$1,000,000.....	371	28,490	358	536	380	206,742	380	199,674
\$1,000,000 under \$10,000,000.....	791	101,847	779	3,443	804	1,649,235	803	1,599,995
\$10,000,000 or more.....	62	62,291	63	2,087	64	1,167,381	64	1,074,729
<b>Operating trusts</b>								
<b>Total.....</b>	<b>26</b>	<b>934</b>	<b>41</b>	<b>69</b>	<b>41</b>	<b>60,347</b>	<b>41</b>	<b>48,819</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*14	*( <sup>3</sup> )	*14	*364	*14	*158
\$100,000 under \$500,000.....	*4	*38	*4	*1	*4	*863	*4	*848
\$500,000 under \$1,000,000.....	--	--	*4	*5	*4	*3,658	*4	*2,994
\$1,000,000 under \$10,000,000.....	13	413	17	42	17	47,091	17	38,562
\$10,000,000 or more.....	1	475	1	20	1	8,372	1	6,256
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,659</b>	<b>214,367</b>	<b>2,523</b>	<b>6,465</b>	<b>2,631</b>	<b>3,283,321</b>	<b>2,599</b>	<b>3,108,980</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	524	1,613	490	38	524	20,668	510	19,202
\$100,000 under \$500,000.....	857	10,694	813	350	857	197,921	839	176,481
\$500,000 under \$1,000,000.....	371	28,490	349	520	371	202,409	371	196,240
\$1,000,000 under \$10,000,000.....	804	102,260	783	3,439	804	1,657,373	804	1,609,083
\$10,000,000 or more.....	63	62,767	62	2,034	63	1,153,593	63	1,058,825
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,633</b>	<b>213,433</b>	<b>2,497</b>	<b>6,407</b>	<b>2,606</b>	<b>3,237,283</b>	<b>2,573</b>	<b>3,068,921</b>
Zero or unreported.....	*39	*8,544	*26	*83	*12	*51,357	*12	*49,149
\$1 under \$100,000.....	517	1,606	483	38	517	20,546	503	19,081
\$100,000 under \$500,000.....	853	10,655	809	350	853	197,058	834	175,632
\$500,000 under \$1,000,000.....	371	28,490	349	520	371	202,409	371	196,240
\$1,000,000 under \$10,000,000.....	791	101,847	770	3,402	791	1,620,692	791	1,576,250
\$10,000,000 or more.....	62	62,291	61	2,014	62	1,145,221	62	1,052,569
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>26</b>	<b>934</b>	<b>26</b>	<b>59</b>	<b>26</b>	<b>46,038</b>	<b>26</b>	<b>40,059</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*7	*( <sup>3</sup> )	*7	*122	*7	*122
\$100,000 under \$500,000.....	*4	*38	*4	*1	*4	*863	*4	*848
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	413	13	37	13	36,681	13	32,833
\$10,000,000 or more.....	1	475	1	20	1	8,372	1	6,256

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 3.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,162</b>	<b>2,348,706</b>	<b>936</b>	<b>485,654</b>	<b>1,926</b>	<b>1,329,473</b>	<b>1,211</b>	<b>533,580</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	*398	*12,299	114	3,893	256	5,572	131	2,834
\$100,000 under \$500,000.....	667	129,452	235	21,177	628	67,726	372	40,548
\$500,000 under \$1,000,000.....	290	140,036	121	21,089	281	76,339	228	42,607
\$1,000,000 under \$10,000,000.....	731	1,231,975	418	273,550	693	697,856	430	260,570
\$10,000,000 or more.....	63	786,435	35	131,804	61	468,468	44	186,163
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,135</b>	<b>2,332,660</b>	<b>927</b>	<b>481,743</b>	<b>1,902</b>	<b>1,323,072</b>	<b>1,202</b>	<b>527,844</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	*398	*12,299	114	3,893	256	5,572	131	2,834
\$100,000 under \$500,000.....	663	128,618	231	21,090	623	66,979	372	40,548
\$500,000 under \$1,000,000.....	285	137,102	121	21,089	276	75,754	224	40,259
\$1,000,000 under \$10,000,000.....	715	1,221,119	414	269,727	679	694,142	426	257,250
\$10,000,000 or more.....	62	785,013	35	131,804	60	467,113	43	186,095
<b>Operating trusts</b>								
<b>Total.....</b>	<b>26</b>	<b>16,046</b>	<b>8</b>	<b>3,910</b>	<b>24</b>	<b>6,401</b>	<b>9</b>	<b>5,735</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*834	*4	*87	*4	*747	--	--
\$500,000 under \$1,000,000.....	*4	*2,934	--	--	*4	*586	*4	*2,348
\$1,000,000 under \$10,000,000.....	16	10,856	4	3,823	14	3,713	4	3,320
\$10,000,000 or more.....	1	1,422	--	--	1	1,354	1	67
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,093</b>	<b>2,302,381</b>	<b>901</b>	<b>478,176</b>	<b>1,890</b>	<b>1,308,329</b>	<b>1,191</b>	<b>515,876</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	*364	*11,636	101	3,527	243	5,289	124	2,820
\$100,000 under \$500,000.....	654	128,277	222	20,059	623	67,670	372	40,548
\$500,000 under \$1,000,000.....	285	137,102	121	21,089	276	75,754	224	40,259
\$1,000,000 under \$10,000,000.....	716	1,210,711	410	267,558	681	687,573	423	255,581
\$10,000,000 or more.....	61	766,145	35	131,804	59	458,531	42	175,809
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,074</b>	<b>2,294,180</b>	<b>895</b>	<b>477,493</b>	<b>1,872</b>	<b>1,303,104</b>	<b>1,187</b>	<b>513,584</b>
Zero or unreported.....	*12	*48,510	*12	*34,140	*7	*13,512	*7	*858
\$1 under \$100,000.....	*364	*11,636	101	3,527	243	5,289	124	2,820
\$100,000 under \$500,000.....	650	127,443	218	19,972	619	66,923	372	40,548
\$500,000 under \$1,000,000.....	285	137,102	121	21,089	276	75,754	224	40,259
\$1,000,000 under \$10,000,000.....	703	1,204,767	409	266,961	669	684,450	420	253,357
\$10,000,000 or more.....	60	764,723	35	131,804	58	457,177	41	175,742
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>19</b>	<b>8,200</b>	<b>5</b>	<b>684</b>	<b>18</b>	<b>5,225</b>	<b>4</b>	<b>2,292</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*4	*834	*4	*87	*4	*747	--	--
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	5,944	1	597	12	3,123	3	2,224
\$10,000,000 or more.....	1	1,422	--	--	1	1,354	1	67

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 3.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets --Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,850</b>	<b>4,563,976</b>	<b>2,746</b>	<b>4,329,041</b>	<b>2,145</b>	<b>3,370,591</b>	<b>924</b>	<b>462,481</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	670	27,217	586	24,473	398	14,385	*114	*3,905
\$100,000 under \$500,000.....	909	258,829	891	235,071	663	163,536	235	21,617
\$500,000 under \$1,000,000.....	384	276,651	384	266,949	290	184,125	121	21,861
\$1,000,000 under \$10,000,000.....	821	2,321,302	820	2,251,471	731	1,774,437	418	280,803
\$10,000,000 or more.....	65	1,679,977	65	1,551,076	63	1,234,108	35	134,294
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,809</b>	<b>4,494,716</b>	<b>2,705</b>	<b>4,270,630</b>	<b>2,119</b>	<b>3,351,721</b>	<b>915</b>	<b>458,569</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	657	26,854	572	24,315	398	14,385	*114	*3,905
\$100,000 under \$500,000.....	905	257,966	886	234,223	659	162,702	231	21,530
\$500,000 under \$1,000,000.....	380	272,824	380	263,787	285	181,022	121	21,861
\$1,000,000 under \$10,000,000.....	804	2,272,501	803	2,210,519	715	1,762,082	414	276,979
\$10,000,000 or more.....	64	1,664,571	64	1,537,786	62	1,231,530	35	134,294
<b>Operating trusts</b>								
<b>Total.....</b>	<b>41</b>	<b>69,260</b>	<b>41</b>	<b>58,411</b>	<b>26</b>	<b>18,869</b>	<b>8</b>	<b>3,912</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*14	*364	*14	*158	--	--	--	--
\$100,000 under \$500,000.....	*4	*863	*4	*848	*4	*834	*4	*87
\$500,000 under \$1,000,000.....	*4	*3,827	*4	*3,163	*4	*3,103	--	--
\$1,000,000 under \$10,000,000.....	17	48,801	17	40,952	16	12,355	4	3,825
\$10,000,000 or more.....	1	15,405	1	13,290	1	2,577	--	--
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,619</b>	<b>4,453,574</b>	<b>2,587</b>	<b>4,236,548</b>	<b>2,076</b>	<b>3,310,428</b>	<b>889</b>	<b>454,867</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	524	23,888	510	22,368	364	13,832	*101	*3,537
\$100,000 under \$500,000.....	857	242,675	839	220,175	650	162,322	222	20,485
\$500,000 under \$1,000,000.....	371	267,181	371	259,042	285	181,022	121	21,861
\$1,000,000 under \$10,000,000.....	804	2,268,803	804	2,212,836	716	1,746,222	410	274,690
\$10,000,000 or more.....	63	1,651,028	63	1,522,127	61	1,207,029	35	134,294
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,594</b>	<b>4,400,576</b>	<b>2,561</b>	<b>4,188,116</b>	<b>2,057</b>	<b>3,299,733</b>	<b>883</b>	<b>454,180</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	517	23,766	503	22,246	364	13,832	*101	*3,537
\$100,000 under \$500,000.....	853	241,812	834	219,326	645	161,488	218	20,398
\$500,000 under \$1,000,000.....	371	267,181	371	259,042	285	181,022	121	21,861
\$1,000,000 under \$10,000,000.....	791	2,232,194	791	2,178,664	703	1,738,939	409	274,090
\$10,000,000 or more.....	62	1,635,623	62	1,508,837	60	1,204,452	35	134,294
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>26</b>	<b>52,999</b>	<b>26</b>	<b>48,432</b>	<b>19</b>	<b>10,695</b>	<b>*5</b>	<b>*687</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*122	*7	*122	--	--	--	--
\$100,000 under \$500,000.....	*4	*863	*4	*848	*4	*834	*4	*87
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	13	36,608	13	34,172	13	7,283	1	600
\$10,000,000 or more.....	1	15,405	1	13,290	1	2,577	--	--

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 3.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets --Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Investments in securities (fair market value)--continued				Net worth (book value)		Noncharitable-use assets	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns (42)	Amount (43)	Number of returns (44)	Amount (45)				
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>1,915</b>	<b>2,358,399</b>	<b>1,203</b>	<b>549,711</b>	<b>2,862</b>	<b>3,344,849</b>	<b>2,883</b>	<b>4,247,437</b>
Zero or unreported.....	--	--	--	--	*12	*51,357	*33	*50,354
\$1 under \$100,000.....	256	7,418	131	3,062	670	24,002	670	25,499
\$100,000 under \$500,000.....	623	100,020	372	41,899	909	213,374	909	240,560
\$500,000 under \$1,000,000.....	281	119,156	228	43,108	384	209,657	384	268,372
\$1,000,000 under \$10,000,000.....	693	1,222,145	429	271,489	821	1,676,804	821	2,114,844
\$10,000,000 or more.....	61	909,660	44	190,153	65	1,169,655	65	1,547,807
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>1,891</b>	<b>2,349,067</b>	<b>1,194</b>	<b>544,085</b>	<b>2,821</b>	<b>3,289,089</b>	<b>2,842</b>	<b>4,196,054</b>
Zero or unreported.....	--	--	--	--	*12	*51,357	*33	*50,354
\$1 under \$100,000.....	256	7,418	131	3,062	657	23,834	657	25,375
\$100,000 under \$500,000.....	619	99,273	372	41,899	905	212,511	905	239,826
\$500,000 under \$1,000,000.....	276	118,339	224	40,822	380	206,219	380	265,601
\$1,000,000 under \$10,000,000.....	679	1,216,913	425	268,190	804	1,633,227	804	2,080,351
\$10,000,000 or more.....	60	907,124	43	190,112	64	1,161,941	64	1,534,546
<b>Operating trusts</b>								
<b>Total.....</b>	<b>24</b>	<b>9,332</b>	<b>9</b>	<b>5,626</b>	<b>41</b>	<b>55,760</b>	<b>41</b>	<b>51,383</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*14	*169	*14	*125
\$100,000 under \$500,000.....	*4	*747	--	--	*4	*863	*4	*734
\$500,000 under \$1,000,000.....	*4	*817	*4	*2,286	*4	*3,438	*4	*2,771
\$1,000,000 under \$10,000,000.....	14	5,231	4	3,299	17	43,577	17	34,493
\$10,000,000 or more.....	1	2,536	1	41	1	7,714	1	13,261
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>1,878</b>	<b>2,323,799</b>	<b>1,183</b>	<b>531,762</b>	<b>2,631</b>	<b>3,261,995</b>	<b>2,652</b>	<b>4,165,315</b>
Zero or unreported.....	--	--	--	--	*12	*51,357	*33	*50,354
\$1 under \$100,000.....	243	7,248	124	3,047	524	20,629	524	22,819
\$100,000 under \$500,000.....	619	99,938	372	41,899	857	197,819	857	227,779
\$500,000 under \$1,000,000.....	276	118,339	224	40,822	371	201,886	371	260,340
\$1,000,000 under \$10,000,000.....	681	1,205,180	422	266,352	804	1,642,810	804	2,077,315
\$10,000,000 or more.....	59	893,094	42	179,641	63	1,147,495	63	1,526,707
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>1,861</b>	<b>2,316,045</b>	<b>1,179</b>	<b>529,508</b>	<b>2,606</b>	<b>3,220,122</b>	<b>2,626</b>	<b>4,126,745</b>
Zero or unreported.....	--	--	--	--	*12	*51,357	*33	*50,354
\$1 under \$100,000.....	243	7,248	124	3,047	517	20,507	517	22,698
\$100,000 under \$500,000.....	615	99,191	372	41,899	853	196,956	853	227,045
\$500,000 under \$1,000,000.....	276	118,339	224	40,822	371	201,886	371	260,340
\$1,000,000 under \$10,000,000.....	669	1,200,709	419	264,140	791	1,609,635	791	2,052,860
\$10,000,000 or more.....	58	890,557	41	179,601	62	1,139,781	62	1,513,446
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>18</b>	<b>7,754</b>	<b>4</b>	<b>2,253</b>	<b>26</b>	<b>41,873</b>	<b>26</b>	<b>38,570</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*7	*122	*7	*120
\$100,000 under \$500,000.....	*4	*747	--	--	*4	*863	*4	*734
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	12	4,471	3	2,213	13	33,174	13	24,455
\$10,000,000 or more.....	1	2,536	1	41	1	7,714	1	13,261

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 3.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1996		Excess distributions carryover to 1997	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>All charitable trusts</b>										
<b>Total.....</b>	<b>2,883</b>	<b>211,723</b>	<b>2,840</b>	<b>198,870</b>	<b>2,825</b>	<b>229,568</b>	<b>1,495</b>	<b>66,517</b>	<b>1,351</b>	<b>185,719</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	670	1,245	657	1,199	615	2,864	240	331	416	9,161
\$100,000 under \$500,000.....	909	11,986	905	11,692	905	11,935	493	3,482	412	9,221
\$500,000 under \$1,000,000.....	384	13,330	380	12,591	384	29,358	251	4,456	129	22,322
\$1,000,000 under \$10,000,000.....	821	105,253	804	100,025	816	110,430	473	37,485	329	109,727
\$10,000,000 or more.....	65	77,390	62	70,928	65	66,394	37	20,763	26	28,760
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,842</b>	<b>209,154</b>	<b>2,840</b>	<b>198,870</b>	<b>2,784</b>	<b>225,704</b>	<b>1,495</b>	<b>66,517</b>	<b>1,351</b>	<b>185,719</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	657	1,239	657	1,199	602	2,395	240	331	416	9,161
\$100,000 under \$500,000.....	905	11,949	905	11,692	901	11,896	493	3,482	412	9,221
\$500,000 under \$1,000,000.....	380	13,192	380	12,591	380	29,216	251	4,456	129	22,322
\$1,000,000 under \$10,000,000.....	804	103,528	804	100,025	799	108,016	473	37,485	329	109,727
\$10,000,000 or more.....	64	76,727	62	70,928	64	65,592	37	20,763	26	28,760
<b>Operating trusts</b>										
<b>Total.....</b>	<b>41</b>	<b>2,569</b>	<b>N/A</b>	<b>N/A</b>	<b>41</b>	<b>3,865</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*14	*6	N/A	N/A	*14	*469	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*37	N/A	N/A	*4	*38	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	*4	*139	N/A	N/A	*4	*142	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	17	1,725	N/A	N/A	17	2,414	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	663	N/A	N/A	1	802	N/A	N/A	N/A	N/A
<b>Grantmaking charitable trusts</b>										
<b>Total.....</b>	<b>2,652</b>	<b>207,935</b>	<b>2,625</b>	<b>196,632</b>	<b>2,659</b>	<b>225,936</b>	<b>1,369</b>	<b>64,842</b>	<b>1,262</b>	<b>183,146</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	524	1,141	517	1,097	524	1,800	179	278	338	6,990
\$100,000 under \$500,000.....	857	11,347	853	11,068	857	11,775	450	2,960	403	9,119
\$500,000 under \$1,000,000.....	371	12,929	371	12,343	371	29,145	242	4,258	129	22,322
\$1,000,000 under \$10,000,000.....	804	103,665	791	98,980	804	108,240	462	36,802	327	109,452
\$10,000,000 or more.....	63	76,335	61	70,709	63	66,389	36	20,543	25	28,734
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,626</b>	<b>206,006</b>	<b>2,625</b>	<b>196,632</b>	<b>2,633</b>	<b>224,648</b>	<b>1,369</b>	<b>64,842</b>	<b>1,262</b>	<b>183,146</b>
Zero or unreported.....	*33	*2,518	*33	*2,435	*39	*8,587	--	--	*39	*6,528
\$1 under \$100,000.....	517	1,135	517	1,097	517	1,791	179	278	338	6,990
\$100,000 under \$500,000.....	853	11,310	853	11,068	853	11,737	450	2,960	403	9,119
\$500,000 under \$1,000,000.....	371	12,929	371	12,343	371	29,145	242	4,258	129	22,322
\$1,000,000 under \$10,000,000.....	791	102,442	791	98,980	791	107,801	462	36,802	327	109,452
\$10,000,000 or more.....	62	75,672	61	70,709	62	65,587	36	20,543	25	28,734
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>26</b>	<b>1,928</b>	<b>N/A</b>	<b>N/A</b>	<b>26</b>	<b>1,288</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*7	*6	N/A	N/A	*7	*9	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*4	*37	N/A	N/A	*4	*38	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	13	1,223	N/A	N/A	13	439	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	663	N/A	N/A	1	802	N/A	N/A	N/A	N/A

N/A--Not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in column 13 may be negative due to reported negative revenue amounts or to reported expenses in excess of revenue.

<sup>2</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that charitable trusts actually disbursed for charitable purposes for 1996 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 7) because charitable trusts may use either the cash disbursement or the accrual method of accounting.

<sup>3</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 4.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Number of returns	Total revenue		Selected sources of revenue					
				Contributions, gifts, and grants received		Dividends and interest from securities		Net gain (or loss) from sales of assets	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All charitable trusts</b>									
<b>Total.....</b>	<b>2,971</b>	<b>2,957</b>	<b>635,974</b>	<b>411</b>	<b>111,444</b>	<b>2,662</b>	<b>137,247</b>	<b>2,404</b>	<b>348,866</b>
Zero or unreported.....	*36	*36	*386	*7	*76	*22	*19	*22	*256
\$1 under \$100,000.....	742	727	7,142	189	4,179	531	1,050	414	1,199
\$100,000 under \$500,000.....	983	983	37,923	116	9,702	934	8,807	840	17,875
\$500,000 under \$1,000,000.....	447	447	40,125	*18	*4,189	429	10,145	420	23,591
\$1,000,000 under \$10,000,000.....	689	689	244,819	69	34,306	673	60,586	635	135,998
\$10,000,000 or more.....	74	74	305,579	11	58,991	73	56,640	72	169,947
<b>Nonoperating trusts</b>									
<b>Total.....</b>	<b>2,924</b>	<b>2,909</b>	<b>630,713</b>	<b>384</b>	<b>110,656</b>	<b>2,637</b>	<b>136,160</b>	<b>2,395</b>	<b>347,295</b>
Zero or unreported.....	*29	*29	*310	--	--	*22	*19	*22	*256
\$1 under \$100,000.....	727	712	6,810	182	4,109	531	1,050	414	1,199
\$100,000 under \$500,000.....	966	966	37,669	107	9,676	916	8,652	836	17,833
\$500,000 under \$1,000,000.....	447	447	40,125	*18	*4,189	429	10,145	420	23,591
\$1,000,000 under \$10,000,000.....	682	682	241,721	66	33,690	667	59,964	632	135,447
\$10,000,000 or more.....	73	73	304,079	11	58,991	72	56,330	71	168,968
<b>Operating trusts</b>									
<b>Total.....</b>	<b>48</b>	<b>48</b>	<b>5,261</b>	<b>26</b>	<b>788</b>	<b>25</b>	<b>1,088</b>	<b>8</b>	<b>1,572</b>
Zero or unreported.....	*7	*7	*76	*7	*76	--	--	--	--
\$1 under \$100,000.....	*15	*15	*332	*7	*71	--	--	--	--
\$100,000 under \$500,000.....	*18	*18	*255	*9	*26	*18	*155	*4	*42
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	7	7	3,099	3	615	6	622	3	551
\$10,000,000 or more.....	1	1	1,500	--	--	1	310	1	979
<b>Grantmaking charitable trusts</b>									
<b>Total.....</b>	<b>2,769</b>	<b>2,762</b>	<b>617,246</b>	<b>355</b>	<b>104,625</b>	<b>2,528</b>	<b>134,293</b>	<b>2,314</b>	<b>342,093</b>
Zero or unreported.....	*29	*29	*310	--	--	*22	*19	*22	*256
\$1 under \$100,000.....	625	618	6,148	160	3,572	465	987	378	1,153
\$100,000 under \$500,000.....	934	934	36,342	103	8,689	894	8,557	814	17,734
\$500,000 under \$1,000,000.....	434	434	38,920	*18	*4,189	416	9,683	407	22,885
\$1,000,000 under \$10,000,000.....	675	675	233,393	63	29,183	660	59,665	624	132,122
\$10,000,000 or more.....	72	72	302,133	11	58,991	71	55,381	70	167,943
<b>Grantmaking-nonoperating trusts</b>									
<b>Total.....</b>	<b>2,744</b>	<b>2,737</b>	<b>614,825</b>	<b>350</b>	<b>104,601</b>	<b>2,510</b>	<b>133,573</b>	<b>2,308</b>	<b>340,683</b>
Zero or unreported.....	*29	*29	*310	--	--	*22	*19	*22	*256
\$1 under \$100,000.....	618	611	6,137	160	3,572	465	987	378	1,153
\$100,000 under \$500,000.....	921	921	36,118	98	8,666	881	8,419	809	17,691
\$500,000 under \$1,000,000.....	434	434	38,920	*18	*4,189	416	9,683	407	22,885
\$1,000,000 under \$10,000,000.....	672	672	232,707	63	29,183	657	59,394	623	131,733
\$10,000,000 or more.....	71	71	300,633	11	58,991	70	55,071	69	166,965
<b>Grantmaking-operating trusts</b>									
<b>Total.....</b>	<b>25</b>	<b>25</b>	<b>2,421</b>	<b>*4</b>	<b>*23</b>	<b>17</b>	<b>720</b>	<b>6</b>	<b>1,410</b>
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*7	*11	--	--	--	--	--	--
\$100,000 under \$500,000.....	*13	*13	*224	*4	*23	*13	*138	*4	*42
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	3	3	686	--	--	3	272	1	389
\$10,000,000 or more.....	1	1	1,500	--	--	1	310	1	979

Footnotes at end of table.



# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 4.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Total expenses		Excess of revenue (less loss) over expenses <sup>1</sup>		Net investment income		Disbursements for exempt purposes	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,942</b>	<b>240,090</b>	<b>2,962</b>	<b>395,884</b>	<b>2,859</b>	<b>517,735</b>	<b>2,915</b>	<b>203,953</b>
Zero or unreported.....	*36	*971	*36	*-585	*29	*202	*36	*956
\$1 under \$100,000.....	712	3,954	734	3,188	654	3,190	698	3,224
\$100,000 under \$500,000.....	983	16,019	983	21,904	970	28,691	979	13,043
\$500,000 under \$1,000,000.....	447	17,921	447	22,204	443	34,635	447	14,011
\$1,000,000 under \$10,000,000.....	689	101,756	687	143,063	689	207,596	681	85,228
\$10,000,000 or more.....	74	99,469	74	206,110	74	243,420	74	87,490
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,894</b>	<b>236,016</b>	<b>2,914</b>	<b>394,697</b>	<b>2,818</b>	<b>514,885</b>	<b>2,876</b>	<b>201,380</b>
Zero or unreported.....	*29	*890	*29	*-580	*29	*202	*29	*875
\$1 under \$100,000.....	698	3,624	720	3,186	640	3,188	691	3,176
\$100,000 under \$500,000.....	966	15,826	966	21,842	952	28,503	961	12,890
\$500,000 under \$1,000,000.....	447	17,921	447	22,204	443	34,635	447	14,011
\$1,000,000 under \$10,000,000.....	682	99,358	680	142,363	682	206,134	675	83,706
\$10,000,000 or more.....	73	98,397	73	205,682	73	242,223	73	86,722
<b>Operating trusts</b>								
<b>Total.....</b>	<b>48</b>	<b>4,074</b>	<b>48</b>	<b>1,187</b>	<b>40</b>	<b>2,851</b>	<b>39</b>	<b>2,573</b>
Zero or unreported.....	*7	*81	*7	*-5	--	--	*7	*81
\$1 under \$100,000.....	*15	*330	*15	*1	*15	*3	*7	*48
\$100,000 under \$500,000.....	*18	*193	*18	*62	*18	*188	*18	*153
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	7	2,398	7	700	7	1,463	6	1,522
\$10,000,000 or more.....	1	1,071	1	428	1	1,197	1	769
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,769</b>	<b>236,996</b>	<b>2,767</b>	<b>380,249</b>	<b>2,693</b>	<b>507,180</b>	<b>2,769</b>	<b>202,480</b>
Zero or unreported.....	*29	*890	*29	*-580	*29	*202	*29	*875
\$1 under \$100,000.....	625	3,614	625	2,534	567	3,050	625	3,207
\$100,000 under \$500,000.....	934	15,864	934	20,478	921	27,969	934	12,993
\$500,000 under \$1,000,000.....	434	17,765	434	21,155	429	33,496	434	13,934
\$1,000,000 under \$10,000,000.....	675	99,504	673	133,889	675	202,483	675	83,991
\$10,000,000 or more.....	72	99,359	72	202,773	72	239,979	72	87,480
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,744</b>	<b>235,302</b>	<b>2,742</b>	<b>379,523</b>	<b>2,668</b>	<b>505,115</b>	<b>2,744</b>	<b>201,196</b>
Zero or unreported.....	*29	*890	*29	*-580	*29	*202	*29	*875
\$1 under \$100,000.....	618	3,556	618	2,581	560	3,050	618	3,159
\$100,000 under \$500,000.....	921	15,673	921	20,444	907	27,807	921	12,842
\$500,000 under \$1,000,000.....	434	17,765	434	21,155	429	33,496	434	13,934
\$1,000,000 under \$10,000,000.....	672	99,129	670	133,578	672	201,778	672	83,675
\$10,000,000 or more.....	71	98,288	71	202,345	71	238,782	71	86,711
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>25</b>	<b>1,695</b>	<b>25</b>	<b>726</b>	<b>25</b>	<b>2,065</b>	<b>25</b>	<b>1,284</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*58	*7	*-47	*7	*1	*7	*48
\$100,000 under \$500,000.....	*13	*191	*13	*34	*13	*162	*13	*151
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	3	375	3	311	3	705	3	316
\$10,000,000 or more.....	1	1,071	1	428	1	1,197	1	769

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 4.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Contributions, gifts, and grants paid <sup>2</sup>		Excise tax on net investment Income		Total assets (book value)		Total investment assets (book value)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,769</b>	<b>190,947</b>	<b>2,727</b>	<b>7,962</b>	<b>2,942</b>	<b>3,438,083</b>	<b>2,784</b>	<b>3,346,675</b>
Zero or unreported.....	*29	*873	*15	*1	*7	*554	--	--
\$1 under \$100,000.....	625	3,057	647	50	742	25,567	618	21,855
\$100,000 under \$500,000.....	934	12,152	907	459	983	201,277	957	189,111
\$500,000 under \$1,000,000.....	434	13,048	420	606	447	247,879	447	241,840
\$1,000,000 under \$10,000,000.....	675	79,503	665	3,469	689	1,431,909	689	1,403,725
\$10,000,000 or more.....	72	82,312	73	3,377	74	1,530,898	74	1,490,144
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,744</b>	<b>190,018</b>	<b>2,687</b>	<b>7,915</b>	<b>2,902</b>	<b>3,405,011</b>	<b>2,759</b>	<b>3,319,062</b>
Zero or unreported.....	*29	*873	*15	*1	*7	*554	--	--
\$1 under \$100,000.....	618	3,010	632	50	727	25,426	618	21,855
\$100,000 under \$500,000.....	921	12,010	890	456	966	198,078	939	185,941
\$500,000 under \$1,000,000.....	434	13,048	420	606	447	247,879	447	241,840
\$1,000,000 under \$10,000,000.....	672	79,218	658	3,450	682	1,410,426	682	1,385,336
\$10,000,000 or more.....	71	81,859	72	3,353	73	1,522,648	73	1,484,091
<b>Operating trusts</b>								
<b>Total.....</b>	<b>25</b>	<b>929</b>	<b>40</b>	<b>47</b>	<b>40</b>	<b>33,073</b>	<b>26</b>	<b>27,613</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*48	*15	*( <sup>3</sup> )	*15	*141	--	--
\$100,000 under \$500,000.....	*13	*143	*18	*4	*18	*3,199	*18	*3,170
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	3	285	7	19	7	21,482	7	18,389
\$10,000,000 or more.....	1	453	1	24	1	8,250	1	6,054
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,769</b>	<b>190,947</b>	<b>2,561</b>	<b>7,759</b>	<b>2,747</b>	<b>3,353,326</b>	<b>2,619</b>	<b>3,269,038</b>
Zero or unreported.....	*29	*873	*15	*1	*7	*554	--	--
\$1 under \$100,000.....	625	3,057	560	47	625	22,732	531	20,336
\$100,000 under \$500,000.....	934	12,152	858	445	934	190,842	907	180,575
\$500,000 under \$1,000,000.....	434	13,048	407	586	434	238,711	434	232,895
\$1,000,000 under \$10,000,000.....	675	79,503	651	3,372	675	1,400,232	675	1,375,686
\$10,000,000 or more.....	72	82,312	71	3,308	72	1,500,255	72	1,459,545
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,744</b>	<b>190,018</b>	<b>2,537</b>	<b>7,723</b>	<b>2,723</b>	<b>3,331,840</b>	<b>2,601</b>	<b>3,249,803</b>
Zero or unreported.....	*29	*873	*15	*1	*7	*554	--	--
\$1 under \$100,000.....	618	3,010	553	47	618	22,710	531	20,336
\$100,000 under \$500,000.....	921	12,010	845	442	921	188,130	894	177,892
\$500,000 under \$1,000,000.....	434	13,048	407	586	434	238,711	434	232,895
\$1,000,000 under \$10,000,000.....	672	79,218	648	3,364	672	1,389,731	672	1,365,189
\$10,000,000 or more.....	71	81,859	70	3,284	71	1,492,005	71	1,453,491
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>25</b>	<b>929</b>	<b>25</b>	<b>35</b>	<b>25</b>	<b>21,486</b>	<b>17</b>	<b>19,234</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*48	*7	*( <sup>3</sup> )	*7	*22	--	--
\$100,000 under \$500,000.....	*13	*143	*13	*3	*13	*2,712	*13	*2,684
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	3	285	3	8	3	10,502	3	10,497
\$10,000,000 or more.....	1	453	1	24	1	8,250	1	6,054

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 4.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Investments in securities (book value)							
	Total		Government obligations		Corporate stock		Corporate bonds	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,273</b>	<b>2,563,748</b>	<b>826</b>	<b>495,976</b>	<b>2,032</b>	<b>1,444,107</b>	<b>1,355</b>	<b>623,665</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	458	15,432	124	2,539	363	8,905	211	3,988
\$100,000 under \$500,000.....	760	132,994	219	18,672	671	71,222	469	43,101
\$500,000 under \$1,000,000.....	362	166,677	107	19,834	349	99,493	224	47,350
\$1,000,000 under \$10,000,000.....	624	1,111,095	328	215,388	583	632,844	398	262,863
\$10,000,000 or more.....	69	1,137,550	48	239,544	66	631,642	53	266,363
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,247</b>	<b>2,544,633</b>	<b>813</b>	<b>492,336</b>	<b>2,012</b>	<b>1,432,649</b>	<b>1,345</b>	<b>619,648</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	458	15,432	124	2,539	363	8,905	211	3,988
\$100,000 under \$500,000.....	742	130,044	210	18,171	657	69,513	465	42,361
\$500,000 under \$1,000,000.....	362	166,677	107	19,834	349	99,493	224	47,350
\$1,000,000 under \$10,000,000.....	617	1,100,345	324	212,249	578	628,438	394	259,657
\$10,000,000 or more.....	68	1,132,135	48	239,544	65	626,299	52	266,291
<b>Operating trusts</b>								
<b>Total.....</b>	<b>26</b>	<b>19,115</b>	<b>13</b>	<b>3,640</b>	<b>19</b>	<b>11,457</b>	<b>9</b>	<b>4,017</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*18	*2,950	*9	*501	*13	*1,709	*4	*740
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	7	10,750	4	3,139	5	4,406	4	3,206
\$10,000,000 or more.....	1	5,415	--	--	1	5,343	1	72
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,169</b>	<b>2,507,701</b>	<b>788</b>	<b>488,571</b>	<b>1,954</b>	<b>1,415,923</b>	<b>1,304</b>	<b>603,207</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	400	14,521	102	2,377	320	8,362	189	3,782
\$100,000 under \$500,000.....	742	131,182	210	18,106	662	70,364	460	42,712
\$500,000 under \$1,000,000.....	349	159,057	107	19,834	335	97,116	210	42,108
\$1,000,000 under \$10,000,000.....	612	1,094,226	321	208,710	573	626,485	393	259,031
\$10,000,000 or more.....	67	1,108,715	48	239,544	64	613,596	52	255,575
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,152</b>	<b>2,493,825</b>	<b>782</b>	<b>488,082</b>	<b>1,937</b>	<b>1,405,412</b>	<b>1,296</b>	<b>600,330</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	400	14,521	102	2,377	320	8,362	189	3,782
\$100,000 under \$500,000.....	729	128,641	206	18,014	648	68,655	456	41,972
\$500,000 under \$1,000,000.....	349	159,057	107	19,834	335	97,116	210	42,108
\$1,000,000 under \$10,000,000.....	609	1,088,305	320	208,313	571	623,026	390	256,966
\$10,000,000 or more.....	66	1,103,300	48	239,544	63	608,253	51	255,503
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>17</b>	<b>13,876</b>	<b>5</b>	<b>489</b>	<b>16</b>	<b>10,510</b>	<b>8</b>	<b>2,877</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	--	--	--
\$100,000 under \$500,000.....	*13	*2,541	*4	*92	*13	*1,709	*4	*740
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	3	5,921	1	397	2	3,458	3	2,065
\$10,000,000 or more.....	1	5,415	--	--	1	5,343	1	72

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 4.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Total assets (fair market value)		Total investment assets (fair market value)		Investments in securities (fair market value)			
	Number of returns	Amount	Number of returns	Amount	Total		Government obligations	
					Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,935</b>	<b>4,749,791</b>	<b>2,784</b>	<b>4,634,499</b>	<b>2,273</b>	<b>3,735,346</b>	<b>826</b>	<b>523,861</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	742	28,143	618	24,393	458	17,018	124	2,612
\$100,000 under \$500,000.....	983	251,418	957	236,829	760	170,159	219	20,670
\$500,000 under \$1,000,000.....	447	319,597	447	313,702	362	221,868	107	21,124
\$1,000,000 under \$10,000,000.....	689	1,974,306	689	1,937,708	624	1,586,969	328	221,434
\$10,000,000 or more.....	74	2,176,328	74	2,121,867	69	1,739,333	48	258,021
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,894</b>	<b>4,703,786</b>	<b>2,759</b>	<b>4,596,874</b>	<b>2,247</b>	<b>3,708,521</b>	<b>813</b>	<b>520,232</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	727	28,001	618	24,393	458	17,018	124	2,612
\$100,000 under \$500,000.....	966	247,928	939	233,367	742	166,912	210	20,169
\$500,000 under \$1,000,000.....	447	319,597	447	313,702	362	221,868	107	21,124
\$1,000,000 under \$10,000,000.....	682	1,947,253	682	1,916,668	617	1,573,746	324	218,306
\$10,000,000 or more.....	73	2,161,008	73	2,108,743	68	1,728,977	48	258,021
<b>Operating trusts</b>								
<b>Total.....</b>	<b>40</b>	<b>46,005</b>	<b>26</b>	<b>37,625</b>	<b>26</b>	<b>26,825</b>	<b>13</b>	<b>3,629</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*15	*141	--	--	--	--	--	--
\$100,000 under \$500,000.....	*18	*3,490	*18	*3,461	*18	*3,247	*9	*501
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	7	27,054	7	21,039	7	13,223	4	3,128
\$10,000,000 or more.....	1	15,320	1	13,124	1	10,356	--	--
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>2,740</b>	<b>4,648,808</b>	<b>2,619</b>	<b>4,543,664</b>	<b>2,169</b>	<b>3,668,871</b>	<b>788</b>	<b>516,426</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	625	25,095	531	22,659	400	15,892	102	2,452
\$100,000 under \$500,000.....	934	239,494	907	226,804	742	167,590	210	20,100
\$500,000 under \$1,000,000.....	434	309,351	434	303,680	349	213,200	107	21,124
\$1,000,000 under \$10,000,000.....	675	1,932,444	675	1,902,515	612	1,564,951	321	214,728
\$10,000,000 or more.....	72	2,142,424	72	2,088,007	67	1,707,238	48	258,021
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>2,715</b>	<b>4,617,701</b>	<b>2,601</b>	<b>4,514,810</b>	<b>2,152</b>	<b>3,647,498</b>	<b>782</b>	<b>515,933</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	618	25,073	531	22,659	400	15,892	102	2,452
\$100,000 under \$500,000.....	921	236,490	894	223,829	729	164,752	206	20,008
\$500,000 under \$1,000,000.....	434	309,351	434	303,680	349	213,200	107	21,124
\$1,000,000 under \$10,000,000.....	672	1,919,684	672	1,889,759	609	1,556,772	320	214,328
\$10,000,000 or more.....	71	2,127,104	71	2,074,883	66	1,696,882	48	258,021
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>25</b>	<b>31,107</b>	<b>17</b>	<b>28,855</b>	<b>17</b>	<b>21,373</b>	<b>5</b>	<b>493</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*7	*22	--	--	--	--	--	--
\$100,000 under \$500,000.....	*13	*3,004	*13	*2,975	*13	*2,838	*4	*92
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	3	12,761	3	12,756	3	8,179	1	401
\$10,000,000 or more.....	1	15,320	1	13,124	1	10,356	--	--

Footnotes at end of table.

Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 4.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets --Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Investments in securities (fair market value)--continued				Net worth (book value)		Noncharitable-use assets	
	Corporate stock		Corporate bonds		Number of returns	Amount	Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount				
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>All charitable trusts</b>								
<b>Total.....</b>	<b>2,032</b>	<b>2,551,579</b>	<b>1,354</b>	<b>659,906</b>	<b>2,942</b>	<b>3,420,780</b>	<b>2,957</b>	<b>4,416,188</b>
Zero or unreported.....	--	--	--	--	*7	*553	*22	*1,115
\$1 under \$100,000.....	363	10,668	211	3,737	742	25,296	742	26,098
\$100,000 under \$500,000.....	671	103,172	469	46,317	983	200,911	983	234,755
\$500,000 under \$1,000,000.....	349	151,506	224	49,238	447	246,868	447	299,208
\$1,000,000 under \$10,000,000.....	583	1,086,343	398	279,192	689	1,418,980	689	1,828,052
\$10,000,000 or more.....	66	1,199,889	52	281,422	74	1,528,173	74	2,026,960
<b>Nonoperating trusts</b>								
<b>Total.....</b>	<b>2,012</b>	<b>2,532,227</b>	<b>1,344</b>	<b>656,062</b>	<b>2,902</b>	<b>3,388,380</b>	<b>2,916</b>	<b>4,378,555</b>
Zero or unreported.....	--	--	--	--	*7	*553	*22	*1,115
\$1 under \$100,000.....	363	10,668	211	3,737	727	25,184	727	26,004
\$100,000 under \$500,000.....	657	101,209	465	45,534	966	197,799	966	231,489
\$500,000 under \$1,000,000.....	349	151,506	224	49,238	447	246,868	447	299,208
\$1,000,000 under \$10,000,000.....	578	1,079,298	394	276,142	682	1,397,945	682	1,808,711
\$10,000,000 or more.....	65	1,189,545	51	281,411	73	1,520,030	73	2,012,028
<b>Operating trusts</b>								
<b>Total.....</b>	<b>19</b>	<b>19,352</b>	<b>9</b>	<b>3,844</b>	<b>40</b>	<b>32,401</b>	<b>40</b>	<b>37,633</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*15	*112	*15	*94
\$100,000 under \$500,000.....	*13	*1,963	*4	*783	*18	*3,112	*18	*3,266
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	5	7,045	4	3,050	7	21,034	7	19,340
\$10,000,000 or more.....	1	10,344	1	11	1	8,142	1	14,932
<b>Grantmaking charitable trusts</b>								
<b>Total.....</b>	<b>1,954</b>	<b>2,514,371</b>	<b>1,303</b>	<b>638,074</b>	<b>2,747</b>	<b>3,342,022</b>	<b>2,762</b>	<b>4,329,564</b>
Zero or unreported.....	--	--	--	--	*7	*553	*22	*1,115
\$1 under \$100,000.....	320	9,921	189	3,519	625	22,490	625	23,718
\$100,000 under \$500,000.....	662	102,078	460	45,412	934	190,564	934	224,920
\$500,000 under \$1,000,000.....	335	148,265	210	43,811	434	237,924	434	289,459
\$1,000,000 under \$10,000,000.....	573	1,074,914	393	275,309	675	1,392,962	675	1,796,249
\$10,000,000 or more.....	64	1,179,193	51	270,023	72	1,497,529	72	1,994,102
<b>Grantmaking-nonoperating trusts</b>								
<b>Total.....</b>	<b>1,937</b>	<b>2,496,165</b>	<b>1,295</b>	<b>635,400</b>	<b>2,723</b>	<b>3,320,732</b>	<b>2,737</b>	<b>4,304,010</b>
Zero or unreported.....	--	--	--	--	*7	*553	*22	*1,115
\$1 under \$100,000.....	320	9,921	189	3,519	618	22,467	618	23,660
\$100,000 under \$500,000.....	648	100,115	456	44,629	921	187,938	921	222,107
\$500,000 under \$1,000,000.....	335	148,265	210	43,811	434	237,924	434	289,459
\$1,000,000 under \$10,000,000.....	571	1,069,015	390	273,429	672	1,382,462	672	1,788,499
\$10,000,000 or more.....	63	1,168,849	50	270,012	71	1,489,387	71	1,979,170
<b>Grantmaking-operating trusts</b>								
<b>Total.....</b>	<b>16</b>	<b>18,206</b>	<b>8</b>	<b>2,675</b>	<b>25</b>	<b>21,290</b>	<b>25</b>	<b>25,554</b>
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	*7	*22	*7	*58
\$100,000 under \$500,000.....	*13	*1,963	*4	*783	*13	*2,625	*13	*2,813
\$500,000 under \$1,000,000.....	--	--	--	--	--	--	--	--
\$1,000,000 under \$10,000,000.....	2	5,898	3	1,881	3	10,500	3	7,750
\$10,000,000 or more.....	1	10,344	1	11	1	8,142	1	14,932

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 4.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Number and Selected Financial Data, by Type of Charitable Trust and Size of Fair Market Value of Total Assets**  
**--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Type of trust, size of fair market value of total assets	Minimum investment return		Distributable amount		Qualifying distributions		Undistributed income for 1997		Excess distributions carryover to 1998	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>All charitable trusts</b>										
<b>Total.....</b>	<b>2,957</b>	<b>220,390</b>	<b>2,915</b>	<b>209,035</b>	<b>2,916</b>	<b>205,669</b>	<b>1,683</b>	<b>81,098</b>	<b>1,208</b>	<b>144,479</b>
Zero or unreported.....	*22	*56	*22	*55	*36	*956	--	--	*29	*1,073
\$1 under \$100,000.....	742	1,305	727	1,263	698	3,224	320	409	400	6,596
\$100,000 under \$500,000.....	983	11,713	966	11,254	979	13,272	577	4,268	371	14,183
\$500,000 under \$1,000,000.....	447	14,960	447	14,202	447	14,011	295	5,858	148	26,841
\$1,000,000 under \$10,000,000.....	689	91,311	682	87,197	682	86,215	447	34,721	232	69,263
\$10,000,000 or more.....	74	101,046	72	95,064	74	87,990	45	35,843	28	26,522
<b>Nonoperating trusts</b>										
<b>Total.....</b>	<b>2,916</b>	<b>218,509</b>	<b>2,915</b>	<b>209,035</b>	<b>2,877</b>	<b>202,947</b>	<b>1,683</b>	<b>81,098</b>	<b>1,208</b>	<b>144,479</b>
Zero or unreported.....	*22	*56	*22	*55	*29	*875	--	--	*29	*1,073
\$1 under \$100,000.....	727	1,300	727	1,263	691	3,176	320	409	400	6,596
\$100,000 under \$500,000.....	966	11,549	966	11,254	961	13,119	577	4,268	371	14,183
\$500,000 under \$1,000,000.....	447	14,960	447	14,202	447	14,011	295	5,858	148	26,841
\$1,000,000 under \$10,000,000.....	682	90,344	682	87,197	676	84,544	447	34,721	232	69,263
\$10,000,000 or more.....	73	100,299	72	95,064	73	87,222	45	35,843	28	26,522
<b>Operating trusts</b>										
<b>Total.....</b>	<b>40</b>	<b>1,882</b>	<b>N/A</b>	<b>N/A</b>	<b>39</b>	<b>2,722</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	7	81	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*15	*5	N/A	N/A	*7	*48	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*18	*163	N/A	N/A	*18	*153	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	7	967	N/A	N/A	6	1,671	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	747	N/A	N/A	1	769	N/A	N/A	N/A	N/A
<b>Grantmaking charitable trusts</b>										
<b>Total.....</b>	<b>2,762</b>	<b>216,157</b>	<b>2,737</b>	<b>206,353</b>	<b>2,769</b>	<b>203,687</b>	<b>1,563</b>	<b>79,346</b>	<b>1,148</b>	<b>113,715</b>
Zero or unreported.....	*22	*56	*22	*55	*29	*875	--	--	*29	*1,073
\$1 under \$100,000.....	625	1,186	618	1,148	625	3,207	247	341	363	5,779
\$100,000 under \$500,000.....	934	11,246	921	10,686	934	12,993	550	3,993	353	10,383
\$500,000 under \$1,000,000.....	434	14,473	434	13,735	434	13,934	282	5,473	148	26,841
\$1,000,000 under \$10,000,000.....	675	89,794	672	86,345	675	84,698	441	34,377	228	43,150
\$10,000,000 or more.....	72	99,403	71	94,384	72	87,980	44	35,163	27	26,490
<b>Grantmaking-nonoperating trusts</b>										
<b>Total.....</b>	<b>2,737</b>	<b>214,879</b>	<b>2,737</b>	<b>206,353</b>	<b>2,744</b>	<b>202,403</b>	<b>1,563</b>	<b>79,346</b>	<b>1,148</b>	<b>113,715</b>
Zero or unreported.....	*22	*56	*22	*55	*29	*875	--	--	*29	*1,073
\$1 under \$100,000.....	618	1,183	618	1,148	618	3,159	247	341	363	5,779
\$100,000 under \$500,000.....	921	11,105	921	10,686	921	12,842	550	3,993	353	10,383
\$500,000 under \$1,000,000.....	434	14,473	434	13,735	434	13,934	282	5,473	148	26,841
\$1,000,000 under \$10,000,000.....	672	89,406	672	86,345	672	84,382	441	34,377	228	43,150
\$10,000,000 or more.....	71	98,656	71	94,384	71	87,211	44	35,163	27	26,490
<b>Grantmaking-operating trusts</b>										
<b>Total.....</b>	<b>25</b>	<b>1,278</b>	<b>N/A</b>	<b>N/A</b>	<b>25</b>	<b>1,284</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
Zero or unreported.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	*7	*3	N/A	N/A	*7	*48	N/A	N/A	N/A	N/A
\$100,000 under \$500,000.....	*13	*141	N/A	N/A	*13	*151	N/A	N/A	N/A	N/A
\$500,000 under \$1,000,000.....	--	--	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	3	388	N/A	N/A	3	316	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	1	747	N/A	N/A	1	769	N/A	N/A	N/A	N/A

N/A--Not applicable.

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data shown in column 13 may be negative due to reported negative revenue amounts or to reported expenses in excess of revenue.

<sup>2</sup> The data shown in columns 18 and 19 are based on the amount of contributions, gifts, and grants that charitable trusts actually disbursed for charitable purposes for 1997 using the cash receipt and disbursement method of accounting. These amounts differ somewhat from those reported as contributions, gifts, and grants paid shown in the income statement (Table 8) because charitable trusts may use either the cash disbursement or the accrual method of accounting.

<sup>3</sup> Less than \$500.

NOTE: Detail may not add to totals because of rounding.

## Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 5.--All Domestic Private Foundations, 1996: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Number of returns.....</b>	<b>50,774</b>	<b>1,124</b>	<b>15,409</b>	<b>19,296</b>	<b>11,838</b>	<b>1,759</b>	<b>649</b>	<b>351</b>	<b>348</b>
<b>Total revenue.....</b>	<b>48,246,836</b>	<b>100,847</b>	<b>560,356</b>	<b>2,093,708</b>	<b>7,194,907</b>	<b>4,877,517</b>	<b>3,750,718</b>	<b>3,921,232</b>	<b>25,747,551</b>
Contributions, gifts, and grants received.....	20,948,937	98,429	391,625	1,424,398	3,791,871	2,351,981	1,607,482	1,510,960	9,772,188
Interest on savings and temporary cash investments.....	1,089,390	1,829	8,683	67,222	218,307	137,490	113,323	106,831	435,705
Dividends and interest from securities.....	7,327,282	*3,347	9,590	205,645	1,055,383	756,780	591,165	666,687	4,038,686
Gross rents and royalties.....	404,658	--	*362	20,951	99,810	37,840	49,317	36,951	159,427
Net gain (less loss) from sales of assets.....	16,444,511	*-3,911	133,670	236,133	1,619,757	1,374,396	1,153,788	1,519,624	10,411,052
Gross profit (less loss) from business activities.....	86,823	--	*1,827	7,800	37,919	11,302	15,170	2,712	10,095
Other income.....	1,945,232	*1,153	14,599	131,557	371,858	207,728	220,473	77,466	920,397
<b>Total expenses.....</b>	<b>19,851,784</b>	<b>216,015</b>	<b>549,822</b>	<b>1,215,821</b>	<b>3,615,991</b>	<b>2,089,089</b>	<b>1,774,475</b>	<b>1,495,601</b>	<b>8,894,970</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	15,146,245	207,940	470,722	837,688	2,632,562	1,592,045	1,363,729	1,141,426	6,900,133
Compensation of officers.....	422,544	*914	8,411	38,012	97,848	55,250	39,974	39,569	142,566
Other salaries and wages.....	879,498	*2,079	*9,357	70,590	216,702	106,780	74,011	58,916	341,063
Pension plans and employee benefits.....	228,849	--	*356	10,564	34,421	20,579	13,184	16,898	132,847
Legal fees.....	86,470	*590	2,189	8,884	23,650	11,313	8,092	6,522	25,231
Accounting fees.....	88,008	*824	4,378	15,882	29,120	11,680	7,662	6,328	12,134
Other professional fees.....	736,847	*830	4,932	56,643	89,713	72,318	52,705	61,965	397,740
Interest.....	94,685	--	669	5,735	38,918	14,858	15,876	6,041	12,587
Taxes.....	470,629	789	2,162	11,392	72,476	45,200	46,577	42,337	249,697
Depreciation and depletion.....	222,919	*203	1,538	8,703	46,045	23,914	34,647	23,258	84,611
Occupancy.....	213,698	*610	4,520	21,428	39,382	20,730	16,461	15,292	95,275
Travel, conferences, and meetings.....	137,853	*162	5,327	26,100	12,391	7,544	7,821	8,556	69,953
Printing and publications.....	61,251	*12	4,114	8,544	4,666	3,825	2,287	3,505	34,299
Other expenses.....	1,062,285	1,063	31,145	95,654	278,097	103,054	91,449	64,989	396,835
<b>Excess of revenue (less loss) over expenses.....</b>	<b>28,395,052</b>	<b>-115,169</b>	<b>10,535</b>	<b>877,888</b>	<b>3,578,916</b>	<b>2,788,428</b>	<b>1,976,243</b>	<b>2,425,631</b>	<b>16,852,580</b>
Excess of revenue.....	30,824,635	*205	73,995	1,158,042	4,245,027	3,059,081	2,165,650	2,563,344	17,559,291
Loss.....	-2,429,583	-115,374	-63,460	-280,154	-666,111	-270,653	-189,407	-137,713	-706,711
<b>Total assets (fair market value).....</b>	<b>288,587,974</b>	<b>--</b>	<b>440,769</b>	<b>7,628,984</b>	<b>37,034,115</b>	<b>27,396,002</b>	<b>22,467,192</b>	<b>24,520,885</b>	<b>169,100,026</b>
Cash, total.....	18,309,048	--	241,138	1,650,478	4,235,729	2,429,043	1,585,407	1,289,803	6,877,450
Non-interest bearing accounts.....	2,020,654	--	88,645	388,813	596,986	318,117	130,485	163,442	334,166
Savings and temporary cash investments.....	16,288,394	--	152,494	1,261,666	3,638,743	2,110,926	1,454,922	1,126,361	6,543,283
Accounts receivable, net.....	485,504	--	*1,480	28,628	86,018	35,051	55,567	23,528	255,231
Pledges receivable, net.....	4,797,358	--	--	*1,743	61,278	40,224	10,340	12,582	4,671,191
Grants receivable.....	350,274	--	--	*18,485	*47,418	68,493	51,047	41,267	123,565
Receivables due from disqualified persons.....	52,721	--	*619	*18,674	*20,120	10,770	587	1,750	201
Other notes and loans receivable.....	1,104,710	--	4,573	131,985	324,842	169,354	122,748	73,607	277,601
Inventories.....	39,122	--	*3,281	*12,458	4,268	9,258	1,746	739	7,372
Prepaid expenses and deferred charges.....	101,341	--	*6	1,380	8,038	6,763	7,138	11,867	66,148
Investments, total (non-cash).....	252,038,891	--	172,693	5,419,592	30,216,140	23,554,364	19,587,436	22,285,025	150,803,642
Securities, total.....	225,086,584	--	142,120	4,675,363	26,306,344	20,651,356	16,839,892	19,994,690	136,476,818
Government obligations.....	32,679,980	--	27,122	845,196	4,969,254	3,519,861	2,876,273	3,595,141	16,847,133
Corporate stock.....	171,621,311	--	87,059	3,256,070	18,270,150	14,777,679	12,074,942	14,426,755	108,728,655
Corporate bonds.....	20,785,294	--	27,939	574,096	3,066,941	2,353,816	1,888,677	1,972,795	10,901,030
Land, buildings, and equipment (less accumulated depreciation).....	4,370,764	--	*3,067	127,450	784,086	455,077	348,247	373,701	2,279,136
Mortgage loans.....	872,577	--	*3,713	54,150	189,504	129,546	83,549	56,707	355,409
Other investments.....	21,708,966	--	23,792	562,629	2,936,206	2,318,385	2,315,748	1,859,927	11,692,279
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	6,239,402	--	11,720	256,264	1,360,562	695,380	581,485	449,511	2,884,480
Other assets.....	5,069,600	--	5,258	89,296	669,702	377,303	463,691	331,205	3,133,145

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 5.--All Domestic Private Foundations, 1996: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value).....</b>	<b>232,564,949</b>	<b>*26,246</b>	<b>423,614</b>	<b>6,581,724</b>	<b>29,627,626</b>	<b>21,294,858</b>	<b>17,289,693</b>	<b>19,011,402</b>	<b>138,309,786</b>
Cash, total.....	18,233,348	*6,380	241,122	1,649,198	4,211,098	2,394,828	1,583,081	1,289,831	6,857,810
Non-interest bearing accounts.....	1,998,880	*771	88,472	388,937	594,107	317,056	128,806	164,699	316,033
Savings and temporary cash investments.....	16,234,468	*5,609	152,650	1,260,261	3,616,990	2,077,772	1,454,276	1,125,132	6,541,777
Accounts receivable, net.....	496,969	--	*1,483	38,971	84,179	35,061	54,639	23,959	258,677
Pledges receivable, net.....	4,797,458	--	--	*1,743	61,378	40,224	10,340	12,582	4,671,191
Grants receivable.....	351,237	*334	--	*18,485	*47,418	68,493	51,047	41,267	124,194
Receivables due from disqualified persons.....	50,912	--	*619	*17,174	*19,812	10,770	587	1,750	201
Other notes and loans receivable.....	1,216,658	--	4,573	137,119	332,882	169,336	123,274	69,736	379,738
Inventories.....	37,001	--	*2,765	*12,458	4,393	8,672	1,707	690	6,316
Prepaid expenses and deferred charges.....	78,274	--	*330	1,619	8,152	6,762	7,284	11,949	42,177
Investments, total (non-cash).....	198,120,348	*19,532	156,406	4,369,791	23,086,280	17,664,684	14,610,634	16,865,996	121,347,026
Securities, total.....	174,578,908	*12,606	120,442	3,696,126	19,726,313	15,077,032	12,320,491	15,026,989	108,598,909
Government obligations.....	31,491,180	*3,438	26,142	815,401	4,872,785	3,445,168	2,832,611	3,505,770	15,989,865
Corporate stock.....	122,647,735	*4,528	66,160	2,325,621	11,888,941	9,307,496	7,653,746	9,573,821	81,827,422
Corporate bonds.....	20,439,993	*4,639	28,140	555,104	2,964,587	2,324,369	1,834,135	1,947,398	10,781,621
Land, buildings, and equipment (less accumulated depreciation).....	3,181,892	*6,926	*11,062	106,370	575,443	345,101	242,061	265,446	1,629,484
Mortgage loans.....	966,357	--	*3,713	54,172	180,352	130,100	82,900	58,607	456,513
Other investments.....	19,393,191	--	21,188	513,123	2,604,171	2,112,452	1,965,182	1,514,954	10,662,120
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	5,002,524	--	11,689	252,425	1,154,170	567,093	480,574	367,475	2,169,098
Other assets.....	4,180,216	--	4,626	82,741	617,863	328,936	366,525	326,167	2,453,358
<b>Total liabilities (book value).....</b>	<b>8,067,953</b>	<b>*83,778</b>	<b>72,428</b>	<b>210,362</b>	<b>1,024,723</b>	<b>596,905</b>	<b>580,869</b>	<b>386,429</b>	<b>5,112,458</b>
<b>Net worth (book value).....</b>	<b>224,496,995</b>	<b>*-57,532</b>	<b>351,186</b>	<b>6,371,362</b>	<b>28,602,903</b>	<b>20,697,953</b>	<b>16,708,823</b>	<b>18,624,973</b>	<b>133,197,327</b>
<b>Total assets,</b>									
<b>beginning-of-year (book value).....</b>	<b>195,840,317</b>	<b>185,357</b>	<b>417,921</b>	<b>5,663,874</b>	<b>25,863,391</b>	<b>18,068,791</b>	<b>15,126,878</b>	<b>16,227,800</b>	<b>114,286,304</b>
<b>Investments in securities,</b>									
<b>beginning-of-year (book value).....</b>	<b>146,943,914</b>	<b>*87,130</b>	<b>105,194</b>	<b>3,049,478</b>	<b>17,056,804</b>	<b>12,620,679</b>	<b>10,434,948</b>	<b>12,399,512</b>	<b>91,190,169</b>
Government obligations.....	29,235,386	*51,694	25,367	746,858	4,609,522	3,179,588	2,538,557	3,079,408	15,004,393
Corporate stock.....	99,790,559	*22,752	56,966	1,771,469	9,642,426	7,340,286	6,239,900	7,678,791	67,037,969
Corporate bonds.....	17,917,969	*12,684	22,861	531,151	2,804,857	2,100,805	1,656,491	1,641,312	9,147,807

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 1, which are calculated using the cash receipt and disbursement method of accounting.

NOTE: Detail may not add to total because of rounding.



# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 6.--All Domestic Private Foundations, 1997: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>55,113</b>	<b>1,337</b>	<b>15,454</b>	<b>20,643</b>	<b>14,059</b>	<b>2,028</b>	<b>764</b>	<b>420</b>	<b>407</b>
<b>Total revenue.....</b>	<b>55,459,904</b>	<b>52,518</b>	<b>607,494</b>	<b>2,727,219</b>	<b>10,151,245</b>	<b>5,901,234</b>	<b>4,920,438</b>	<b>5,119,086</b>	<b>25,980,671</b>
Contributions, gifts, and grants received.....	20,223,968	43,335	574,992	1,932,585	5,434,174	2,533,217	2,146,495	1,909,981	5,649,189
Interest on savings and temporary cash investments.....	1,254,426	2,622	8,708	69,543	246,876	159,807	132,919	112,002	521,947
Dividends and interest from securities.....	8,295,218	*1,604	11,307	219,065	1,154,987	821,469	681,924	776,281	4,628,580
Gross rents and royalties.....	378,397	--	*1,110	16,841	90,352	33,578	41,308	32,115	163,094
Net gain (less loss) from sales of assets.....	23,538,174	*3,206	-1,121	380,710	2,877,792	2,073,939	1,704,076	2,147,560	14,352,012
Gross profit (less loss) from business activities.....	102,708	--	*2,860	5,934	3,749	9,285	2,013	2,761	76,106
Other income.....	1,667,012	*1,751	9,638	102,540	343,315	269,939	211,703	138,385	589,743
<b>Total expenses.....</b>	<b>22,413,587</b>	<b>87,392</b>	<b>642,867</b>	<b>1,371,376</b>	<b>3,916,401</b>	<b>2,514,661</b>	<b>1,977,206</b>	<b>1,836,102</b>	<b>10,067,582</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	17,095,617	64,945	538,379	974,601	2,915,679	1,933,817	1,538,664	1,398,854	7,730,678
Compensation of officers.....	474,815	*1,648	14,784	43,919	104,396	60,959	44,399	43,739	160,971
Other salaries and wages.....	946,470	*7,612	11,127	70,013	217,784	116,176	79,237	67,076	377,444
Pension plans and employee benefits.....	247,784	*37	*2,048	11,321	35,977	22,217	13,020	19,370	143,794
Legal fees.....	101,696	*427	2,116	12,163	26,035	14,378	10,147	6,803	29,628
Accounting fees.....	97,164	1,073	5,217	18,096	30,865	13,098	8,362	7,244	13,208
Other professional fees.....	879,844	*59	11,002	53,128	107,375	79,644	65,875	76,587	486,173
Interest.....	112,287	*1,459	218	7,172	38,811	20,327	18,212	8,978	17,109
Taxes.....	650,001	1,704	5,082	15,845	87,712	60,778	57,636	60,977	360,267
Depreciation and depletion.....	269,526	*234	1,074	10,473	56,167	31,934	24,659	36,768	108,216
Occupancy.....	238,556	*1,923	5,071	22,196	44,278	25,360	17,016	20,215	102,498
Travel, conferences, and meetings.....	155,005	*241	6,888	28,390	17,567	9,981	8,665	7,418	75,855
Printing and publications.....	68,436	*72	1,570	8,346	6,462	4,186	3,110	3,569	41,121
Other expenses.....	1,076,385	5,958	38,291	95,712	227,290	121,806	88,204	78,503	420,620
<b>Excess of revenue (less loss) over expenses.....</b>	<b>33,046,317</b>	<b>-34,874</b>	<b>-35,373</b>	<b>1,355,842</b>	<b>6,234,844</b>	<b>3,386,573</b>	<b>2,943,232</b>	<b>3,282,983</b>	<b>15,913,089</b>
Excess of revenue.....	35,527,045	*2,658	111,151	1,753,465	6,774,347	3,745,458	3,171,016	3,444,834	16,524,115
Loss.....	-2,480,728	-37,532	-146,524	-397,622	-539,503	-358,885	-227,785	-161,851	-611,026
<b>Total assets (fair market value).....</b>	<b>342,688,539</b>	<b>--</b>	<b>483,008</b>	<b>8,302,510</b>	<b>43,815,841</b>	<b>31,868,337</b>	<b>26,936,697</b>	<b>29,481,351</b>	<b>201,800,796</b>
Cash, total.....	21,424,016	--	249,128	1,836,201	4,568,451	2,642,779	1,980,808	1,949,818	8,196,832
Non-interest bearing accounts.....	2,356,613	--	80,814	427,222	670,567	377,373	191,562	197,785	411,290
Savings and temporary cash investments.....	19,067,403	--	168,313	1,408,979	3,897,884	2,265,406	1,789,246	1,752,033	7,785,541
Accounts receivable, net.....	1,051,596	--	*1,482	20,423	82,620	53,980	58,621	53,682	780,788
Pledges receivable, net.....	5,497,691	--	--	*12,700	39,178	70,984	35,396	11,254	5,328,180
Grants receivable.....	283,528	--	*1,030	*13,286	74,950	43,825	83,241	54,732	12,463
Receivables due from disqualified persons.....	20,239	--	*142	*358	*12,828	6,430	15	--	466
Other notes and loans receivable.....	1,305,178	--	*1,262	116,728	381,528	257,074	122,871	46,626	379,088
Inventories.....	77,238	--	*4,913	*13,744	15,259	19,647	2,333	823	20,520
Prepaid expenses and deferred charges.....	97,096	--	*260	2,998	12,595	14,844	8,455	5,093	52,851
Investments, total (non-cash).....	303,936,819	--	213,337	5,939,206	36,813,391	27,698,736	23,766,239	26,574,319	182,931,591
Securities, total.....	272,412,404	--	176,680	5,141,936	32,659,474	24,431,673	20,885,159	23,530,377	165,587,105
Government obligations.....	38,512,297	--	27,443	809,150	5,449,832	3,927,629	3,320,521	3,807,587	21,170,135
Corporate stock.....	205,327,426	--	119,405	3,702,588	23,541,332	17,639,774	15,217,951	17,185,324	127,921,052
Corporate bonds.....	28,572,681	--	29,832	630,197	3,668,311	2,864,270	2,346,687	2,537,466	16,495,918
Land, buildings, and equipment (less accumulated depreciation).....	4,645,315	--	*4,097	120,290	839,429	476,041	282,694	445,669	2,477,095
Mortgage loans.....	1,040,207	--	*3,636	43,072	218,886	129,751	119,841	90,526	434,495
Other investments.....	25,838,894	--	28,924	633,908	3,095,602	2,661,271	2,478,546	2,507,747	14,432,896
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	6,093,047	--	6,825	284,937	1,277,009	765,032	561,200	537,366	2,660,679
Other assets.....	2,901,650	--	4,629	61,927	538,032	294,569	317,517	247,638	1,437,337

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 6.--All Domestic Private Foundations, 1997: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total assets (book value).....</b>	<b>280,920,320</b>	<b>*40,272</b>	<b>472,609</b>	<b>7,061,889</b>	<b>34,376,381</b>	<b>24,346,431</b>	<b>20,493,926</b>	<b>22,512,170</b>	<b>171,616,642</b>
Cash, total.....	21,343,756	*7,646	248,833	1,830,887	4,558,775	2,625,981	1,966,805	1,950,923	8,153,906
Non-interest bearing accounts.....	2,363,949	*623	80,833	423,809	663,130	383,613	191,351	200,168	420,422
Savings and temporary cash investments.....	18,979,807	*7,023	168,001	1,407,078	3,895,645	2,242,368	1,775,454	1,750,755	7,733,483
Accounts receivable, net.....	1,040,877	--	*1,482	20,767	87,143	52,965	62,484	54,007	762,029
Pledges receivable, net.....	5,497,945	--	--	*12,700	39,281	71,134	35,396	11,254	5,328,180
Grants receivable.....	303,043	--	*1,030	*13,286	*74,419	44,480	83,242	54,732	31,852
Receivables due from disqualified persons.....	24,513	--	*142	*4,632	*12,828	6,430	15	--	466
Other notes and loans receivable.....	1,301,110	--	*1,262	116,612	393,220	255,175	122,946	46,627	365,268
Inventories.....	104,940	--	*4,427	*13,744	15,236	19,597	32,876	823	18,238
Prepaid expenses and deferred charges.....	90,683	--	*394	3,183	13,167	8,078	8,254	5,343	52,264
Investments, total (non-cash).....	243,231,206	*32,626	203,818	4,685,758	27,576,460	20,353,614	17,412,939	19,703,185	153,262,805
Securities, total.....	216,268,094	*23,834	146,614	3,978,388	23,903,366	17,505,967	15,004,219	17,156,843	138,548,864
Government obligations.....	37,082,670	--	25,914	775,288	5,221,775	3,786,609	3,210,681	3,714,624	20,347,780
Corporate stock.....	151,204,377	*23,834	91,056	2,599,651	15,146,987	10,945,973	9,522,875	10,946,871	101,927,130
Corporate bonds.....	27,981,047	--	29,644	603,449	3,534,604	2,773,385	2,270,663	2,495,348	16,273,955
Land, buildings, and equipment (less accumulated depreciation).....	3,320,149	*7,630	*28,236	102,089	659,701	373,102	185,046	333,623	1,630,721
Mortgage loans.....	1,016,249	--	*3,636	43,094	208,028	123,269	113,986	91,475	432,760
Other investments.....	22,626,714	*1,161	25,331	562,186	2,805,365	2,351,277	2,109,688	2,121,245	12,650,460
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	5,330,207	--	6,695	287,685	1,109,241	644,633	475,058	421,627	2,385,269
Other assets.....	2,652,037	--	4,524	72,631	496,610	264,345	293,910	263,651	1,256,365
<b>Total liabilities (book value).....</b>	<b>9,436,620</b>	<b>*3,592</b>	<b>126,487</b>	<b>182,158</b>	<b>911,287</b>	<b>711,576</b>	<b>569,324</b>	<b>542,851</b>	<b>6,389,344</b>
<b>Net worth (book value).....</b>	<b>271,483,701</b>	<b>*36,680</b>	<b>346,122</b>	<b>6,879,730</b>	<b>33,465,094</b>	<b>23,634,855</b>	<b>19,924,602</b>	<b>21,969,319</b>	<b>165,227,298</b>
<b>Total assets,</b>									
<b>beginning-of-year (book value).....</b>	<b>230,926,481</b>	<b>120,889</b>	<b>521,210</b>	<b>5,810,999</b>	<b>28,018,922</b>	<b>20,548,170</b>	<b>17,243,492</b>	<b>18,679,367</b>	<b>139,983,431</b>
<b>Investments in securities,</b>									
<b>beginning-of-year (book value).....</b>	<b>175,132,030</b>	<b>*43,436</b>	<b>122,357</b>	<b>3,176,389</b>	<b>19,244,059</b>	<b>14,622,901</b>	<b>12,502,929</b>	<b>14,400,825</b>	<b>111,019,133</b>
Government obligations.....	34,251,052	*4,394	31,415	775,850	4,830,492	3,558,270	2,939,084	3,483,905	18,627,642
Corporate stock.....	118,823,275	*36,851	62,271	1,874,410	11,388,953	8,719,339	7,552,937	8,845,997	80,342,517
Corporate bonds.....	22,057,703	*2,191	28,671	526,130	3,024,615	2,345,292	2,010,908	2,070,923	12,048,974

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 2, which are calculated using the cash receipt and disbursement method of accounting.

NOTE: Detail may not add to total because of rounding.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 7.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns.....</b>	<b>2,890</b>	<b>*39</b>	<b>670</b>	<b>909</b>	<b>384</b>	<b>821</b>	<b>65</b>
<b>Total revenue.....</b>	<b>497,161</b>	<b>*5,363</b>	<b>6,075</b>	<b>28,313</b>	<b>39,204</b>	<b>260,046</b>	<b>158,160</b>
Contributions, gifts, and grants received.....	78,671	*47	3,121	6,462	*3,022	52,179	13,840
Interest on savings and temporary cash investments .....	19,058	*59	146	1,261	1,790	9,271	6,532
Dividends and interest from securities.....	148,372	*3,248	1,122	9,100	10,399	79,252	45,252
Gross rents and royalties.....	6,583	--	--	*57	*11	4,421	2,094
Net gain (less loss) from sales of assets.....	212,913	*1,993	1,221	10,812	23,696	103,931	71,259
Gross profit (less loss) from business activities.....	404	--	--	*5	--	399	--
Other income.....	31,159	*16	465	617	*286	10,592	19,184
<b>Total expenses.....</b>	<b>269,618</b>	<b>*9,133</b>	<b>4,082</b>	<b>14,094</b>	<b>32,676</b>	<b>134,208</b>	<b>75,425</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	214,576	*8,544	1,943	10,523	28,688	102,061	62,817
Compensation of officers.....	23,624	*313	267	2,429	2,290	13,035	5,290
Other salaries and wages.....	3,017	--	--	--	--	2,601	416
Pension plans and employee benefits.....	734	--	*18	--	--	634	82
Legal fees.....	1,829	*81	*32	152	132	1,080	351
Accounting fees.....	1,956	*15	215	347	195	903	281
Other professional fees.....	4,213	*6	*34	105	240	2,401	1,427
Interest.....	566	*41	*18	--	--	426	80
Taxes.....	8,698	*72	56	420	915	4,386	2,850
Depreciation and depletion.....	935	--	*10	*2	--	816	108
Occupancy.....	1,361	--	*214	*11	--	938	199
Travel, conferences, and meetings.....	807	--	*30	--	--	680	97
Printing and publications.....	166	--	15	13	6	123	9
Other expenses.....	7,135	*60	1,229	92	210	4,125	1,418
<b>Excess of revenue (less loss) over expenses.....</b>	<b>227,542</b>	<b>*-3,770</b>	<b>1,993</b>	<b>14,219</b>	<b>6,528</b>	<b>125,838</b>	<b>82,734</b>
Excess of revenue .....	262,217	*1,239	2,575	15,264	17,385	142,131	83,624
Loss .....	-34,675	*-5,008	-582	-1,044	-10,857	-16,293	-889
<b>Total assets (fair market value).....</b>	<b>4,563,976</b>	<b>--</b>	<b>27,217</b>	<b>258,829</b>	<b>276,651</b>	<b>2,321,302</b>	<b>1,679,977</b>
Cash, total.....	256,762	--	4,163	33,627	11,815	134,627	72,529
Non-interest bearing accounts.....	40,904	--	1,125	7,921	1,518	25,922	4,418
Savings and temporary cash investments.....	215,859	--	3,038	25,706	10,297	108,706	68,112
Accounts receivable, net.....	3,893	--	*65	*74	*1,121	2,241	393
Pledges receivable, net.....	190	--	--	--	--	190	--
Grants receivable.....	177	--	--	--	--	143	34
Receivables due from disqualified persons.....	*12	--	*1	*11	--	--	--
Other notes and loans receivable.....	35,169	--	*985	*4,105	--	6,726	23,352
Inventories.....	155	--	--	--	--	155	--
Prepaid expenses and deferred charges.....	579	--	--	--	*4	399	175
Investments, total (non-cash).....	4,113,182	--	21,435	209,365	256,652	2,142,766	1,482,964
Securities, total.....	3,370,591	--	14,385	163,536	184,125	1,774,437	1,234,108
Government obligations.....	462,481	--	*3,905	21,617	21,861	280,803	134,294
Corporate stock.....	2,358,399	--	7,418	100,020	119,156	1,222,145	909,660
Corporate bonds.....	549,711	--	3,062	41,899	43,108	271,489	190,153
Land, buildings, and equipment (less accumulated depreciation).....	55,130	--	--	*227	*253	44,805	9,845
Mortgage loans.....	27,637	--	--	*7,056	*1,665	14,005	4,912
Other investments.....	659,825	--	7,050	38,546	70,610	309,519	234,100
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	43,469	--	*12	*168	*3,210	20,420	19,659
Other assets.....	110,388	--	*557	*11,478	*3,849	13,635	80,870

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 7.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1996: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>3,371,765</b>	<b>*51,357</b>	<b>24,453</b>	<b>213,477</b>	<b>210,400</b>	<b>1,696,326</b>	<b>1,175,753</b>
Cash, total.....	260,019	*2,847	4,166	33,453	11,815	135,140	72,599
Non-interest bearing accounts.....	43,037	*2,208	1,128	7,832	1,518	25,922	4,430
Savings and temporary cash investments.....	216,982	*639	3,038	25,621	10,297	109,218	68,169
Accounts receivable, net.....	3,893	--	*65	*75	*1,121	2,241	393
Pledges receivable, net.....	548	--	*358	--	--	190	--
Grants receivable.....	177	--	--	--	--	143	34
Receivables due from disqualified persons.....	*12	--	*1	*11	--	--	--
Other notes and loans receivable.....	35,010	--	*985	*4,105	--	6,726	23,194
Inventories.....	50	--	--	--	--	50	--
Prepaid expenses and deferred charges.....	579	--	--	--	*4	399	175
Investments, total (non-cash).....	2,966,783	*48,510	18,365	165,384	192,370	1,529,339	1,012,816
Securities, total.....	2,348,706	*48,510	12,299	129,452	140,036	1,231,975	786,435
Government obligations.....	485,654	*34,140	*3,893	21,177	21,089	273,550	131,804
Corporate stock.....	1,329,473	*13,512	5,572	67,726	76,339	697,856	468,468
Corporate bonds.....	533,580	*858	2,834	40,548	42,607	260,570	186,163
Land, buildings, and equipment (less accumulated depreciation).....	35,239	--	--	*230	*4	32,940	2,065
Mortgage loans.....	24,833	--	--	*4,412	*1,665	13,849	4,907
Other investments.....	558,005	--	6,065	31,290	50,665	250,575	219,409
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	19,183	--	*22	*168	*2,225	12,724	4,044
Other assets.....	85,509	--	*492	*10,281	*2,865	9,373	62,498
<b>Total liabilities (book value).....</b>	<b>26,916</b>	<b>--</b>	<b>*451</b>	<b>*102</b>	<b>*743</b>	<b>19,522</b>	<b>6,098</b>
<b>Net worth (book value).....</b>	<b>3,344,849</b>	<b>*51,357</b>	<b>24,002</b>	<b>213,374</b>	<b>209,657</b>	<b>1,676,804</b>	<b>1,169,655</b>
<b>Total assets,</b>							
<b>beginning-of-year (book value).....</b>	<b>3,131,411</b>	<b>*54,626</b>	<b>22,223</b>	<b>198,427</b>	<b>205,533</b>	<b>1,562,792</b>	<b>1,087,809</b>
<b>Investments in securities,</b>							
<b>beginning-of-year (book value).....</b>	<b>2,150,876</b>	<b>*48,093</b>	<b>11,802</b>	<b>126,390</b>	<b>137,882</b>	<b>1,119,505</b>	<b>707,203</b>
Government obligations.....	485,736	*31,860	3,774	30,313	27,306	262,920	129,563
Corporate stock.....	1,190,378	*15,258	5,304	61,320	72,777	625,902	409,816
Corporate bonds.....	474,762	*975	2,724	34,756	37,800	230,683	167,823

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 3, which are calculated using the cash receipt and disbursement method of accounting.

NOTE: Detail may not add to total because of rounding.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 8.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns.....</b>	<b>2,971</b>	<b>*36</b>	<b>742</b>	<b>983</b>	<b>447</b>	<b>689</b>	<b>74</b>
<b>Total revenue.....</b>	<b>635,974</b>	<b>*386</b>	<b>7,142</b>	<b>37,923</b>	<b>40,125</b>	<b>244,819</b>	<b>305,579</b>
Contributions, gifts, and grants received.....	111,444	*76	4,179	9,702	*4,189	34,306	58,991
Interest on savings and temporary cash investments.....	17,866	*33	221	1,028	1,600	8,092	6,891
Dividends and interest from securities.....	137,247	*19	1,050	8,807	10,145	60,586	56,640
Gross rents and royalties.....	5,589	--	--	*268	*114	2,986	2,221
Net gain (less loss) from sales of assets.....	348,866	*256	1,199	17,875	23,591	135,998	169,947
Gross profit (less loss) from business activities.....	*4	--	--	*4	--	--	--
Other income.....	14,958	*2	492	239	486	2,851	10,888
<b>Total expenses.....</b>	<b>240,090</b>	<b>*971</b>	<b>3,954</b>	<b>16,019</b>	<b>17,921</b>	<b>101,756</b>	<b>99,469</b>
Contributions, gifts, and grants paid <sup>1</sup> .....	190,914	*873	3,057	12,085	13,048	79,037	82,812
Compensation of officers.....	21,873	*14	269	2,055	2,546	10,581	6,408
Other salaries and wages.....	1,333	*5	--	--	*36	799	492
Pension plans and employee benefits.....	190	--	--	--	--	77	113
Legal fees.....	1,647	--	53	120	186	916	371
Accounting fees.....	2,055	*5	199	380	381	813	276
Other professional fees.....	5,071	*5	89	135	380	1,833	2,630
Interest.....	383	--	--	*9	*11	328	35
Taxes.....	10,427	*1	58	1,050	1,100	4,312	3,905
Depreciation and depletion.....	736	--	--	1	--	477	258
Occupancy.....	500	*41	*7	*5	*16	219	212
Travel, conferences, and meetings.....	402	--	*38	*11	--	81	271
Printing and publications.....	100	*1	11	15	*7	42	25
Other expenses.....	4,461	*25	173	155	210	2,240	1,659
<b>Excess of revenue (less loss) over expenses.....</b>	<b>395,884</b>	<b>*-585</b>	<b>3,188</b>	<b>21,904</b>	<b>22,204</b>	<b>143,063</b>	<b>206,110</b>
Excess of revenue.....	409,750	--	4,269	22,824	24,882	150,788	206,987
Loss.....	-13,866	*-585	-1,082	-920	-2,678	-7,724	-877
<b>Total assets (fair market value).....</b>	<b>4,749,791</b>	<b>--</b>	<b>28,143</b>	<b>251,418</b>	<b>319,597</b>	<b>1,974,306</b>	<b>2,176,328</b>
Cash, total.....	287,164	--	5,418	21,413	17,711	124,887	117,736
Non-interest bearing accounts.....	35,000	--	2,507	5,638	1,344	10,812	14,700
Savings and temporary cash investments.....	252,164	--	2,911	15,775	16,367	114,076	103,036
Accounts receivable, net.....	3,102	--	*204	*1,608	*226	699	366
Pledges receivable, net.....	212	--	--	--	*22	190	--
Grants receivable.....	108	--	--	--	--	108	--
Receivables due from disqualified persons.....	*251	--	*236	--	*15	--	--
Other notes and loans receivable.....	31,665	--	*727	*2,358	*844	6,337	21,400
Inventories.....	124	--	--	--	--	124	--
Prepaid expenses and deferred charges.....	310	--	--	--	*22	176	111
Investments, total (non-cash).....	4,382,335	--	21,482	221,054	297,335	1,823,632	2,018,831
Securities, total.....	3,735,346	--	17,018	170,159	221,868	1,586,969	1,739,333
Government obligations.....	523,861	--	2,612	20,670	21,124	221,434	258,021
Corporate stock.....	2,551,579	--	10,668	103,172	151,506	1,086,343	1,199,889
Corporate bonds.....	659,906	--	3,737	46,317	49,238	279,192	281,422
Land, buildings, and equipment (less accumulated depreciation).....	45,691	--	--	*1,351	*1,540	24,597	18,203
Mortgage loans.....	10,209	--	--	*667	*1,062	5,245	3,235
Other investments.....	591,088	--	4,464	48,878	72,865	206,821	258,060
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	31,558	--	--	*1,599	*1,601	11,328	17,030
Other assets.....	12,960	--	*75	*3,386	*1,821	6,824	855

Footnotes at end of table.

# Domestic Private Foundations and Charitable Trusts, 1996-1997

**Table 8.--All Domestic Section 4947(a)(1) Charitable Trusts Treated as Foundations, 1997: Income Statements and Balance Sheets, by Size of Fair Market Value of Total Assets--Continued**

[All figures are estimates based on a sample--money amounts are in thousands dollars]

Item	Total	Size of fair market value of total assets					
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$500,000	\$500,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total assets (book value).....</b>	<b>3,438,083</b>	<b>*554</b>	<b>25,567</b>	<b>201,277</b>	<b>247,879</b>	<b>1,431,909</b>	<b>1,530,898</b>
Cash, total.....	285,761	*554	5,426	21,184	16,563	124,928	117,105
Non-interest bearing accounts.....	34,869	*554	2,515	5,636	1,344	10,803	14,017
Savings and temporary cash investments.....	250,892	--	2,911	15,548	15,219	114,125	103,088
Accounts receivable, net.....	3,102	--	*204	*1,608	*226	699	366
Pledges receivable, net.....	212	--	--	--	*22	190	--
Grants receivable.....	108	--	--	--	--	108	--
Receivables due from disqualified persons.....	*251	--	*236	--	*15	--	--
Other notes and loans receivable.....	31,770	--	*727	*2,358	*844	6,442	21,400
Inventories.....	6	--	--	--	--	6	--
Prepaid expenses and deferred charges.....	268	--	--	--	*22	134	111
Investments, total (non-cash).....	3,095,784	--	18,944	173,563	226,621	1,289,600	1,387,056
Securities, total.....	2,563,748	--	15,432	132,994	166,677	1,111,095	1,137,550
Government obligations.....	495,976	--	2,539	18,672	19,834	215,388	239,544
Corporate stock.....	1,444,107	--	8,905	71,222	99,493	632,844	631,642
Corporate bonds.....	623,665	--	3,988	43,101	47,350	262,863	266,363
Land, buildings, and equipment (less accumulated depreciation).....	19,593	--	--	*725	*2,018	11,188	5,662
Mortgage loans.....	9,986	--	--	*667	*1,055	5,029	3,236
Other investments.....	502,457	--	3,512	39,177	56,871	162,288	240,608
Charitable-purpose land, buildings, and equipment (less accumulated depreciation).....	11,149	--	--	*401	*1,747	4,789	4,211
Other assets.....	9,672	--	*29	*2,162	*1,820	5,012	649
<b>Total liabilities (book value).....</b>	<b>17,303</b>	<b>*1</b>	<b>*271</b>	<b>366</b>	<b>1,011</b>	<b>12,929</b>	<b>2,726</b>
<b>Net worth (book value).....</b>	<b>3,420,780</b>	<b>*553</b>	<b>25,296</b>	<b>200,911</b>	<b>246,868</b>	<b>1,418,980</b>	<b>1,528,173</b>
<b>Total assets,</b>							
<b>beginning-of-year (book value).....</b>	<b>3,034,738</b>	<b>*1,140</b>	<b>22,359</b>	<b>179,462</b>	<b>225,492</b>	<b>1,281,482</b>	<b>1,324,802</b>
<b>Investments in securities,</b>							
<b>beginning-of-year (book value).....</b>	<b>2,233,258</b>	<b>--</b>	<b>14,237</b>	<b>119,293</b>	<b>138,034</b>	<b>978,268</b>	<b>983,426</b>
Government obligations.....	384,612	--	2,825	18,517	17,909	196,459	148,902
Corporate stock.....	1,280,529	--	7,668	62,883	79,115	562,087	568,777
Corporate bonds.....	568,117	--	3,745	37,893	41,010	219,722	265,747

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> The data in this row are based on the amount of contributions, gifts, and grants paid as reported on the income statement portion of the return. These amounts differ somewhat from the contributions, gifts, and grants paid in columns 18 and 19 of Table 4, which are calculated using the cash receipt and disbursement method of accounting.

NOTE: Detail may not add to total because of rounding.

# Large Nonoperating Private Foundations Panel Study, 1985-1997

by Melissa Whitten

**E**ach year, private foundations contribute billions of dollars to various charitable activities. The financial assistance provided by these organizations supports programs dedicated to education, health and human services, environmental preservation, arts and culture, and many other areas. Through this assistance, private foundations make a significant contribution to the nonprofit sector. While many small foundations donate large percentages of their annual revenue to charitable giving, the major economic impact of private foundations is attributable to the relatively small number of organizations that hold the largest amounts of assets and pay out the greatest amount of charitable dollars. The largest 100 foundations alone, though they make up less than 1 percent of the total number of private foundations, generally report approximately one-third of the charitable contributions paid and the fair market value assets held by foundations. Between 1985 and 1997, asset holdings for the largest 100 nonoperating private foundations included in the panel and operating throughout that period more than tripled, rising from \$37.6 billion to \$120.6 billion. Charitable contributions, gifts, and grants also increased considerably, rising from \$1.5 billion for 1985 to \$4.5 billion for 1997 [1].

## Panel Study Methodology

The statistics presented in this article are based on a panel constructed from sample data collected from Form 990-PF, *Return of Private Foundation (or Section 4947(a)(1) Charitable Trust Treated as a Private Foundation)*, the annual information return filed by private foundations and charitable trusts. Data were assembled for domestic nonoperating private foundations appearing in the Statistics of Income (SOI) samples for Reporting Years 1985-1997 [2]. The panel was comprised of the largest 100 nonoperating foundations, as determined by the size of Reporting Year 1997 fair market value of total assets that met the criterion of being present in all of the annual SOI samples used for this study. Twenty-two of the largest foundations, based on the 1997 fair market value of total assets, did not meet this crite-

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rion and were, therefore, eliminated from the final panel. Operating foundations, which conduct their own charitable activities and are not legally required to make financial distributions, as well as private foundations organized abroad and nonexempt charitable trusts required to file Form 990-PF were not included in the panel. Unless otherwise noted, the aggregate figures herein were calculated based on data obtained from only those large asset-size organizations meeting all of the criteria to be included in the final panel [3]. Selected statistics for these organizations, in inflation-adjusted constant dollars, are shown in Figure A [4].

## Public Disclosure

Private foundations are required to make their Forms 990-PF available for inspection by the general public. The information returns filed annually by private foundations are approved for public disclosure under Internal Revenue Code section 6104(b), which permits the release of selected data reported on the annual Form 990-PF. Financial information for all of the organizations included in the panel appears in Table 1 at the end of this article.

## Organizational Definitions and Legislative Background

Like public charities, private foundations are tax-exempt under Internal Revenue Code section 501(c)(3). However, while public charities receive broad-based support from diverse sources in the general public, private foundations are narrowly supported and controlled, often by an individual, family, or corporation [5]. Generally, a foundation is organized in the form of a corporation, association, or trust, which either conducts its own charitable activities, or provides some manner of financial support to other charitable organizations. Due to the centralization of support and control, foundations lack direct accountability to the general public and are thus subject to more stringent tax regulation and oversight than other types of tax-exempt organizations. For example, as dictated by the Economic Recovery Tax Act of 1981, nonoperating foundations, which provide contributions to organizations conducting charitable activities rather than conducting their own, are required to distribute a minimum amount annually in charitable outlays. This “distributable amount” is based on 5 percent of the value of an

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# Large Nonoperating Private Foundations Panel Study, 1985-1997

**Figure A**

**Large Nonoperating Private Foundations Panel: Selected Financial Items, 1985-1997, in Constant Dollars**

[Money amounts are in millions of dollars]

Reporting year	Assets		Total net investment income	Expenses		
	Total	Net noncharitable-use assets <sup>1</sup>		Total	Charitable purposes	
					Total	Contributions, gifts, and grants <sup>2</sup>
(1)	(2)	(3)	(4)	(5)	(6)	
1985.....	51,047.4	44,949.9	5,511.2	2,765.9	2,277.9	2,087.5
1986.....	57,375.1	53,453.8	6,339.0	3,045.8	2,499.3	2,292.0
1987.....	55,448.0	56,314.2	5,960.7	3,210.7	2,691.6	2,458.1
1988.....	61,076.1	56,205.1	5,206.6	3,418.6	2,859.2	2,599.2
1989.....	65,962.3	61,043.3	5,428.2	3,528.6	2,951.4	2,669.8
1990.....	66,704.1	62,143.5	5,910.3	3,648.8	3,147.6	2,841.0
1991.....	74,994.3	66,975.9	5,366.9	3,941.1	3,419.0	3,069.0
1992.....	73,278.3	69,471.3	6,007.8	4,196.1	3,653.8	3,289.3
1993.....	73,944.2	69,550.0	5,887.3	4,158.5	3,715.4	3,330.3
1994.....	75,097.1	69,928.6	5,407.1	4,334.7	3,810.2	3,404.7
1995.....	88,412.7	78,563.2	7,136.5	4,674.6	3,971.4	3,542.8
1996.....	103,344.9	89,280.5	9,066.7	5,509.7	4,696.3	4,230.9
1997.....	118,292.0	103,708.1	10,105.4	5,775.1	4,924.5	4,439.3

<sup>1</sup> These data are based on fair market value assets as calculated monthly and may differ from the end-of-year fair market value assets reported elsewhere on Form 990-PF.

<sup>2</sup> These data are based on the amount of contributions, gifts, and grants that foundations actually disbursed for charitable purposes using the cash receipt and disbursement method of accounting.

organization’s “noncharitable-use (or net investment) assets” [6]. Those organizations that do not meet the minimum distributable amount in the required year may avoid paying a tax penalty by making the distribution prior to the end of the following year.

**Distributable Amounts and Qualifying Distributions**

The majority of private foundations, and all of the foundations in the panel, are classified as nonoperating and are, therefore, legally required to meet the annual distribution requirement. This requirement, based on 5 percent of a foundation’s noncharitable-use assets, may be met in the current or following reporting year without tax penalty. Since the distributable amount is based on the value of net investment assets of a given foundation, fluctuations in the value of securities produce fluctuations in this amount. For example, during a time of economic prosperity and high values of investment assets, the calculated 5 percent will generally be far higher for most organizations than when investment values are lower. This is particularly important for larger organizations, such as those in the panel, as they tend to rely much more on often fluctuating, but higher income-generating, investments than on the more stable, liquid assets that

are favored by smaller organizations.

An organization’s efforts to meet the distribution requirement are measured by the amount of “qualifying distributions,” which include contributions, gifts, and grants made for charitable purposes and overhead expenses incurred in conducting charitable operations. In most cases, qualifying distributions consist primarily of the total expenses reported for charitable purposes. However, such items as amounts paid to acquire assets directly used for charitable purposes or “set-asides,” which are amounts ear-marked for charitable use at a later date, may also be included. Should qualifying distributions exceed the required distributable amount, the excess outlays may be carried over and applied to a future year’s distributable amount. In the years 1985-1997, qualifying distributions for organizations in the panel consistently equaled or exceeded the distributable amount, which more than doubled between those years. Aggregate distributable amounts and qualifying distributions, in current and constant dollars, are shown in Figure B.

The major component of a foundation’s qualifying distributions for a given year is the amount made in donations for charitable purposes. However, any financial outlay made that is necessary in meeting an



**Figure B**

**Large Nonoperating Private Foundations Panel: Distributable Amounts and Qualifying Distributions, 1985-1997, in Constant and Current Dollars**

[Money amounts are in millions of dollars]

Reporting year	Distributable amount	Qualifying distributions	Distributable amount	Qualifying distributions
	(constant dollars)		(current dollars)	
	(1)	(2)	(3)	(4)
1985.....	2,185.7	2,409.4	1,610.6	1,775.5
1986.....	2,601.5	2,705.3	1,959.4	2,037.6
1987.....	2,763.1	2,876.7	2,143.6	2,231.7
1988.....	2,778.7	3,150.3	2,229.0	2,527.1
1989.....	3,000.5	3,166.1	2,498.5	2,636.4
1990.....	3,085.1	3,365.8	2,669.5	2,912.4
1991.....	3,304.4	3,671.0	2,962.7	3,291.4
1992.....	3,430.3	3,859.1	3,150.7	3,544.6
1993.....	3,445.8	3,893.6	3,240.8	3,661.9
1994.....	3,464.4	3,938.0	3,326.1	3,780.9
1995.....	3,885.8	4,115.3	3,812.0	4,037.1
1996.....	4,370.1	4,814.0	4,370.1	4,814.0
1997.....	5,076.8	5,113.4	5,175.8	5,213.1

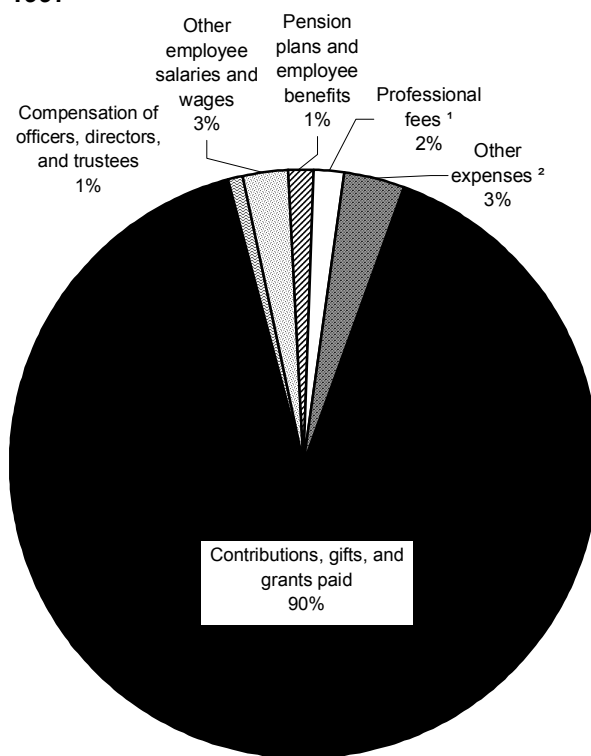
organization's charitable mission can count towards the required distribution amount for a given year. For example, compensation of employees, travel expenditures, occupancy charges, and costs of producing publications relating to the organization's exempt purposes may all be considered expenditures for charitable purposes. Depreciation and compensation for professional consultants that deal solely with noncharitable-use investments are examples of outlays that could not be reported as charitable expenditures. Charitable contributions, gifts, and grants were consistently the largest charitable outlays reported by private foundations between 1985 and 1997, accounting for approximately 90 percent of all charitable expenditures in all of those years. Employee compensation, benefits, and salaries to officers, directors, and trustees represented roughly 5 percent of expenses for all years in the study; professional fees, 1 percent; and all other expenses, 3-4 percent of all charitable outlays. This allocation of expenses, which for these large organizations remained relatively stable for the years in the study, is shown in Figure C for 1997.

For 1997, only eight of the organizations included in the panel reported charitable contributions accounting for less than 80 percent of total charitable expen-

ditures. Compensation and benefits paid to officers, directors, trustees, and other employees accounted for between 10 percent and 20 percent of all charitable outlays for nine organizations in the panel, and exceeded 20 percent for two foundations. Fees for legal, accounting, and other professional services exceeded 10 percent of all Reporting Year 1997 outlays for only two foundations.

**Figure C**

**Large Nonoperating Private Foundations Panel: Expenses for Charitable Purposes, 1997**



<sup>1</sup> Includes legal, accounting, and professional fees.  
<sup>2</sup> Includes "interest," "occupancy," "travel, conferences, and meetings," "printing and publication fees," and "other expenses."

**Asset Size and the Charitable Distribution Requirement**

The amount of charitable payout required for a given organization is determined based on 5 percent of total noncharitable-use assets, those investments which do not serve any operational purpose in the performance of an organization's charitable activities. On Form

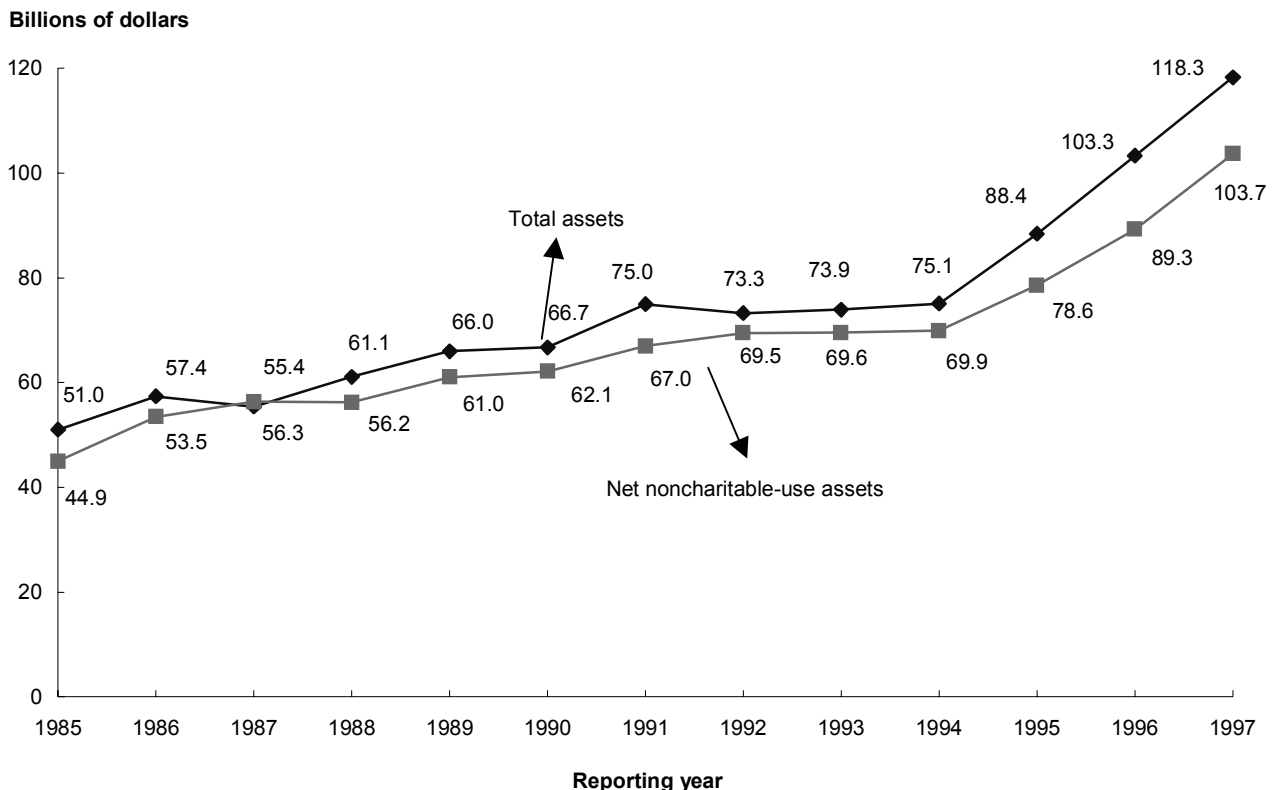
## Large Nonoperating Private Foundations Panel Study, 1985-1997

990-PF, the average monthly fair market value of assets of this type is calculated and used in determining an organization's distributable amount, while total assets are reported based on their end-of-year fair market value. Real growth in the total value of fair market value of total assets during this period averaged 7.3 percent, which includes increases in the value of asset holdings and contributions and other income received in excess of disbursements each year. Total assets for the 100 foundations climbed slowly between 1985 and 1994, before experiencing significantly larger increases between 1995 and 1997. These increases, for the most part, can be attributed to the increased value of assets in the form of securities. The climb in value and holdings of total

assets, as well as the increase in noncharitable-use assets in the 13-year period, is shown in Figure D. Securities accounted for at least 80 percent of the fair market value of total assets for each of the years 1985-1997. Figure E gives a detailed view of all asset holdings for Reporting Years 1985 and 1997. By 1997, corporate stock accounted for nearly 70 percent of all investment assets, as compared to 57 percent for 1990. While all holdings in securities were collectively reported in one line of Form 990-PF until 1989, securities were broken out into Government obligations, corporate stock, and corporate bonds in later years. These and other components of investment assets for 1990-1997 are pictured in Figure F.

**Figure D**

**Large Nonoperating Private Foundations Panel: Fair Market Value of Total Assets and Net Noncharitable-Use Assets, 1985-1997, in Constant Dollars**



# Large Nonoperating Private Foundations Panel Study, 1985-1997

**Figure E**

**Large Nonoperating Private Foundations Panel: Selected Balance Sheet Information, 1985 and 1997, in Current and Constant Dollars**

[Money amounts are in millions of dollars]

Item	1985		1997	
	Current dollars	Constant dollars	Current dollars	Constant dollars
	(1)	(2)	(3)	(4)
<b>Fair market value of total assets.....</b>	<b>37,616.8</b>	<b>51,047.4</b>	<b>120,598.7</b>	<b>118,292.0</b>
Cash, non interest-bearing accounts.....	54.3	73.7	139.2	136.6
Receivables <sup>1</sup> .....	427.4	580.0	5,743.9	5,634.0
Inventories.....	0.9	1.3	0.1	0.1
Prepaid expenses.....	6.0	8.1	21.9	21.4
Investments, total.....	36,358.7	49,340.1	113,886.3	111,708.0
Savings and temporary cash investments.....	2,120.7	2,877.9	3,517.6	3,450.3
Securities.....	32,379.2	43,939.7	101,453.2	99,512.7
Investments in land, buildings, and equipment.....	849.6	1,153.0	1,430.5	1,403.2
Investments in mortgage loans.....	143.0	194.1	258.9	254.0
Other investments <sup>2</sup> .....	866.1	1,175.4	7,226.1	7,087.9
Charitable-use land, buildings, and equipment.....	121.6	165.0	378.3	371.1
Other assets.....	647.9	879.2	429.1	420.9

<sup>1</sup> Includes "Accounts receivable," "Pledges receivable," "Grants receivable," "Receivables due from officers, directors, and trustees," and "Other notes and loans receivable."

<sup>2</sup> Includes such items as advances; certificates of investment; and investments in art, coins, gold, and gems.

## Yields, Rates of Returns, and Payout Rates

The realized investment income that a foundation earns on its investment assets can be measured using an income yield. The net investment income (NII) yield is calculated by dividing net investment income by the end-of-year fair market value of investment assets. Net investment income consists of any income not related to a foundation's charitable purpose, such as interest, dividends, and capital gain net income. Each year, large foundations earn much higher income yields than smaller foundations. This may indicate that larger organizations, perhaps because they have more resources to expend on investment management, may typically invest in higher-risk investment assets with the potential for greater return, in contrast with smaller organizations, which seem to invest more cautiously. For the largest 100 organizations in the panel, median net investment income yields fluctuated somewhat between 1985 and 1997, reaching an early high in 1986 and dropping to their lowest percentage, 6.3, in 1994. By the end of the period, net investment income yields had rebounded, hovering above 10 percent for 1996 and 1997. Although both the median and average NII yields have been calculated

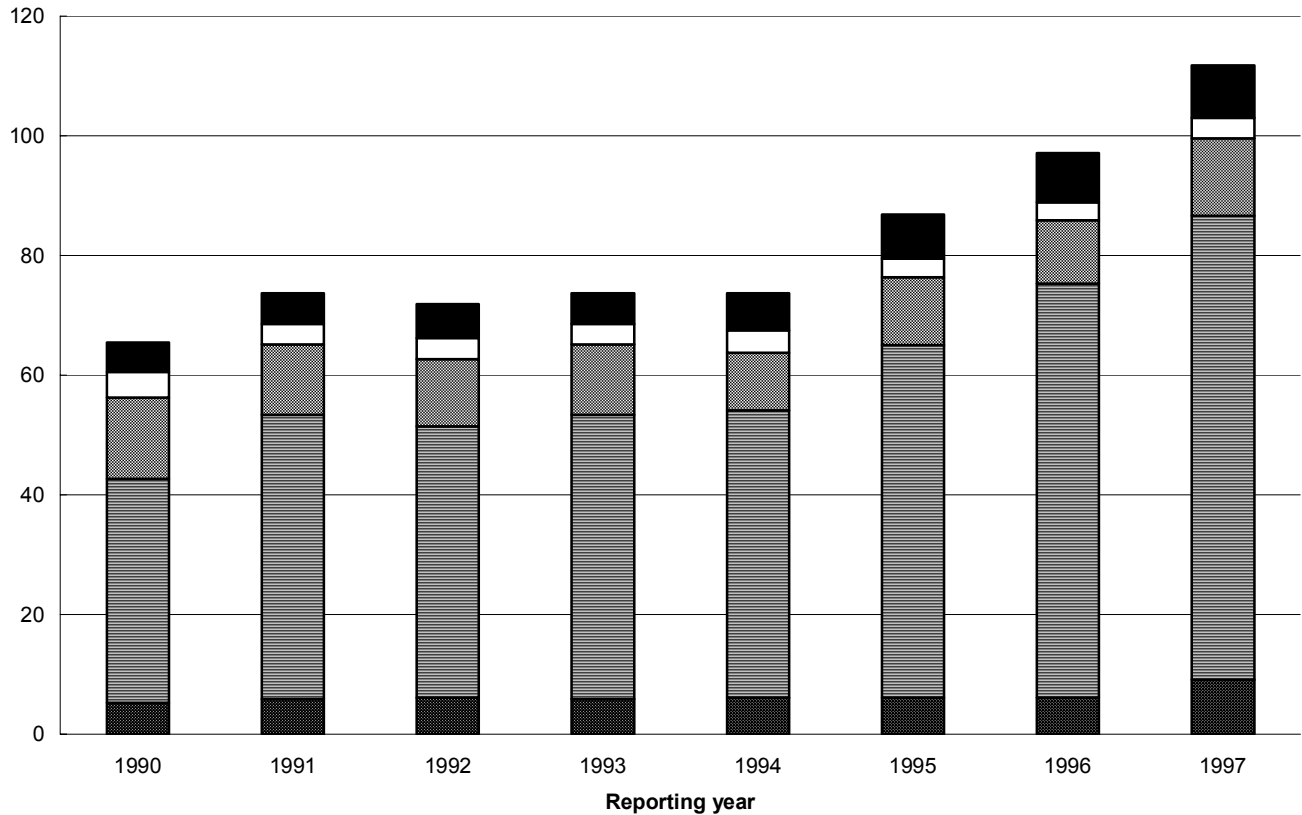
for selected reporting years in Figure G, it is possible that the median may better represent the typical large foundation, as it minimizes the influences of large outliers on the data.

Further insight into foundation investment return can be gained by examining data for the rate of total return on assets. This measure, which represents the total capital appreciation of the endowment of a foundation, is a more comprehensive indication of total investment performance than the NII yield. The rate-of-total-return formula used here measures the change in the value of the entire asset base with consideration for inflows and outflows of money [7]. It measures the realized income from investments and other assets, as well as the unrealized appreciation or depreciation in the fair market value of assets. Like net investment income yields, rates of total return are generally higher for large foundations, indicating that rates of return on assets increase as asset holdings grow. Median rates of return on assets fluctuated notably in the 13-year period, reaching lows of less than 5 percent in 1987, 1990, and 1994 and highs of greater than 20 percent in 1991 and 1995. Median and average rates of return, based on size of fair market value of total assets, for se-

**Figure F**

**Large Nonoperating Private Foundations Panel: Composition of Investment Assets, 1990-1997, in Constant Dollars**

Billions of dollars



■ Corporate bonds ■ Corporate stock ■ Government obligations □ Savings and temporary cash investments ■ Other investments <sup>1</sup>

<sup>1</sup> Includes "investments in land, buildings, and equipment," "investments in mortgage loans," and "other investments," which includes advances, certificates of investments, and investments in art, coins, gold and gems.

lected Reporting Years between 1986-1997 are shown in Figure G.

Figure G also shows payout rates. The payout rate is a measure of a foundation's charitable giving as compared with the organization's total noncharitable-use, or net investment, assets [8]. It is calculated by dividing the amount of qualifying distributions by the monthly average of net investment assets. As with NII yields and rates of return, the median rates are used in these analyses as they lessen the effects of large outliers on the data. Although, as previously shown, qualifying distributions

increased for all years in the study, average payout rates remained close to the required 5 percent, for all asset sizes except those with assets of \$400 million or less. For most years, some foundations in the category made payouts in considerable excess of 5 percent. This results in median payout rates close to 5 percent and higher average rates for this category.

**Data Sources and Limitations**

The statistics in this article are based on returns chosen from sample data for Forms 990-PF that were filed with the Internal Revenue Service for

# Large Nonoperating Private Foundations Panel Study, 1985-1997

**Figure G**

**Large Nonoperating Private Foundations Panel: Median and Average NII Yields, Rates of Return, and Payout Rates, Selected Years 1986-1997<sup>1</sup>**

Reporting year	Size of fair market value of total assets	Number of returns	Net investment income yields (percentages)		Rates of return (percentages)		Payout rates (percentages)	
			Median	Average	Median	Average	Median	Average
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>1986</b>	<b>Total</b> .....	<b>100</b>	<b>10.7</b>	<b>11.7</b>	<b>16.9</b>	<b>20.2</b>	<b>5.0</b>	<b>7.5</b>
	Under \$400 million.....	78	10.8	11.7	15.9	20.4	5.1	8.3
	\$400 million under \$600 million.....	8	9.5	10.3	16.9	18.6	5.0	4.7
	\$600 million under \$1 billion.....	5	18.9	14.9	19.1	20.7	5.3	5.1
	\$1 billion or more.....	9	9.1	11.6	18.6	19.5	4.7	4.6
<b>1987</b>	<b>Total</b> .....	<b>100</b>	<b>10.2</b>	<b>12.3</b>	<b>4.6</b>	<b>7.8</b>	<b>5.0</b>	<b>9.3</b>
	Under \$400 million.....	77	10.3	11.7	4.2	6.4	5.1	10.6
	\$400 million under \$600 million.....	8	12.9	22.7	6.1	25.8	5.0	5.2
	\$600 million under \$1 billion.....	6	9.7	11.0	6.4	9.5	5.3	5.1
	\$1 billion or more.....	9	9.4	9.2	5.4	2.7	4.8	4.7
<b>1989</b>	<b>Total</b> .....	<b>100</b>	<b>8.7</b>	<b>9.0</b>	<b>17.9</b>	<b>20.8</b>	<b>5.0</b>	<b>7.6</b>
	Under \$400 million.....	67	8.8	9.2	17.9	19.4	5.0	8.9
	\$400 million under \$600 million.....	12	8.8	9.9	17.3	22.2	5.1	5.2
	\$600 million under \$1 billion.....	12	8.3	7.8	19.6	27.3	5.2	4.7
	\$1 billion or more.....	9	8.0	8.5	20.5	20.9	5.0	4.8
<b>1991</b>	<b>Total</b> .....	<b>100</b>	<b>7.0</b>	<b>7.7</b>	<b>20.5</b>	<b>21.7</b>	<b>5.1</b>	<b>10.0</b>
	Under \$400 million.....	58	7.1	7.7	20.7	19.8	5.2	13.6
	\$400 million under \$600 million.....	18	6.3	6.9	17.9	22.5	5.1	5.4
	\$600 million under \$1 billion.....	9	8.3	9.5	25.6	28.8	5.1	5.5
	\$1 billion or more.....	15	7.0	7.7	20.3	24.2	5.0	4.7
<b>1993</b>	<b>Total</b> .....	<b>100</b>	<b>8.4</b>	<b>8.6</b>	<b>9.2</b>	<b>9.5</b>	<b>5.0</b>	<b>9.5</b>
	Under \$400 million.....	53	8.5	9.1	7.6	9.6	5.0	13.3
	\$400 million under \$600 million.....	21	7.7	7.4	8.0	9.7	5.0	5.5
	\$600 million under \$1 billion.....	9	11.1	9.7	11.8	9.7	5.0	5.2
	\$1 billion or more.....	17	7.3	8.1	10.7	8.8	5.2	5.1
<b>1995</b>	<b>Total</b> .....	<b>100</b>	<b>8.4</b>	<b>9.1</b>	<b>23.4</b>	<b>25.4</b>	<b>5.0</b>	<b>8.6</b>
	Under \$400 million.....	46	8.8	9.9	22.7	25.2	5.1	12.6
	\$400 million under \$600 million.....	19	9.1	8.9	23.6	22.7	5.0	5.6
	\$600 million under \$1 billion.....	14	8.5	8.0	24.4	24.6	5.0	4.9
	\$1 billion or more.....	21	7.9	8.0	22.2	28.7	5.0	4.8
<b>1997</b>	<b>Total</b> .....	<b>100</b>	<b>10.4</b>	<b>10.2</b>	<b>19.0</b>	<b>18.4</b>	<b>5.0</b>	<b>6.7</b>
	Under \$400 million.....	25	10.3	10.2	18.2	17.6	5.2	11.3
	\$400 million under \$600 million.....	32	11.0	10.8	18.6	17.0	5.0	5.9
	\$600 million under \$1 billion.....	17	9.6	9.8	18.7	15.0	4.9	4.7
	\$1 billion or more.....	26	10.9	9.5	20.4	23.4	4.9	4.7

<sup>1</sup> Average NII yields, rates of return, and payout rates were calculated individually for each organization in an asset-size class using the formulas described in footnotes 7 and 8 of this article. The average and median values were calculated based on the individual, unweighted values for NII yield, rate of return, and payout rate for each of the organizations.

Reporting Years 1985-1997. While these returns were chosen from a stratified sample, large organizations with \$10 million or more in fair market value of total assets were sampled at a rate of 100 percent. The organizations were chosen for the panel study

based on Reporting Year 1997 fair market value of total assets and were required to have returns appearing in the SOI sample for each of Reporting Years 1985-1997. The fair market value of total assets for 1997 of the 100 organizations included in

## Large Nonoperating Private Foundations Panel Study, 1985-1997

the panel study ranged from \$274 million to \$11.5 billion.

### Notes and References

- [1] The amount of contributions, gifts, and grants paid by foundations is based on the amount that foundations actually disbursed for a given reporting year using the cash receipt and disbursement method of accounting.
- [2] The data presented in this article are from Forms 990-PF, filed for a given reporting year, by organizations which had accounting periods *beginning* in that reporting year. For example a return filed for Reporting Year 1997 would have an accounting period beginning between January and December 1997 and ending between December 1997 and November 1998.
- [3] For additional information on these and other domestic organizations filing Form 990-PF, including statistics for operating foundations, smaller foundations, and section 4947(a)(1) charitable trusts, see Whitten, Melissa, "Domestic Private Foundations and Charitable Trusts, 1996-1997," *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2.
- [4] All data marked as "constant dollars" have been adjusted for inflation using the 1996 chain-type price index from the National Income and Product Accounts, per the Council of Economic Advisors, *Economic Report of the President*, Table B-7, January 2001.
- [5] For statistics on organizations other than private foundations exempt under Internal Revenue Code section 501(c)(3), see Arnsberger, Paul, "Charities and Other Tax-Exempt Organizations, 1997," *Statistic of Income Bulletin*, Fall 2000, Volume 20, Number 2.
- [6] The net value of noncharitable-use assets was reported on Form 990-PF, Part X, line 5.
- [7] The rate-of-total-return formula used here is the same as that developed and used by Salamon and Voytek in their studies on foundation assets. See Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of*

*Foundation Investment and Payout Procedures and Performance*, The Council on Foundations, Washington, DC, 1989, p.32. The formula is as follows:

#### Rate of Total Return =

$$\begin{aligned} & [\text{Ending Fair Market Value of Assets} \\ & - \text{Beginning Fair Market Value of Assets} \\ & - \text{Contributions Received} \\ & + \text{Grants Paid} \\ & + \text{Operating and Administrative Expenses} \\ & + \text{Excise Tax Paid on Net Investment Income}] \\ & \text{DIVIDED BY} \end{aligned}$$

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$$\begin{aligned} & [\text{Beginning Fair Market Value of Assets} \\ & + 50 \text{ percent of Contributions Received}] \end{aligned}$$

To calculate the rate of total return shown in Figure G, samples of private foundation information returns for consecutive years were matched in order to analyze both the beginning and end-of-year fair market value data.

The beginning fair market value of assets for a given year equals the ending fair market value for the previous year as reported on the tax return. Thus, in order to provide a consistent form of measurement by which to compare rates of total return among different years, the ending fair market value of asset amounts (reported for both the year subject to the computation and the prior year) was used to compute the rate of return.

- [8] To calculate the payout rate, the amount of (adjusted) qualifying distributions was divided by the amount of the monthly average of net investment (or noncharitable-use) assets. This payout formula adjusts qualifying distributions with additions and subtractions that are made to the required "distributable amount" on Form 990-PF. The numerator of the formula also includes excess distributions made in the past and applied to the filing requirement of the current year.

# Large Nonoperating Private Foundations Panel Study, 1985-1997

**Table 1.--Large Nonoperating Private Foundations: Selected Financial Data, 1985-1997, in Constant Dollars**

Rank 1997	Name	Rank 1985	Fair market value of total assets		Rate of asset growth, 1985-1997	Contributions, gifts, and grants		Average payout rate, 1985-1997
			1997	1985		1997	1985	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Lilly Endowment	8	11,240,400,474	1,804,360,323	16.5	249,253,042	36,723,429	3.8
2	Ford Foundation	1	9,490,389,726	6,457,948,709	3.3	431,976,866	228,342,150	4.8
3	David & Lucile Packard Foundation	81	8,821,156,968	160,739,437	39.6	169,763,413	10,831,011	6.7
4	Robert Wood Johnson Foundation	4	6,606,099,364	2,096,391,638	10.0	231,460,444	24,555,850	4.6
5	W K Kellogg Foundation Trust	2	5,162,126,770	4,086,455,598	2.0	322,707,209	103,582,576	4.3
6	John D & Catherine T MacArthur Foundation	3	3,953,055,206	3,116,358,791	2.0	153,974,431	73,345,761	4.5
7	Robert W Woodruff Foundation	91	3,610,139,249	70,024,108	38.9	44,997,439	2,031,850	3.8
8	Andrew W Mellon Foundation	5	3,137,668,563	1,877,886,249	4.4	118,351,300	86,129,275	4.6
9	Rockefeller Foundation	6	3,035,540,414	1,826,019,691	4.3	97,364,158	49,946,256	4.7
10	Pew Memorial Trust	7	2,958,572,726	1,821,310,772	4.1	139,587,975	67,476,955	4.6
11	Starr Foundation	18	2,492,982,425	555,917,165	13.3	73,498,534	11,774,157	4.0
12	Kresge Foundation	9	2,062,753,175	1,273,340,940	4.1	13,042,851	6,004,885	4.7
13	Duke Endowment	12	1,942,566,287	888,603,299	6.7	51,483,632	58,238,620	4.9
14	Charles Stewart Mott Foundation	11	1,926,262,905	900,695,926	6.5	76,056,186	35,322,832	4.5
15	Harry & Jeanette Weinberg Foundation	98	1,809,835,510	23,920,271	43.4	57,768,620	561,236	4.5
16	William & Flora Hewlett Foundation	15	1,784,854,073	697,241,548	8.1	37,909,301	40,510,788	5.1
17	McKnight Foundation	13	1,677,162,841	853,974,098	5.8	74,719,545	35,954,383	4.6
18	Richard King Mellon Foundation	14	1,502,039,619	796,211,224	5.4	51,321,104	29,013,093	4.5
19	Carnegie Corporation of New York	10	1,414,100,893	970,733,101	3.2	36,116,572	36,027,902	5.4
20	W M Keck Foundation	92	1,402,408,894	65,585,169	29.1	53,700,996	31,392,319	133.6
21	Houston Endowment	23	1,299,723,058	478,332,980	8.7	52,203,610	24,771,804	4.6
22	Brown Foundation	22	1,230,765,002	491,032,823	8.0	49,953,239	22,415,073	4.5
23	Joseph B Whitehead Foundation	79	1,185,831,096	166,636,660	17.8	16,914,664	5,578,776	4.1
24	Alfred P Sloan Foundation	16	1,079,985,069	589,690,860	5.2	48,578,806	26,073,766	4.6
25	James Irvine Foundation	20	1,031,151,196	512,267,472	6.0	27,368,455	24,282,920	4.5
26	William Penn Foundation	28	986,369,964	441,135,017	6.9	39,831,829	20,390,394	5.8
27	Moody Foundation	17	887,395,759	561,791,677	3.9	31,470,741	26,253,937	5.8
28	Samuel Roberts Noble Foundation	33	846,833,982	366,670,516	7.2	18,110,556	12,852,904	4.4
29	Joyce Foundation	35	819,215,003	332,353,796	7.8	25,995,355	11,233,683	4.2
30	Weingart Foundation	27	788,327,130	456,117,091	4.7	37,860,453	19,055,686	5.0
31	Dewitt Wallace Fund	76	782,531,538	174,646,255	13.3	25,447,879	3,471,977	4.6
32	Meadows Foundation	19	770,220,816	527,202,048	3.2	24,535,827	17,917,684	5.3
33	Ahmanson Foundation	21	750,610,012	493,976,780	3.5	37,859,876	25,134,606	4.7
34	Longwood Foundation	37	725,148,171	319,717,982	7.1	39,344,880	11,084,747	4.3
35	Bush Foundation	25	684,286,506	468,010,217	3.2	27,183,156	24,353,359	4.5
36	Henry Luce Foundation	46	679,635,420	278,264,374	7.7	26,760,134	9,801,020	4.7
37	J E & L E Mabee Foundation	34	677,465,826	358,643,759	5.4	28,498,605	20,295,231	4.7
38	Hall Family Foundation	95	676,985,229	40,262,945	26.5	16,247,096	2,475,246	4.8
39	Horace W Goldsmith Foundation	56	676,931,579	245,707,593	8.8	25,022,714	7,920,957	4.0
40	J Bulow Campbell Foundation	89	642,003,026	110,677,297	15.8	14,988,818	5,272,764	4.7
41	Lila Wallace-Reader's Digest Fund	88	621,100,742	129,898,080	13.9	26,687,949	2,817,750	4.4
42	J Howard Pew Freedom Trust	32	620,953,094	382,362,477	4.1	26,267,778	21,868,236	5.3
43	George Gund Foundation	60	620,468,169	235,034,169	8.4	22,810,148	8,322,771	4.4
44	Edna McConnell Clark Foundation	24	579,457,001	472,308,944	1.7	27,653,536	19,005,904	5.2
45	McCune Foundation	42	570,087,236	287,213,953	5.9	27,060,255	17,837,244	5.1
46	Surdna Foundation	31	569,944,177	382,414,466	3.4	20,196,371	17,357,054	5.0
47	William Randolph Hearst Foundation	45	568,581,462	278,816,203	6.1	17,196,175	8,815,850	4.3
48	George S Eccles & Delores Dore Foundation	93	567,567,178	56,442,831	21.2	18,750,074	2,061,878	4.2
49	Burroughs Welcome Fund	100	554,583,447	20,611,836	31.6	22,345,605	3,564,980	13.4
50	Commonwealth Foundation	44	554,505,590	281,377,129	5.8	14,754,403	8,987,629	4.8

# Large Nonoperating Private Foundations Panel Study, 1985-1997

**Table 1.--Large Nonoperating Private Foundations: Selected Financial Data, 1985-1997, in Constant Dollars--Continued**

Rank 1997	Name	Rank 1985	Fair market value of total assets		Rate of asset growth, 1985-1997	Contributions, gifts, and grants		Average payout rate, 1985-1997
			1997	1985		1997	1985	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
51	Lynde & Harry Bradley Fund	26	554,078,536	456,701,999	1.6	31,772,633	24,960,482	5.9
52	Henry J Kaiser Family Foundation	29	522,876,379	415,857,667	1.9	21,836,795	13,060,571	5.1
53	Skillman Foundation	47	502,859,983	275,432,691	5.1	17,965,392	9,453,098	4.6
54	Arthur S Demoss Foundation	54	490,598,384	251,077,963	5.7	25,060,710	23,060,631	8.1
55	Spencer Foundation	51	489,835,293	259,390,303	5.4	14,230,374	3,648,226	4.0
56	John A Hartford Foundation	57	488,025,725	245,488,966	5.9	15,645,425	8,870,472	4.3
57	Peter Kiewit Foundation	55	483,700,814	246,094,988	5.8	17,790,242	17,721,231	5.3
58	Norton Simon Foundation	30	470,383,252	391,409,718	1.5	4,904,365	10,178	7.8
59	Smith Richardson Foundation and Subsidiaries	49	468,872,719	265,174,508	4.9	14,128,206	10,228,578	4.7
60	Meyer Memorial Trust	39	463,495,955	300,754,922	3.7	19,828,586	8,251,022	4.6
61	Kate B. Reynolds Charitable Trust	71	453,100,039	187,768,376	7.6	21,147,133	6,109,503	3.8
62	Whitaker Foundation	40	447,222,846	295,119,281	3.5	44,369,459	10,855,374	5.7
63	Rockefeller Brothers Fund	43	445,962,686	283,839,038	3.8	10,207,621	9,473,425	5.0
64	Herbert H & Grace A Dow Foundation	84	445,083,113	155,116,533	9.2	16,439,431	8,677,525	4.6
65	Northwest Area Foundation	62	436,528,729	232,413,885	5.4	13,255,879	9,190,411	4.9
66	F W Olin Foundation	48	435,915,808	271,856,388	4.0	13,868,872	16,496,132	5.5
67	Connelly Foundation	68	431,127,869	192,953,284	6.9	18,566,010	6,011,782	4.0
68	Clark Foundation	50	425,307,013	262,905,329	4.1	13,934,800	8,462,584	4.3
69	Evelyn & Walter Haas Jr Fund	99	424,964,092	23,283,435	27.4	13,434,917	1,584,348	4.9
70	Danforth Foundation	41	413,005,316	291,909,586	2.9	103,433,769	152,342,939	14.0
71	El Pomar Foundation	73	412,819,328	177,129,663	7.3	12,170,033	7,420,296	4.3
72	F M Kirby Foundation	70	412,260,756	188,578,513	6.7	19,769,985	4,878,963	4.9
73	M J Murdock Charitable Trust	59	411,655,355	242,186,245	4.5	15,615,844	11,043,136	5.4
74	James S McDonnell Foundation	82	410,025,613	159,466,568	8.2	18,317,895	12,394,613	6.6
75	Nathan Cummings Foundation	96	394,264,282	39,018,711	21.3	15,210,098	3,081,829	4.8
76	Public Welfare Foundation	38	390,146,379	311,646,706	1.9	18,039,322	9,158,021	5.4
77	Mabel Pew Myrin Trust	58	381,485,154	244,811,263	3.8	16,088,479	17,018,225	5.5
78	Anderson Foundation	86	371,639,974	142,975,249	8.3	16,830,996	3,482,901	4.0
79	W Alton Jones Foundation	66	363,451,107	199,128,441	5.1	24,778,373	8,505,237	6.7
80	James Graham Brown Foundation	64	358,203,016	227,406,804	3.9	18,045,658	9,344,922	4.3
81	Alcoa Foundation	53	346,718,137	252,259,809	2.7	14,710,603	14,415,491	5.0
82	Bradley-Turner Foundation	94	345,748,349	47,206,439	18.0	8,602,375	1,804,391	4.7
83	Colorado Trust	72	344,054,861	180,315,172	5.5	13,196,640	0	6.7
84	William K Warren Foundation	36	339,240,480	325,633,209	0.3	21,647,261	24,930,893	5.3
85	T L L Temple Foundation	61	311,261,053	233,770,968	2.4	14,964,893	7,742,737	4.3
86	Elbridge Stuart Foundation	90	308,612,201	75,672,139	12.4	10,617,568	4,142,557	4.3
87	Sherman Fairchild Foundation	52	308,529,580	259,119,402	1.5	13,887,233	15,329,307	5.5
88	J N Pew Jr Charitable Trust	69	308,449,427	192,610,925	4.0	14,406,081	9,218,347	5.1
89	Sarah Scaife Foundation	63	295,993,030	228,910,737	2.2	13,563,021	10,995,386	5.2
90	Jessie Ball Dupont Foundation	80	292,935,579	161,023,532	5.1	11,071,858	7,727,099	5.0
91	Geraldine R Dodge Foundation	83	291,951,935	155,508,720	5.4	15,307,505	7,167,742	5.9
92	Charles A Dana Foundation	67	287,074,309	197,642,040	3.2	12,712,746	12,071,938	5.6
93	Charles Hayden Foundation	77	286,428,805	174,249,304	4.2	10,825,995	6,571,048	4.2
94	Ralph M Parsons Foundation	75	282,613,815	174,978,970	4.1	12,272,819	4,635,936	4.4
95	Cullen Foundation	65	281,709,601	200,355,793	2.9	9,498,119	7,599,403	5.8
96	W K Kellogg Foundation	87	280,964,071	131,665,408	6.5	255,848,822	98,633,608	122.4
97	Terra Foundation for the Arts	97	280,943,739	36,834,835	18.4	853,745	0	24.5
98	Claude Worthington Benedum Foundation	74	277,308,982	176,183,056	3.9	11,889,198	4,421,329	4.6
99	C K Blandin Residuary Trust	78	275,533,089	174,038,739	3.9	11,768,426	7,722,131	4.4
100	Third Champlin Foundation Trust	85	268,281,325	149,203,086	5.0	12,019,379	8,555,083	5.1



# Unrelated Business Income of Nonprofit Organizations

## Introduction

Generally, a tax-exempt organization with gross income of \$1,000 or more for the year from an “unrelated trade or business” is subject to the “unrelated business income tax.” An unrelated trade or business is one which has little or no relationship to the organization’s tax-exempt purposes, except to provide funds to carry out those purposes. The provisions for taxing income apply only if the trade or business is *regularly carried on* and *is not substantially related* to carrying out the exempt purpose for which the organization exists. Certain types of activities are excluded from the definition of an unrelated trade or business. For example, a business is not considered as unrelated if it is conducted mainly with volunteer labor, carried on primarily for the convenience of organization members, produces income from selling donated merchandise, or operates legal bingo games, as specified in the Internal Revenue (IR) Code.

The taxation of gross unrelated business income was designed to place the unrelated activities of exempt organizations on an equal footing with similar activities carried out by taxable entities, such as nonexempt corporations. Although their unrelated business income is taxed, exempt organizations may enter into a wide range of nontaxable commercial activities if they are substantially related to their tax-exempt missions.

For 1997, an estimated 39,302 organizations reported aggregate gross unrelated business income (UBI) of \$7.8 billion. After offsetting this income with \$8.5 billion of total deductions, the resulting overall deficit was \$0.7 billion. However, 53 percent of the organizations had net taxable profits, which collectively amounted to \$1.4 billion. Nonprofit organizations reported an aggregate total income tax liability of \$422.7 million for 1977. Between 1996 and 1997, taxable profits rose 18 percent. This increase was much smaller than the annual increases in taxable profits that occurred between 1994 and 1996. Over that period, these profits rose 39 percent from 1994 to 1995 and then another 31 percent from 1995 to 1996.

Articles and tables included in this section provide extensive information on unrelated business income,

deductions, and taxes for Tax Years 1991 through 1997, as collected from samples of Forms 990-T, *Exempt Organization Business Income Tax Return*. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 file a “partial” Form 990-T, whereupon they are not required to provide detailed deduction items or to fill out the form schedules. All other organizations file a “complete” Form 990-T. The return schedules are used to compute cost of sales and services and also to determine unrelated business income received from rents, debt-financed property, investments (IR Code section 501(c)(7), (9), and (17) organizations only), controlled organizations, exploited exempt activities, and advertising. In addition to income statement and tax information, the Form 990-T provides descriptions of principal unrelated business activities carried on by nonprofit organizations, based on industry codes provided in the tax form instructions.

This third volume of the *Compendium* is the first to contain a time series of Form 990-T unrelated business income statistics. Beginning with Tax Year 1993, the Form 990-T study incorporated a special “integrated” sampling technique to gather information on “related” (tax-exempt) and “unrelated” (taxable) income and expenses for organizations that filed both Form 990 (*Return of Organization Exempt From Income Tax*) and Form 990-T. The integrated sampling program ensured that the Form 990-T sample included any unrelated business income tax returns filed by organizations whose Form 990 information returns were selected for the Statistics of Income (SOI) samples of charities (IR Code section 501(c)(3) organizations) and other tax-exempt organizations (IR Code section 501(c)(4) through (9) organizations).

The matched records provide the means for consistency in analyzing exempt-function and nonexempt-function income and expenses of organizations that are involved in unrelated business activities. Some of the articles included in this section have used the matched Forms 990 and 990-T to explore the extent to which various types of exempt organizations engage in unrelated business activities. Because of budget reductions, the Tax Year 1996 Form

## Unrelated Business Income of Nonprofit Organizations

990 sample was limited to include only the section 501(c)(3) charitable organizations for that year, therefore restricting the integrated portion of the Form 990-T sample to these types of organizations. The section 501(c)(4) through (9) returns were reinstated to the Form 990 sample for 1997 and later years, but the integrated portion of the Form 990-T sample remains based on section 501(c)(3) organizations only.

Up until Tax Year 1996, the types of organizations that were subject to the unrelated business income tax (UBIT) provisions included those described in sections 501(c)(2) through 501(c)(25), as well as qualified pension, profit-sharing, and stock bonus plans described in section 401(a), Individual Retirement Arrangements (IRA's) described in section 408(e), and cooperative service organizations described in sections 501(e) and 501(f). For 1997, the UBIT provisions additionally covered Medical Savings Accounts described in section 220(e), although none of these organizations were selected for the Form 990-T sample for that year. For 1998, the UBIT provisions added Roth IRA's described in section 408A, Qualified State Tuition Plans described in section 529(a), and Education IRA's described in section 530(a).

### **Program Developments**

Beginning with Tax Year 1998, the Standard Industrial Classification (SIC)-based industry codes that Form 990-T filers used to describe their unrelated business activities were replaced with the North American Industry Classification System (NAICS) codes. New programming has been added to SOI's Form 990-T data entry ("editing") system to automatically change a SIC code reported on Form 990-T to a cross-referenced NAICS code. Another system enhancement aids data entry personnel in determining the correct IR Code section for an organization when the section reported by the taxpayer differs from that contained on the Internal Revenue Service's "Master File." An automated look-up list showing previously researched correct codes ensures consistency in statistics presented by type of organization across study years.

SOI's return processing system for the annual unrelated business income studies were converted to a Graphical User Interface (GUI) application, starting with Tax Year 1999. This application updated the editing system to a point-and-click windows environment, which is more user-friendly to the study "editors," who are responsible for entering information from the returns and resolving data inconsistencies and taxpayer reporting errors.

# Exempt Organization Business Income Tax Returns, 1991

by Margaret Riley

**N**onprofit organizations reported \$3.4 billion of gross income for 1991 from business activities that were considered unrelated to the purposes for which they received Federal income tax exemption. These 32,690 organizations reported total deductions of \$4.0 billion, resulting in an aggregate net loss of nearly \$0.7 billion. However, 14,384 of the organizations, ordinarily exempt from income taxation, reported "positive" unrelated business taxable income (UBTI) of \$431.1 million and a total tax liability of \$116.9 million.

Organizations filing a Form 990-T, *Exempt Organization Business Income Tax Return*, accounted for less than 3 percent of the population of tax-exempt organizations to which the unrelated business income tax provisions applied [1, 2]. Figure A shows the distribution of returns filed, by the Internal Revenue Code section under which the organizations received tax exemption [3]. Twenty-four percent of the filers were nonprofit charitable organizations that were tax-exempt under section 501(c)(3) and another 21 percent were social and recreational clubs exempt under section 501(c)(7) [4]. Together with business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6), and fiduciary agents for Individual Retirement Arrangements exempt under section 408(e), these four types of organizations accounted for nearly three-quarters of all returns filed. (See the Appendix to this article for a description of the various types of tax-exempt organizations.)

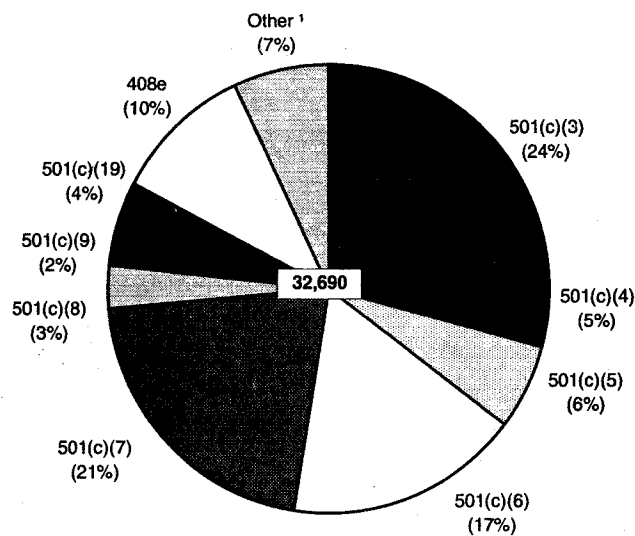
There were 14,819 "small" organizations, those with gross unrelated business income (UBI) between \$1,000 (the filing threshold) and \$10,000, which accounted for 45 percent of all filers (Figure B). Another 40 percent of filers, 12,987 organizations, had gross UBI of more than \$10,000 but under \$100,000. Only 1 percent of all filers, 433 organizations, had gross UBI of \$1,000,000 or more, but they accounted for nearly half of all gross UBI reported and 64 percent of total tax liability.

Although the number of organizations reporting unrelated business income grew by 5 percent between 1990 and 1991, these organizations collectively reported lower amounts of both gross UBI and total deductions (Figure C). However, an 11-percent increase in total positive taxable income between the two years contributed to a 17-percent increase in the unrelated business income tax (UBI tax). Total tax, which, in addition to the UBI tax, includes certain other taxes less allowable credits, increased by 18 percent (see the Explanation of Selected Terms section for a definition of total tax). Another factor contributing to

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Figure A

Percentage Distribution of Exempt Organization Business Income Tax Returns, by Internal Revenue Code Section, Tax Year 1991



<sup>1</sup> Includes all other organizations tax exempt under Code sections 501(c)(2)-(25), as well as Code section 401(a), 501(e), and 501(f) organizations and returns not allocable by code section.

NOTES: Detail may not add to total because of rounding. See the Appendix to this article for a description of the various types of tax-exempt organizations.

the rise in UBI tax and total tax was a change in the tax rates and related income brackets applicable to exempt trusts filing Forms 990-T for 1991. The tax on exempt trusts was raised for 1991 by lowering the ceiling on income brackets and by raising the tax rate on the highest bracket from 28 percent to 31 percent. There was no change in the tax rates applicable to exempt corporations, but both exempt corporations and trusts reported aggregate increases in average positive taxable income of 6 percent and 20 percent, respectively [5]. These increases resulted in "bracket creep" for some organizations, whereby higher taxable income increased the tax paid on the top portion of income. (See the Unrelated Business Taxable Income and Tax section of this article for additional statistics on exempt trusts and exempt corporations.)

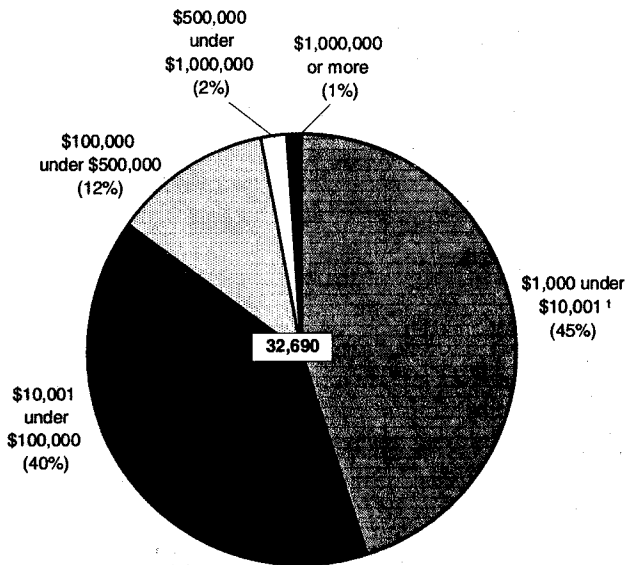
## Background

Congress established the "unrelated business income" tax as part of the Revenue Act of 1950. Unrelated business income has been defined as income from a trade or business that is regularly carried on by an exempt organization and is not substantially related to carrying out the

# Exempt Organization Business Income Tax Returns, 1991

**Figure B**

**Percentage Distribution of Exempt Organization Business Income Tax Returns, by Size of Gross Unrelated Business Income (UBI), Tax Year 1991**



<sup>1</sup> Organizations with gross UBI under \$1,000 were not required to file a return. Organizations with gross UBI between \$1,000 and \$10,000 were not required to report detailed sources of income, as were organizations with gross UBI above \$10,000.

**Figure C**

**Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1990 and 1991**

(Money amounts are in thousands of dollars)

Item	1990 (1)	1991 (2)	Percentage change (3)
<b>Number of returns.....</b>	<b>31,091</b>	<b>32,690</b>	<b>+5.1</b>
Gross unrelated business income.....	3,511,499	3,384,698	-3.6
Total deductions <sup>1</sup> .....	4,143,101	4,047,183	-2.3
Unrelated business taxable income (UBTI) less deficit, total.....	-631,605	-662,487	+4.9
Positive UBTI.....	388,890	431,143	+10.9
Deficit.....	1,020,495	1,093,630	+7.2
Unrelated business income tax.....	99,293	116,605	+17.4
Total tax <sup>2</sup> .....	99,119	116,933	+18.0

NOTE: Detail may not add to totals because of rounding.

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

exempt purpose for which the organization exists. The UBI tax was imposed regardless of whether or not the profits from the unrelated trade or business were used solely for exempt purposes. Originally, the tax applied only to organizations exempt under section 501(c)(3) (nonprofit charitable organizations), section 501(c)(5) (labor, agricultural, and horticultural organizations), section 501(c)(6) (business leagues, chambers of commerce, and real estate boards), section 501(c)(9) (voluntary employees' beneficiary associations), or section 501(c)(15) (certain mutual insurance companies). After it appeared that other types of tax-exempt organizations were engaging in unrelated business activities, Congress extended the UBI tax to all exempt organizations (except U. S. Government instrumentalities exempt under section 501(c)(1)), including churches [6].

For 1991, organizations which received \$1,000 or more from unrelated business activities were required to compute their taxable income on a Form 990-T. The taxation of UBI was designed to place unrelated activities of exempt organizations on an equal footing with similar activities carried out by taxable entities, such as non-exempt corporations. Although exempt organizations are taxed on their unrelated business taxable income, they are still able to enter into a wide range of nontaxable commercial activities if they are held to be substantially related to their exempt purpose(s) [7].

Section 501(a) of the Internal Revenue Code authorizes an exemption from taxation of income *related* to the exempt purpose of an organization. As indicated in the Appendix to this article, organizations that ordinarily were tax-exempt for 1991 but were subject to taxation on *unrelated* business income included those described in sections 501(c)(2) through 501(c)(25), as well as qualified pension, profit sharing, and stock bonus plans described in section 401(a); Individual Retirement Arrangements (IRA's) described in section 408(e); and cooperative service organizations described in sections 501(e) and 501(f).

For 1991, organizations with gross UBI under \$1,000 were not required to file a Form 990-T. The reasoning behind granting this filing exclusion is that a "specific deduction" of \$1,000 from taxable income is allowed to all Form 990-T filers, so there is no reason to burden organizations that had gross UBI of \$1,000 or less from filling out the tax return. (The specific deduction is discussed in the Deductions section and is defined in the Explanation of Selected Terms section.) Organizations with gross UBI between \$1,000 and \$10,000 were not required to report detailed sources of income, as were organizations with larger amounts of gross income. These smaller organizations were required only to report a single

# Exempt Organization Business Income Tax Returns, 1991

total of gross UBI. For a detailed list of the components of gross UBI reported by larger organizations, see the definition of gross UBI in the Explanation of Selected Terms section of this article. Separate explanations of the gross UBI components are also included in this section.

## Income

The \$3.4 billion of gross UBI reported by tax-exempt organizations for 1991 included approximately \$0.1 billion attributable to organizations reporting gross UBI of \$10,000 or less and \$3.3 billion attributable to organizations reporting gross UBI over \$10,000. Because organizations with gross UBI of \$10,000 or less were not required to report detailed sources of gross UBI (only the total amount was required), the following discussions of the specific components of gross UBI (covered in this section) and their related expenses and deductions (covered in the Deductions section) pertain only to organizations with gross UBI above \$10,000, which accounted for over 98 percent of the total gross UBI reported by all organizations filing Form 990-T.

Gross profit (less loss) from sales of goods and services was the largest source of unrelated income for organizations with gross UBI above \$10,000 and accounted for 43 percent of all gross UBI reported (Figure D). "Other income" (less loss), which includes all types

of income not specifically required to be reported elsewhere on the unrelated business income tax return, was the second largest gross income item. About 90 percent of all gross UBI came from 5 of the 12 major components reported, the top 2 sources discussed above plus advertising income, "unrelated debt-financed income," and investment income (less loss) of organizations tax-exempt under sections 501(c)(7), (9), (17), and (20) (social and recreational clubs, voluntary employees' beneficiary associations, supplemental unemployment benefit trusts, and prepaid legal service funds, respectively). Organizations reported income sources fairly consistently between 1990 and 1991, with these five sources reported as the top income producers for the two years and accounting for 92 percent of gross UBI for 1990.

Figure D also shows unrelated business income sources for selected types of organizations, in terms of the Code section that described their exemption. Organizations classified in these five sections accounted for 86 percent of total gross UBI reported on returns with gross UBI over \$10,000. A look at the largest source of income for each of the selected types of organizations appears to be consistent with the way each group operates, as discussed below. (See the Appendix to this article for a description of the various types of exempt organizations and the general nature of their activities.)

**Figure D**

## Returns With Gross Unrelated Business Income (UBI) Over \$10,000: Sources of Gross UBI, by Selected Internal Revenue Code Section, Tax Year 1991

[Money amounts are in thousands of dollars]

Item	All organizations with gross unrelated business income (UBI) over \$10,000, total	Selected Internal Revenue Code section				
		501(c)(3)	501(c)(4)	501(c)(6)	501(c)(7)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns</b> .....	<b>17,871</b>	<b>5,218</b>	<b>1,080</b>	<b>3,684</b>	<b>2,883</b>	<b>559</b>
<b>Total gross unrelated business income (UBI)</b> .....	<b>3,324,307</b>	<b>1,629,800</b>	<b>192,413</b>	<b>593,101</b>	<b>249,744</b>	<b>202,455</b>
Gross profit (less loss) from sales and services.....	1,418,634	845,456	127,234	114,991	165,355	4,361
Capital gain net income.....	72,092	25,668	--	227	3,097	32,525
Net capital loss (trusts only).....	24	--	--	--	--	18
Net gain (less loss), noncapital assets <sup>1</sup> .....	5,233	3,758	826	-776	998	--
Income (less loss) from partnerships.....	27,812	18,173	210	-1,907	-2	-188
Rental income <sup>2</sup> .....	96,808	46,792	2,714	2,877	14,317	13,127
Unrelated debt-financed income.....	222,840	102,673	14,340	33,835	N/A	N/A
Investment income (less loss) <sup>3</sup> .....	198,455	N/A	N/A	N/A	44,175	151,529
Income from controlled organizations <sup>4</sup> .....	33,638	17,050	1,791	7,803	250	--
Exploited exempt activity income, except advertising.....	40,118	11,229	2,545	22,049	N/A	N/A
Advertising income.....	561,824	144,237	26,576	333,950	N/A	N/A
Other income (less loss).....	646,878	414,764	16,178	80,053	21,555	1,119

N/A - Not applicable.

<sup>1</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property which were capital assets.

<sup>2</sup> Income from real property and personal property leased with real property.

<sup>3</sup> Reported by Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations only.

<sup>4</sup> Annuities, interest, rents, and royalties.

NOTE: Column detail may not add to totals because of rounding.

## Exempt Organization Business Income Tax Returns, 1991

Gross profit (less loss) from sales and services was the largest source of income for nonprofit charitable organizations exempt under section 501(c)(3), 52 percent; civic leagues and social welfare organizations exempt under section 501(c)(4), 66 percent; and social and recreational clubs exempt under section 501(c)(7), 66 percent. Many of these organizations typically are involved in operations which lend themselves to providing goods and services, such as a hospital providing commercial laboratory services to the general public or a country club selling food and beverages to nonmembers.

The main source of income for business leagues, chambers of commerce, and real estate boards, section 501(c)(6), was gross advertising income. It is common for these types of organizations to publish magazines and periodicals related to their trade that are of interest to their members. If the periodicals included advertising that was of a commercial nature, then the income derived from such advertising was subject to the unrelated business income tax. Fifty-six percent of these organizations' gross UBI was attributable to advertising income.

Voluntary employees' beneficiary associations, section 501(c)(9), reported investment income as their primary unrelated business income source, accounting for 75 percent of their total gross UBI. Given the nature of their tax-exempt purpose, to provide health and welfare benefits to association members, it would be expected that benefit plan monies would be invested to ensure future plan funding.

### Deductions

As with the section on income, the following discussion of deductions pertains only to organizations with gross UBI over \$10,000 because organizations with smaller amounts of gross UBI were not required to report detailed sources of gross UBI and related deductions (only totals were required). Organizations with gross UBI over \$10,000 accounted for 98 percent of total deductions reported by all organizations filing Form 990-T.

Total deductions taken against gross unrelated business income can be divided into two categories: deductions "directly connected with UBI" and deductions "not directly connected with UBI." Ninety-five percent of all deductions taken were directly connected with unrelated business activities. In order for deductions to be allowed as directly connected with gross UBI in computing unrelated business taxable income, the expenses, depreciation, and similar items must have qualified as allowable income tax deductions under the tax law provisions applicable to taxable organizations, and they must have been directly connected with carrying on an unrelated trade or business.

When facilities or personnel were used both to carry on exempt functions and to conduct an unrelated trade or business, the directly connected deductions had to be allocated between the two uses.

Deductions that were considered not directly connected with UBI included the "specific deduction," charitable contributions, "set-asides," and "excess exempt expenses." The \$1,000 specific deduction was allowed after all other deductions were taken. Set asides were allowed to section 501(c)(7), (9), (17), and (20) organizations. Under the tax provisions of a set-aside, "passive" income (in general, investment income) was not taxed if it was set aside for charitable purposes or, in the case of the section 501(c)(9),

**Organizations filing under 5 of the 28 applicable Code sections reported 86 percent of gross unrelated business income.**

(17), and (20) organizations, if it was set aside for the payment of life, sickness, accident, or other benefits. Qualifying set-asides were reported on Form 990-T as a deduction from net investment income, the amount which remained after directly connected deductions were taken from gross investment

income. Some types of expenses related to exempt activity functions could be used to offset net advertising income and other "exploited exempt-activity income;" these were called excess exempt expenses. (See the Explanation of Selected Terms section for more detailed definitions of deductions not directly connected with UBI.)

Because of the way deductions were required to be reported on the Form 990-T, both total deductions and some of the detailed deduction components are somewhat understated in the figures and tables presented in this article. Form 990-T filers were instructed to deduct the cost of sales and services from their gross receipts from sales and services to compute gross profit, which was then required to be reported as a gross UBI detail item in the income statement.

As a consequence of this manner of reporting, cost of sales and services was not included in the deductions section of the income statement, resulting in an understatement of total deductions. Also, because cost of sales and services includes many of the same types of expenses that are reported as separate components of total deductions, some of the components also will be understated.

Another factor affecting the components of total deductions is the manner in which certain types of deductions were required to be reported on the various Form 990-T income schedules. Deductions that were connected with specified types of income, such as rental income, were

# Exempt Organization Business Income Tax Returns, 1991

reported on schedules as lump-sum totals only. Some of the deductions included in these totals were of the same types as those reported elsewhere on the return as separate components of total deductions. Because detailed deduction components were not required to be reported on return schedules, there could be no linking of deductions with like titles between the schedules and the detailed deduction components. Therefore, the total amount shown for some of the separately reported deductions will be understated. For example, if deductions allocable to rental income, reported on a rental income schedule, included depreciation, then that amount of depreciation would not be included in, and could not be linked to, the separately reported depreciation deduction item. Deductions that were reported as lump-sum amounts included those "allocable to rental income," "allocable to unrelated debt-financed income," "allocable to investment income," "allocable to income from controlled organizations," "allocable to exploited exempt-activity income, except advertising," and "direct advertising costs" (see Table 7 for a complete presentation of deductions).

Figure E presents selected components of total deductions for all returns with gross UBI over \$10,000 and also for the same five types of organizations shown in Figure D. Organizations shown in Figure E collectively accounted for 86 percent of total deductions reported. As with income components, the allocation of deduction items varies across the selected Code sections and seems to be in line with the purposes for which the organizations received tax exemption. Most of the total deductions reported for 1991 by organizations with gross UBI over \$10,000 can be attributed to "other deductions" (30 percent), "net operating loss carryover" (19 percent), salaries and wages (15 percent), and direct advertising costs (10 percent), which together accounted for 75 percent.

"Other deductions," the largest single aggregate deduction item reported, included a host of expenses that were not required to be reported as a specific item elsewhere on the return. Some examples of "other deductions" items are professional service fees, such as financial management, accounting, legal, and consulting; insurance (if not

**Figure E**

## Organizations With Gross Unrelated Business Income (UBI) Over \$10,000: Selected Deductions, by Selected Internal Revenue Code Section, Tax Year 1991

[ Money amounts are in thousands of dollars ]

Item	All organizations with gross unrelated business income (UBI) over \$10,000, total	Selected Internal Revenue Code section				
		501(c)(3)	501(c)(4)	501(c)(6)	501(c)(7)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	17,871	5,218	1,080	3,684	2,883	559
Total deductions <sup>1</sup> .....	3,954,752	2,051,733	276,426	717,755	252,959	88,164
<b>Deductions directly connected to gross unrelated business income (UBI), total.....</b>	<b>3,744,370</b>	<b>1,999,202</b>	<b>270,348</b>	<b>635,406</b>	<b>249,026</b>	<b>32,724</b>
Direct advertising costs.....	413,946	101,107	34,846	218,075	N/A	N/A
Compensation of officers.....	29,445	10,939	2,787	9,566	1,070	2,105
Salaries and wages.....	611,482	373,966	31,816	53,013	87,463	1,733
Employee benefits.....	63,441	46,486	2,156	7,309	4,158	944
Net operating loss carryover.....	757,815	386,387	69,899	132,512	47,563	2,391
Other deductions <sup>2</sup> .....	1,199,517	760,468	88,934	121,780	51,860	10,656
Deductions directly connected not shown above <sup>2</sup> .....	668,724	319,850	39,910	93,151	56,912	14,895
<b>Deductions not directly connected to gross UBI, total....</b>	<b>210,382</b>	<b>52,531</b>	<b>6,078</b>	<b>82,349</b>	<b>3,933</b>	<b>55,441</b>
Set-asides.....	56,478	N/A	N/A	N/A	1,365	55,113
Excess exempt expenses.....	113,077	30,755	1,063	80,115	N/A	N/A
Charitable contributions.....	33,617	19,855	4,640	1,244	672	95
Specific deduction.....	7,210	1,921	375	990	1,896	233

N/A - Not applicable.

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> "Other deductions" was a specific Form 990-T item that included types of deductions that were not required to be reported elsewhere on the return. "Deductions directly connected not shown above" was not a specific return item. It contains the balance of reported deduction types that are not being presented as selected deductions in this figure. See Table 7 for a complete presentation of deductions directly connected to gross UBI.

NOTE: Column detail may not add to totals because of rounding.

## Exempt Organization Business Income Tax Returns, 1991

employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, and security services; rent; travel expenses; educational expenses; and utilities.

Section 501(c)(3) and (4) organizations reported the largest proportion of their deductions as "other deductions" on their returns (37 percent and 32 percent, respectively). Their second largest deduction was the net operating loss carryover (19 percent and 25 percent, respectively). For section 501(c)(3) organizations, the third largest deduction was salaries and wages (18 percent). These organizations accounted for the largest proportion of aggregate salaries and wages reported by organizations with gross UBI over \$10,000, 61 percent of the total. Direct advertising costs was the third largest deduction for section 501(c)(4) organizations, closely followed by salaries and wages (13 percent and 12 percent, respectively).

For organizations exempt under section 501(c)(6), direct advertising costs accounted for the largest proportion of their reported deductions (30 percent). Second was the net operating loss carryover (18 percent), and third was "other deductions" (17 percent). In addition to being their largest deduction item, the direct advertising costs of these organizations accounted for the largest portion of the direct advertising costs reported on all Forms 990-T filed by exempt organizations with gross UBI over \$10,000, 53 percent of the total.

**43 percent of Form 990-T filers reported total tax of \$116.9 million.**

The social and recreational clubs exempt under section 501(c)(7) reported 35 percent of their total deductions as salaries and wages. This would be expected, given the labor-intensive nature of their unrelated business activities. "Other deductions" was the second largest item (21 percent), and the net operating loss carryover was third largest (19 percent).

Sixty-three percent of the total deductions of section 501(c)(9) associations was attributable to set-asides. Because the primary tax-exempt mission of these organizations is to provide health and welfare benefits to its members, the large amounts of income that typically are set aside for future payment of these benefits are allowed as a deduction against investment income, their primary source of gross UBI [8]. "Other deductions" ranked second in size, 12 percent of total deductions. Third place was equally shared by interest and taxes, with each contributing 5 percent (interest and taxes are not shown separately in Figure E because of their relatively small

size for organizations exempt under sections other than section 501(c)(9)).

### Unrelated Business Taxable Income and Tax

For 1991, about 43 percent of Form 990-T filers, an estimated 13,905 organizations, reported total tax of \$116.9 million. In most cases, the largest share of total tax was the UBI tax; however, total tax also could have included recapture taxes (such as from recomputation of prior-year investment or low-income housing credits), the "alternative minimum tax," and the environmental tax. Also, the foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits were subtracted from the unrelated business income tax in computing total tax.

An estimated 18,785 filers, or 57 percent, reported no total tax liability. Organizations with \$1,000,000 or more of gross UBI, only slightly more than 1 percent of the population reporting total tax, reported a tax liability of \$74.9 million, 64 percent of the tax liability of all organizations. Only 2 percent of total tax, \$2.4 million, was reported by the small organizations that were not required to report detailed income items, those with gross UBI between \$1,000 and \$10,000, yet they comprised a large proportion, 45 percent, of the taxpaying population. Another 40 percent, those organizations with gross UBI more than \$10,000 but less than \$100,000, accounted for 11 percent, or \$13.1 million, of the total tax reported. The remaining group of filers, those with gross UBI of at least \$100,000 but less than \$1,000,000 reported total tax of \$26.5 million, 23 percent of aggregate total tax. The organizations in this group accounted for 14 percent of the population reporting total tax liability.

Based on unrelated business taxable income, the 13,908 exempt organizations reporting UBI tax incurred an aggregate UBI tax liability of \$116.6 million. After adjustments were made for additional taxes (plus \$0.6 million) and credits (minus \$0.3 million), the resulting amount of total tax liability was \$116.9 million, as reported by 13,905 organizations. The difference between the 13,905 organizations with total tax and the 13,908 with UBI tax resulted from there being 37 returns on which total tax was attributable to one of the taxes other than the UBI tax, and 41 returns where UBI tax was reported, but was offset by tax credits (13,908 plus 37 minus 41 equals 13,904) [9].

For 1991, there were 14,384 organizations that reported positive UBTI, amounting to \$0.4 billion; the remaining 18,306 filers reported zero or a deficit, amounting to -\$1.1 billion. Even though there were 14,384 organizations that reported positive UBTI, the number of



## Exempt Organization Business Income Tax Returns, 1991

organizations showing UBI tax on their returns was 13,908, or 476 less than might otherwise be expected. The explanation for this is that there were 524 organizations which had positive amounts of taxable income but reported no UBI tax, and there were 49 organizations that reported UBI tax even though they had no taxable income (13,908 plus 524 minus 49 equals 14,383) [10].

The tax statistics cited above are based on originally filed returns that were selected prior to IRS audit examination and prior to the filing of any amended returns. Re-computation of the tax resulting from taxpayer errors detected after filing, either by the filing organization or through IRS data checks, has not been taken into account. Therefore, the amount of tax actually assessed and collected may be different from the amount initially reported and presented in this article.

Of the 32,690 exempt organizations which filed Forms 990-T, 27,539 exempt corporations accounted for 92 percent of the \$3.4 billion of total gross UBI while 5,151 exempt trusts accounted for the remainder. There were 11,348 exempt corporations and 2,560 exempt trusts that reported the UBI tax on their returns for 1991, compared

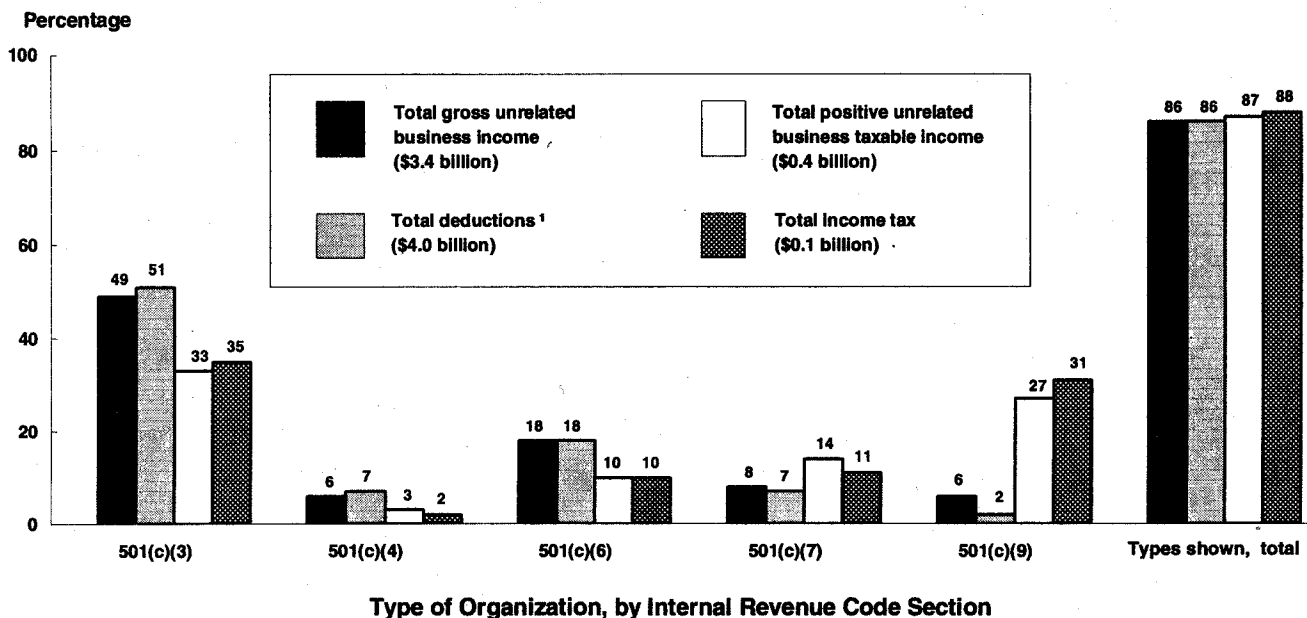
to 11,378 corporations and 2,527 trusts that reported total tax. Corporations were liable for \$70.2 million, 60 percent, of UBI tax, and trusts were liable for \$46.4 million, 40 percent. Corporate and trust total tax liability amounted to \$70.5 million and \$46.4 million, respectively.

Of all Form 990-T filers for 1991, section 501(c)(3) organizations were responsible for the largest share (35 percent) of total tax reported, \$40.6 million. Together, organizations exempt under sections 501(c)(3), (4), (6), (7), and (9) accounted for 88 percent of total tax reported. Figure F shows a percentage distribution of the respective shares of gross UBI, total deductions, positive UBTI, and total tax attributable to these five types of organizations. Collectively, these organizations filed 69 percent of the Forms 990-T, and accounted for between 86 and 88 percent of the totals reported by all organizations for the key items shown in Figure F.

Voluntary employees' beneficiary associations described in section 501(c)(9) were responsible for 31 percent of total tax reported, a high percentage given the fact that they accounted for only 2 percent of all filers and 6 percent of total gross UBI. In addition, the share of total

**Figure F**

### Selected Financial Data Reported by Principal Types of Organizations as a Percentage of the Total Reported by All Types of Organizations, Tax Year 1991



<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

NOTE: Detail may not add to totals because of rounding.

## Exempt Organization Business Income Tax Returns, 1991

positive UBTI attributable to section 501(c)(9) organizations was 27 percent, but these organizations accounted for only 2 percent of organizations that reported positive UBTI. Voluntary employees' beneficiary associations generally were not able to take deductions as large as most other types of organizations because of the nature of their exempt activities, discussed below.

Section 501(c)(9) organizations primarily engage in investment activities in order to fund the benefits paid out to member-employees. Nearly 75 percent of their aggregate gross UBI was reported as investment income for 1991. As mentioned in the discussion of deductions, the largest deduction item, by far, reported by employees' beneficiary associations was for amounts set aside to provide for future payment of life, sick, accident, or other benefits. However, if amounts were set aside that exceeded the qualified asset account limits, as specified in section 419A of the Code, then they were not allowed as a deduction from unrelated business investment income. In other words, if a section 501(c)(9) association overfunded an employee welfare benefit plan, its investment income could not be set aside tax-free. It was taxable as unrelated business income.

Another factor contributing to the relatively small deductions taken by the employee beneficiary associations is that, for many of them, their investment portfolios typically are overseen by a single trust manager. Because there is no need for a staff of employees, deductions for salaries and wages are quite small. In terms of contrast, salaries and wages reported by section 501(c)(9) associations were less than half a percent of total salaries and wages reported by all organizations, compared to 61 percent for the section 501(c)(3) organizations. As a percentage of the total deductions reported by these two types of organizations, salaries and wages comprised a 2-percent share for the section 501(c)(9) organizations compared to an 18-percent share for section 501(c)(3) organizations [11].

### Primary Unrelated Business Activity by Industrial Grouping

Organizations filing a Form 990-T for 1991 were required to enter at least one, and up to three, industry codes for their principal business activities, based on the amount of gross unrelated business income they generated. If an organization engaged in more than one type of activity, it was instructed to list the code for the largest unrelated activity (in terms of gross income) first, then the codes for the next two largest activities, in descending order. The discussion of unrelated business activities that follows takes into consideration only the primary (first) activity

**Services and finance, insurance, and real estate accounted for 78 percent of gross unrelated business income.**

code reported. Because it is not possible to distribute gross UBI by each type of activity when more than one activity was reported, the amount of gross UBI assigned to the primary unrelated business activity may not be entirely related to that activity.

Figure G shows that the primary unrelated business activity reported on 88 percent of returns filed fell within four major industrial groupings: manufacturing; retail trade; services; and finance, insurance, and real estate (see Table 5 for information on the major business activities or industrial classifications reported). These four industrial groupings were also responsible for 93 percent of total gross UBI, with manufacturing producing \$0.1 billion; retail trade, \$0.4 billion; services, \$1.5 billion; and finance, insurance, and real estate, \$1.1 billion.

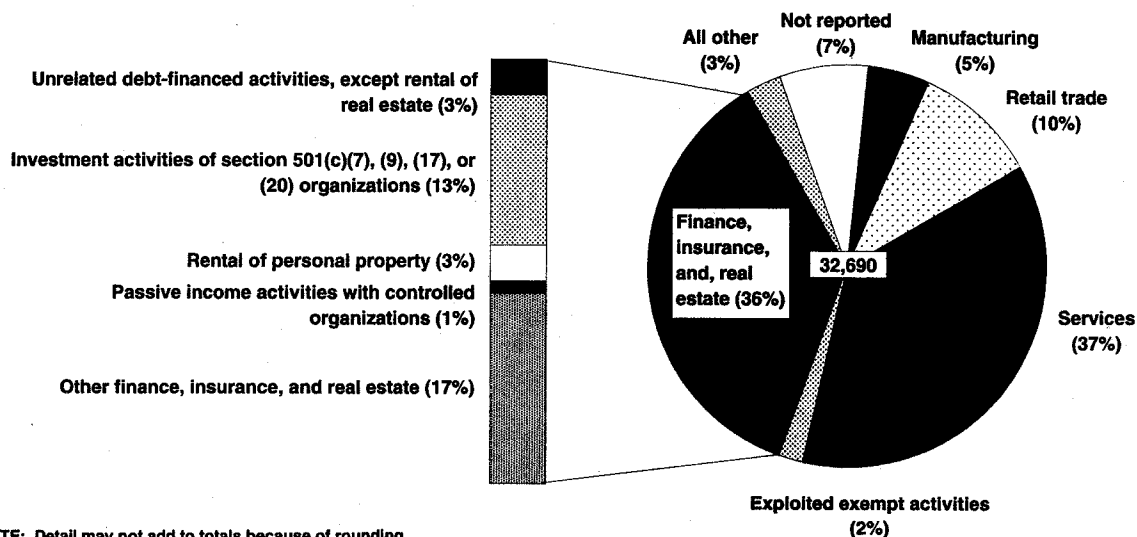
The industrial classifications from which Form 990-T filers were required to make a choice included 155 industry codes and 5 additional categories that were established specifically for exempt organizations engaging in unrelated business activities to reflect particular provisions of the Internal Revenue Code [12]. These five classifications were unrelated debt-financed activities other than rental of real estate; investment activities of section 501(c)(7), (9), (17), and (20) organizations; rental of personal property; passive income activities with controlled organizations; and exploited exempt activities. In Figure G and Table 5, the first four activities mentioned above are treated as part of the finance, insurance, and real estate division. Exploited exempt activities is treated separately in Figure G and Table 5 as one of the major industrial groupings [13].

There were 1,495 organizations that reported unrelated activities in the manufacturing division. Most of them, 87 percent, could be categorized under two types of unrelated activities: printing and publishing, 45 percent, and petroleum refining and related industries, 42 percent [14]. Three percent of total gross UBI was attributable to the printing and publishing industrial sub-group. Petroleum refining and related industries accounted for only one-tenth of 1 percent of total gross UBI. Business leagues, real estate boards, and various types of nonprofit charitable organizations accounted for most of the printing and publishing carried on by tax-exempt organizations as their principal unrelated trade or business activity. Almost all of the organizations that reported petroleum refining and related industries as their principal unrelated business activity were trusts that acted as fiduciary agents for Individual Retirement Arrangements and profit-sharing plans.

# Exempt Organization Business Income Tax Returns, 1991

**Figure G**

**Percentage Distribution of Exempt Organization Business Income Tax Returns, by Principal Unrelated Business Activity or Industry, Tax Year, 1991**



NOTE: Detail may not add to totals because of rounding.

Within retail trade, carried on by 3,372 exempt organizations, activities that were included in the eating and drinking places sub-group were reported on the majority of Forms 990-T filed, 65 percent, followed by “miscellaneous” retail trade, reported on 32 percent of the returns. Three of the main types of retail activities reported under “miscellaneous” were gift, novelty, and souvenir shops; drugstores and proprietary stores; and book stores. Organizations reporting primary unrelated business activities within the eating and drinking places and “miscellaneous” retail trade sub-groups respectively accounted for 6 percent and 4 percent of the \$3.4 billion total of gross UBI reported by all Form 990-T filers. Organizations operating eating and drinking places as an unrelated activity mainly were hospitals, golf and country clubs, fraternal organizations, and veterans’ organizations.

Of the 12,040 organizations providing various services as their primary unrelated activity, 53 percent reported business services, most of which was advertising (including printing), and another 21 percent reported amusement and recreation services. Health services and social services followed, respectively accounting for 7 percent and 5 percent of organizations reporting services. In terms of gross UBI, business services accounted for 19 percent of the aggregate total. The business service of advertising (including printing) was reported on more returns than any other single unrelated business activity, 17 percent of the total, and, in dollar terms, its \$0.5 billion share of total

gross UBI, 15 percent, was also the largest single primary activity. The majority of organizations that indicated advertising as their primary unrelated business activity were chambers of commerce, real estate boards, and a wide variety of nonprofit charitable organizations, civic leagues, and business leagues. About 8 percent of total gross UBI was attributable to organizations classified in amusement and recreation services. These types of activities were reported mostly by golf and country clubs; civic leagues; social welfare organizations; fraternal organizations; veterans’ organizations; and nonprofit charitable societies, associations, and guilds. These nonprofit charitable organizations typically were educational institutions and athletic clubs.

The health services sub-group was responsible for 7 percent of total gross UBI; within this group, the medical laboratory activity was reported most often and accounted for 4 percent of the total gross UBI reported by all organizations. Organizations reporting some type of health services as their primary unrelated business activity typically included hospitals, medical centers, and health care facilities. Social services contributed about 1 percent to total gross UBI. A mix of organization types reported primary unrelated business activities in the social services sub-group; most of them were religious organizations, hospitals, schools, fraternal organizations, and veterans’ organizations.

Investment activities of organizations exempt under

## Exempt Organization Business Income Tax Returns, 1991

sections 501(c)(7), (9), (17), and (20) accounted for 46 percent of the 11,862 organizations engaged in unrelated activities in the finance, insurance, and real estate industrial group. Organizations engaging in real estate activities accounted for another 28 percent, followed by those engaged in insurance activities, accounting for 10 percent. These latter two activities are included in the "other finance, insurance, and real estate" category. Collectively, the three finance, insurance, and real estate sub-groups mentioned above accounted for 30 percent of the gross UBI reported by all exempt organizations, with each sub-group separately contributing between 9 percent and 11 percent to total gross UBI. The majority of organizations that carried on real estate activities were nonprofit charitable organizations; however, large numbers of civic and business leagues, real estate boards, fraternal organizations, and trusts acting as fiduciary agents for retirement funds also reported real estate as their primary unrelated business activity. Most of the organizations that engaged in unrelated activities in the insurance industry were county farm bureaus and trade associations.

### Summary

For 1991, an estimated 32,690 tax-exempt organizations reported \$3.4 billion in gross income from unrelated business activities. Nearly half of total gross UBI was reported by only 1 percent of these organizations, those with gross UBI of \$1,000,000 or more. Total deductions taken against gross UBI amounted to \$4.0 billion and resulted in unrelated business taxable income (less deficit) of -\$0.7 billion. Based on total positive unrelated business taxable income of \$431.1 million, total tax reported was \$116.9 million.

Five types of organizations collectively accounted for most of the unrelated business activity in terms of gross UBI, total deductions, and total tax. These were the nonprofit charitable organizations exempt under Code section 501(c)(3); civic leagues and social welfare organizations exempt under section 501(c)(4); business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6); social and recreational clubs exempt under section 501(c)(7); and voluntary employees' beneficiary associations exempt under section 501(c)(9). Together, these organizations accounted for 69 percent of all returns filed, 86 percent of gross UBI, 86 percent of total deductions, and 88 percent of total tax liability.

About 90 percent of all gross UBI was attributable to five sources. Gross profit (less loss) from sales and services was the largest source, accounting for 43 percent of gross UBI. This was followed by "other income" (items not specifically required to be reported elsewhere

on the return) (20 percent), advertising income (17 percent), income from unrelated debt-financed property (7 percent), and investment income of section 501(c)(7), (9), (17), and (20) organizations (each described in the Appendix to this article) (6 percent).

Forty-four percent of organizations reporting gross UBI above the \$1,000 filing threshold had positive unrelated business taxable income. The remaining 56 percent reported zero or a deficit. The \$116.9 million of total tax liability was distributed among various types of organizations. Corporate organizations accounted for \$70.5 million of total tax, or 60 percent, and trusts were liable for \$46.4 million, or 40 percent. In terms of the Internal Revenue Code sections under which organizations are tax-exempt, the nonprofit charitable organizations described in section 501(c)(3) were responsible for the largest share of total tax, 35 percent or \$40.6 million. They were followed by section 501(c)(9) voluntary employees' beneficiary associations, which reported a 31-percent share of total tax, \$36.0 million.

Four major industrial groupings, covering 88 percent of the organizations that reported unrelated business income, accounted for 93 percent of gross UBI, 92 percent of total deductions, and 95 percent of total tax. The four groupings were manufacturing; services; finance, insurance, and real estate; and retail trade. Within these industrial classifications, the unrelated business activities that collectively produced a relatively large share of total gross UBI, 77 percent, were business services (most of which was advertising, including printing), 19 percent; insurance activities, 11 percent; real estate activities, 10 percent; investment activities of section 501(c)(7), (9), (17), and (20) organizations, 9 percent; amusement and recreation services, 8 percent; health services, 7 percent; operation of eating and drinking places, 6 percent; "miscellaneous" retail trade, 4 percent; and printing and publishing, 3 percent.

### Data Sources and Limitations

#### Sources

The statistics in this article are based on a sample of the 1991 Form 990-T, *Exempt Organization Business Income Tax Return*. The Internal Revenue Service (IRS) required organizations having accounting periods beginning in 1991 (and, therefore, ending between December 1991 and November 1992) to file a 1991 Form 990-T. Because of the various accounting periods of the organizations filing a 1991 Form 990-T, the unrelated business financial activities covered in this article span the period January 1991 through November 1992, although the majority of activities occurred during Calendar Year 1991. The sample included only those returns with gross unrelated

# Exempt Organization Business Income Tax Returns, 1991

business income of \$1,000 (the filing threshold) or more.

The population from which the 1991 sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1992 and 1993. The returns in the sample were stratified based on the absolute value of either *gross* UBI (if the organization reported gross UBI of \$10,000 or less), or *net* UBI (if the organization reported gross UBI over \$10,000). For 1991, gross UBI was not reported as a single total by organizations that had gross UBI over \$10,000; rather, detailed components of the total were reported separately on the main part of the return and associated schedules. Only *net* UBI (gross UBI minus any deductions directly connected with UBI that were reported on the return and its attached schedules) was reported as a total on the Form 990-T. Therefore, for these larger returns, only total net UBI was input to the IRS Business Master File system. A sample of 4,885 returns was selected from a population of 40,950 [15]. Sampling rates ranged from 2.9 percent (returns with an absolute value of gross or net UBI less than \$10,000) to 100 percent (returns with an absolute value of net UBI of \$100,000 or more).

## Limitations

Because gross UBI for the larger returns was not readily available as a criterion for selecting the sample, the net amount was used. It was possible, therefore, for a return with a large amount of *gross* UBI not to be selected because, after deductions, the *net* amount was small enough for it to be subject to sampling at a rate of less than 100 percent.

Research was undertaken for 1989 to determine the extent to which the returns of large organizations, in terms of gross UBI, did not get selected for the Statistics of Income (SOI) sample because *net* UBI was used as the sampling criterion. If a Form 990-T was not selected for the sample (net UBI under \$100,000) and it was filed by an exempt organization which reported large gross receipts (\$10,000,000 or more) on Form 990, *Return of Organization Exempt From Income Tax*, the Form 990-T was secured and classified into one of five groups, based on size of gross UBI [16]. The results of classifying 1,153 such returns are as follows: under \$500,000 -- 1,064 returns; \$500,000 under \$1,000,000 -- 26 returns; \$1,000,000 under \$5,000,000 -- 55 returns; \$5,000,000 under \$10,000,000 -- 5 returns; \$10,000,000 or more -- 3 returns.

Of the eight cases within the two largest UBI groups, five had qualified set-aside deductions which reduced net income to zero, and three had circulation losses or advertising costs which offset gross advertising income to the extent that the resulting net UBI was negative or near

zero. The combined amount of gross UBI for the eight returns was \$122.1 million, which was about 4 percent of total gross UBI reported for 1989. The research done for 1989 was not repeated for 1990 or 1991. Because the same basic sample design was used for all three years, the net UBI sampling criterion presumably effected the 1990 and 1991 statistics to a degree similar to that for 1989. Beginning with Tax Year 1992, net vs. gross UBI was no longer an issue for sampling because the Form 990-T was revised to require the reporting of total gross UBI by all organizations.

Only the primary activity code was used in the statistics to present the types of unrelated business activities for exempt organizations. In addition to the primary activity code, up to two other codes could have been reported if the organization engaged in more than one unrelated activity. However, because income was not reported separately by activity code if the organization entered more than one code, it was not possible to distribute gross UBI by type of activity when more than one business activity was reported. Therefore, where more than one code was provided, the statistics show all of gross UBI assigned to the primary code given.

The data presented were obtained from returns as originally filed with the IRS. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment, were not incorporated into the data base.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure H shows CV's for selected financial data. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix in this issue.

**Figure H**

## Coefficients of Variation for Selected Financial Data Items, Tax Year 1991

Item	Coefficient of variation (percentages)
Gross unrelated business income (UBI).....	2.83
Total deductions.....	3.04
Unrelated business taxable income (UBTI) less deficit.....	9.15
Total income tax.....	3.65

## Exempt Organization Business Income Tax Returns, 1991

### Explanation of Selected Terms

**Advertising Income.**--Income realized by an exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of exploited exempt activity income. (See the definition of Exploited Exempt Activity Income, below.)

**Capital Gain Net Income.**--Generally, organizations required to file Form 990-T (except organizations exempt under sections 501(c)(7), (9), (17), and (20)), each described in the Appendix to this article, are not taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income.

**Deductions Directly Connected With Unrelated Business Income.**--These were deductions allowed in computing unrelated business taxable income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a "proximate and primary" relationship to the carrying on of an unrelated trade or business. Exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported all deductions (both deductions directly connected with UBI and those not directly connected, defined below) as a single total amount, except for the "specific deduction" (also defined below). Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-financed income; those directly connected with investment income of Code section 501(c)(7), (9), (17), and (20) organizations (each described in the Appendix to this article); those allocable to interest, annuities, royalties, and rents received from controlled organizations; those allocable to "exploited exempt activity income" other than advertising; direct advertising costs; and deductions for compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (not reported elsewhere); depletion; contributions to deferred compensation plans; employee benefit programs; and "other deductions."

**Deductions Not Directly Connected With Unrelated Business Income.**--The component deductions were "set-

asides," "excess exempt expenses," charitable contributions, and the "specific deduction." The specific deduction was reported by all organizations; the other types of deductions not directly connected with UBI were reported separately only by exempt organizations with gross UBI above \$10,000. (See the definitions of Set-asides, Excess Exempt Expenses, and the Specific Deduction, below.)

**Excess Exempt Expenses.**--Two types of "excess" expenses were allowed as a deduction from unrelated business income: (1) excess exempt expenses attributable to commercial exploitation of exempt activities and, (2) excess exempt expenses attributable to advertising income. In the case of "exploited" exempt activity income (see the definition, below), if the expenses of the organization's exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity.

In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

**Exploited Exempt Activity Income, Except Advertising.**--In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial way. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income they produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the definition of Advertising Income).

## Exempt Organization Business Income Tax Returns, 1991

**Gross Profit (Less Loss) from Sales and Services.**--This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax return schedules. For example, a section 501(c)(7) social club would report its gross restaurant and bar receipts from nonmembers as gross profit (less loss), but would report its investment income on the required return schedule. Gross profit (less loss) from sales and services is computed as gross receipts or sales, less returns and allowances, minus cost of goods sold.

**Gross Unrelated Business Income (UBI).**--This was the total gross unrelated business income (see the definition of Unrelated Business Income), prior to reduction by allowable deductions, used in computing unrelated business taxable income. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported gross UBI as a single total amount. Organizations with gross UBI above \$10,000 were required to report detailed sources of gross UBI. The components of gross UBI were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss) from noncapital assets; net capital loss (trusts only); income (less loss) from partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Code section 501(c)(7), (9), (17), and (20) organizations (each described in the Appendix to this article); annuities, interest, rents, and royalties from controlled organizations; "exploited exempt activity" income; advertising income; and "other income."

**Income from Controlled Organizations.**--When an exempt organization controls another organization, the interest, annuities, royalties, and rents from the controlled organization are taxable to the controlling organization at a specified ratio, depending on whether the controlled organization is exempt or nonexempt.

**Income (Less Loss) from Partnerships.**--If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income.

**Investment Income (Less Loss).**-- This item was reported by organizations exempt under sections 501(c)(7), (9), (17), and (20) (each described in the Appendix to this article) and included income such as rents, unrelated debt-financed income, and income from the ownership or sale of securities. Organizations exempt under sections other than 501(c)(7), (9), (17), and (20) did not report investment income as a single amount; rather, they were re-

quired to report separately the various types of investment income that were considered unrelated business income, such as rents and income from debt-financed property. (See, also, the definition of Set-asides.)

**Net Capital Loss Deduction (Trusts Only).**--If an exempt trust had a net capital loss, it was subject to a \$3,000 limitation. Trusts were required to report net capital losses on Form 990-T as a component of gross unrelated business income.

**Net Gain (Less Loss), Noncapital Assets.**--This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment property which were capital assets.

**Net Operating Loss Carryover.**--The net operating loss carryover (as provided in Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. The statistics in this article represent only the net operating carryover because carrybacks from future years would not be reported on the return as initially filed (they would be reported on an amended return), which served as the basis for the statistics.

**Other Deductions.**--This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are professional service fees, such as financial management, accounting, legal, or consulting; insurance costs (if not employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

**Other Income.**--This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are returned contributions that were deducted in prior years, income from insurance activities that was not properly set aside in prior years, recoveries of bad debts, and refunds of State or local tax payments, if the payments were previously reported as a deduction.

**Rental Income.**--This was the amount of (1) rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property,

## Exempt Organization Business Income Tax Returns, 1991

or (2) rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, rents from real property generally were excluded in computing unrelated business taxable income. In addition, rents from personal property that did not exceed 10 percent of the total rents from all leased property were also excluded. These exclusions for rents did not apply to unrelated debt-financed property or rents received from a controlled organization. (See definitions of Income from Controlled Organizations and Unrelated Debt-financed Income.)

*Set-asides.*--These amounts were allowed to social clubs (Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), supplemental unemployment benefit trusts (section 501(c)(17)), and group legal services organizations (section 501(c)(20)) as a deduction from investment income when passive income (generally, investment income) was set aside for one of the following described purposes: (1) the passive income of section 501(c)(7), (9), (17), and (20) organizations generally was not taxed if it was set aside to be used for charitable purposes; (2) in the case of section 501(c)(9), (17), and (20) organizations, passive income was generally not taxed if it was set aside to provide for the payment of life, sick, accident, or other benefits. However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*--The specific deduction was a \$1,000 deduction, considered "not directly connected" with gross unrelated business income, allowed to all organizations which had positive taxable income after all other types of deductions were taken. If positive taxable income was less than \$1,000, then an organization could take a specific deduction equal to its taxable income.

*Total Tax.*--Total tax was the unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the tax from recomputing certain prior-year credits ("recapture taxes"), the "alternative minimum tax," and the environmental tax.

*Unrelated Business Income.*--Income of an exempt organization that was from a trade or business which was

regularly carried on by the organization and which was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term "trade or business" generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

*Unrelated Business Income Tax.*--This was the tax imposed on unrelated business taxable income (UBTI). It was determined based on the corporate or trust tax rates that were in effect for the 1991 Tax Year.

*Unrelated Business Taxable Income (UBTI).*--This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other deductions not directly connected (see definitions of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income).

*Unrelated Debt-financed Income.*--Income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property and the gain treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture leased with real property), certain passive income from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income.



## Exempt Organization Business Income Tax Returns, 1991

### Notes and References

- [1] Based on a total of 1,053,407 exempt organizations reported in the Internal Revenue Service Annual Report, Fiscal Year 1991. The total excludes farmers' cooperatives and nonexempt charitable trusts treated as exempt organizations, which do not report tax on the Form 990-T. Also, the total is understated because it excludes churches, exempt under section 501(c)(3), which did not formally request recognition of tax exemption (because they are not required to do so unless they wish to obtain an IRS ruling). However, these churches are required to file Form 990-T if they have unrelated business income. Because of the understatement of the total number of exempt organizations, the proportion of all exempt organizations that filed a Form 990-T is lower than 3 percent.
- [2] Returns filed by organizations with gross unrelated business income (UBI) below the filing requirement threshold (less than \$1,000) are excluded from the statistics presented in this article.
- [3] For the most recent annual data on tax-exempt organizations, see Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1990," *Statistics of Income Bulletin*, Fall 1994, Volume 14, Number 2, pp. 132-138, and Nutter, Sarah, "Private Foundations and Charitable Trusts, 1991," *Statistics of Income Bulletin*, Winter 1994-1995, Volume 14, Number 3, pp. 141-161. Other data on tax-exempt organizations and charitable giving for the years 1974-1992 have been published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992*, Volume 2.
- [4] The term "charitable" refers to tax-exempt activities which are charitable, educational, scientific, social, literary or religious in nature.
- [5] Statistics contained in this article on exempt trusts and exempt corporations filing Form 990-T are from unpublished Statistics of Income tabulations.
- [6] Churches, which are tax-exempt under Code section 501(c)(3), are not required to apply for recognition of exemption unless they wish to obtain an IRS ruling. These organizations must file a Form 990-T if they have unrelated business income, but they are not required to file the annual IRS information return, Form 990, *Return of Organization Exempt From Income Tax*.
- [7] For detailed information on unrelated business income tax provisions, see Internal Revenue Service, *Tax on Unrelated Business Income of Exempt Organizations*, Publication 598 (Rev. 11/87).
- [8] Set-asides were not reported by section 501(c)(3), (4), or (6) organizations. They were a deduction allowed only to section 501(c)(7), (9), (17), and (20) organizations (see the Appendix to this article for a description of these organizations). For 1991, set-asides were reported only by section 501(c)(7) and (9) organizations, with the section 501(c)(9) organizations accounting for 98 percent of the total.
- [9] Detail does not add to total because of rounding.
- [10] Ibid.
- [11] Statistics cited here on salaries and wages are for organizations that had gross UBI greater than \$10,000 and were therefore required to report detailed deduction items. Organizations with \$10,000 or less of gross UBI were required to report a single amount of total deductions and the specific deduction only. Also, the salaries and wages deduction is somewhat understated because this type of deduction also was included in cost of sales and services and in the lump-sum deductions reported on the various income schedules to the tax return and, therefore, could not be tabulated separately. However, deductions for salaries and wages for the 501(c)(9) organizations were relatively small, regardless of where they were reported.
- [12] The total of 160 industry classifications were combined to form the 10 major groupings shown in Table 5. See Office of Management and Budget, *Standard Industrial Classification Manual*, 1972 and 1987, which list all of the 4-digit industry codes used by Form 990-T filers, except for the five additional categories that reflected certain provisions of the Internal Revenue Code pertaining to exempt organizations.
- [13] When an exempt organization commercially "exploits" the goodwill or other intangibles that are created by its exempt activities, and the commercial activities do not contribute significantly to the accomplishment of its exempt-purpose functions, the income generated by the commercial activities is considered "exploited exempt activity income" and is subject to the UBI tax. Examples of exploited exempt activities would be product endorsements and the sale of commercial advertising in a publication

## Exempt Organization Business Income Tax Returns, 1991

that is printed to promote the exempt purpose of an organization. (See the definitions of Advertising Income and Exploited Exempt Activity Income in the Explanation of Selected Terms section.)

- [14] Most of the data in this section on industry sub-groups are from unpublished Statistics of Income tabulations.
- [15] After excluding returns that were selected for the sample but had gross UBI below the \$1,000 filing threshold, were filed only to claim a refund, or were filed for a tax year other than 1991, the estimated

population was 32,690.

- [16] It was assumed that gross UBI reported by an exempt organization on Form 990-T could never be more than gross receipts reported by the organization on Form 990 because gross receipts includes both related, exempt function income and unrelated business income. Securing the Form 990-T filed by an organization which had gross receipts of \$10,000,000 or more ensured that any Form 990-T which reported gross UBI of \$10,000,000 or more and was not selected for the sample would be included in the classification.

# Exempt Organization Business Income Tax Returns, 1991

**Table 1.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Number of Returns, Gross UBI, Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit and Total Income Tax, by Internal Revenue Code Section**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>2</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All sections, total.....</b>	<b>32,690</b>	<b>3,384,698</b>	<b>32,136</b>	<b>4,047,183</b>	<b>28,013</b>	<b>-662,487</b>	<b>13,905</b>	<b>116,933</b>
401(a).....	748	29,091	722	17,386	713	11,705	576	5,042
408(e).....	3,117	18,108	3,117	15,775	2,690	2,332	1,212	1,291
501(c)(2).....	175	38,230	175	54,896	174	-16,666	72	*487
501(c)(3).....	7,846	1,642,601	7,640	2,080,104	7,174	-437,503	2,896	40,586
501(c)(4).....	1,754	196,139	1,730	281,455	1,514	-85,316	566	2,462
501(c)(5).....	2,061	115,303	2,037	147,892	1,729	-32,590	683	1,424
501(c)(6).....	5,596	602,123	5,596	735,352	4,248	-133,229	1,199	11,403
501(c)(7).....	6,757	264,345	6,555	267,445	6,026	-3,101	4,756	12,537
501(c)(8).....	1,013	43,910	1,013	57,094	782	-13,184	436	764
501(c)(9).....	701	203,459	701	92,725	369	110,734	275	36,032
501(c)(10).....	314	9,540	314	14,671	279	-5,131	107	142
501(c)(11).....	--	--	--	--	--	--	--	--
501(c)(12).....	125	11,087	90	12,532	124	-1,445	*44	*707
501(c)(13).....	*49	*2,243	*49	*20,652	*49	*-18,409	*6	*14
501(c)(14).....	*110	*5,595	*110	*9,574	*110	*-3,979	*102	*112
501(c)(15).....	*7	*475	*7	*512	*7	*-36	--	--
501(c)(16).....	--	--	--	--	--	--	--	--
501(c)(17).....	**	**	**	**	**	**	**	**
501(c)(18).....	*25	*481	*25	*146	*25	*334	*24	*90
501(c)(19).....	1,398	86,676	1,398	101,986	1,277	-15,310	486	792
501(c)(20).....	*36	*339	*36	*339	--	--	--	--
501(c)(21).....	--	--	--	--	--	--	--	--
501(c)(22).....	--	--	--	--	--	--	--	--
501(c)(23).....	**	**	**	**	**	**	**	**
501(c)(24).....	*99	*3,756	*99	*8,605	*99	*-4,849	*97	*276
501(c)(25).....	**	**	**	**	**	**	**	**
501(e).....	**	**	**	**	**	**	**	**
501(f).....	**	**	**	**	--	--	**	**
Section not reported.....	751	54,099	714	72,136	617	-18,037	363	2,251

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

NOTE: Detail may not add to totals because of rounding.

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**Table 2.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Number of Returns, Gross UBI, Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit and Total Income Tax, by Size of Gross UBI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>2</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>32,690</b>	<b>3,384,698</b>	<b>32,136</b>	<b>4,047,183</b>	<b>28,013</b>	<b>-662,487</b>	<b>13,905</b>	<b>116,933</b>
\$1,000 under \$10,001 <sup>3</sup> .....	14,819	60,392	14,464	92,431	12,023	-32,039	6,607	2,370
\$10,001 under \$100,000 <sup>3</sup> .....	12,987	454,243	12,794	603,381	11,550	-149,140	5,369	13,132
\$100,000 under \$500,000.....	3,930	845,957	3,924	1,165,458	3,584	-319,501	1,584	18,863
\$500,000 under \$1,000,000.....	521	360,311	521	458,160	437	-97,850	177	7,642
\$1,000,000 under \$5,000,000.....	381	737,127	381	895,540	372	-158,413	145	21,552
\$5,000,000 or more.....	52	926,669	52	832,213	48	94,456	23	53,374

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only a total for gross UBI and for deductions (except for the specific deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each income and deduction item separately, as shown in Tables 6 and 7.

NOTE: Detail may not add to totals because of rounding.

**Table 3.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Number of Returns, Gross UBI, Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit and Total Income Tax, by Size of UBTI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of unrelated business taxable income (UBTI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>2</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>32,690</b>	<b>3,384,698</b>	<b>32,136</b>	<b>4,047,183</b>	<b>28,013</b>	<b>-662,487</b>	<b>13,905</b>	<b>116,933</b>
Deficit.....	13,630	1,635,735	13,630	2,729,365	13,630	-1,093,630	78	179
Zero.....	4,677	262,273	4,677	262,272	--	--	6	234
\$1 under \$1,000.....	3,068	39,127	3,068	37,666	3,068	1,460	2,696	205
\$1,000 under \$10,000.....	7,153	162,913	6,798	134,209	7,153	28,704	6,970	4,338
\$10,000 under \$100,000.....	3,732	481,591	3,539	375,635	3,732	105,955	3,725	18,704
\$100,000 under \$500,000.....	365	230,496	359	162,100	365	68,396	363	19,926
\$500,000 under \$1,000,000.....	30	50,253	30	28,462	30	21,791	30	7,059
\$1,000,000 or more.....	36	522,312	36	317,474	36	204,838	36	66,287

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns, 1991

**Table 4.—Organizations with Positive Gross Unrelated Business Taxable Income (UBTI): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI), and Total Income Tax, by Size of Gross UBI**

[All data are estimates based on samples—money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1</sup>		Unrelated business taxable income (UBTI)		Total income tax <sup>2</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
			(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>14,384</b>	<b>1,486,690</b>	<b>13,829</b>	<b>1,055,546</b>	<b>14,384</b>	<b>431,143</b>	<b>13,820</b>	<b>116,520</b>
\$1,000 under \$10,001 <sup>3</sup> .....	7,104	27,644	6,749	11,563	7,104	16,081	6,607	2,370
\$10,001 under \$100,000 <sup>3</sup> .....	5,382	189,212	5,189	114,892	5,382	74,319	5,344	13,125
\$100,000 under \$500,000.....	1,545	307,642	1,539	225,760	1,545	81,882	1,534	18,789
\$500,000 under \$1,000,000.....	185	128,317	185	101,426	185	26,891	175	7,632
\$1,000,000 under \$5,000,000.....	147	299,837	147	231,710	147	68,127	140	21,452
\$5,000,000 or more.....	21	534,038	21	370,195	21	163,844	21	53,152

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only a total for gross UBI and for deductions (except for the specific deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each income item and deduction separately, as shown in Tables 6 and 7.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns, 1991

**Table 5.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Number of Returns, Gross UBI, Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit and Total Income Tax, by Unrelated Business Activity or Industrial Grouping**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>2</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All activities and groupings, total.....</b>	<b>32,690</b>	<b>3,384,698</b>	<b>32,136</b>	<b>4,047,183</b>	<b>28,013</b>	<b>-662,487</b>	<b>13,905</b>	<b>116,933</b>
Agriculture, forestry, and fishing.....	312	15,689	312	41,118	275	-25,428	64	324
Mining.....	253	9,059	253	11,930	218	-2,871	127	1,006
Construction.....	*13	*1,331	*13	*536	*7	*794	*7	*241
Manufacturing.....	1,495	117,765	1,495	123,729	1,241	-5,964	286	7,097
Transportation and public utilities.....	259	61,680	258	71,717	255	-10,036	180	1,223
Wholesale trade.....	*170	*1,908	*170	*3,031	*169	*-1,123	*72	*88
Retail trade.....	3,372	368,320	3,372	510,532	3,178	-142,212	1,563	4,241
Services.....	12,040	1,511,965	11,945	1,952,238	9,908	-440,274	3,674	21,976
Finance, insurance, and real estate, total.....	11,862	1,136,852	11,525	1,120,584	10,329	16,266	6,440	77,391
Unrelated debt-financed activity, except rental of real estate.....	899	72,973	862	61,422	898	11,551	646	8,665
Investment activities of Code section 501(c)(7), (9), (17), and (20) organizations..	4,322	291,645	4,156	164,528	3,517	127,116	3,076	42,712
Rental of personal property.....	989	34,314	953	54,657	910	-20,344	585	613
Passive income activities with controlled organizations.....	192	19,794	168	24,874	190	-5,079	120	574
Other finance, insurance, and real estate.....	5,460	718,126	5,386	815,103	4,814	-96,978	2,013	24,827
Exploited exempt activities.....	526	47,332	526	62,190	473	-14,858	245	1,070
Not allocable.....	2,388	112,798	2,267	149,579	1,960	-36,781	1,248	2,277

<sup>\*</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns, 1991

**Table 6.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Sources of Gross UBI, by Size of Gross UBI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total number of returns	Total gross unrelated business income (UBI)	Gross unrelated business income (UBI)			
			Organizations with gross UBI of \$10,000 or less <sup>1</sup>		Organizations with gross UBI over \$10,000 <sup>1</sup>	
			Total		Number of returns	Amount
			Number of returns	Gross UBI		
(1)	(2)	(3)	(4)	(5)	(6)	
<b>Total.....</b>	<b>32,690</b>	<b>3,384,698</b>	<b>14,819</b>	<b>60,392</b>	<b>17,871</b>	<b>3,324,307</b>
\$1,000 under \$10,001 <sup>1</sup> .....	14,819	60,392	14,819	60,392	--	--
\$10,001 under \$100,000 <sup>1</sup> .....	12,987	454,243	--	--	12,987	454,243
\$100,000 under \$500,000.....	3,930	845,957	--	--	3,930	845,957
\$500,000 under \$1,000,000.....	521	360,311	--	--	521	360,311
\$1,000,000 under \$5,000,000.....	381	737,127	--	--	381	737,127
\$5,000,000 or more.....	52	926,669	--	--	52	926,669

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup> --Continued					
	Gross profit (less loss) from sales and services		Capital gain net income		Net capital loss (trusts only)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(7)	(8)	(9)	(10)	(11)	(12)	
<b>Total.....</b>	<b>9,312</b>	<b>1,418,634</b>	<b>249</b>	<b>72,092</b>	<b>8</b>	<b>24</b>
\$1,000 under \$10,001 <sup>1</sup> .....	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>1</sup> .....	5,991	195,723	147	2,112	--	--
\$100,000 under \$500,000.....	2,723	476,836	72	5,849	4	12
\$500,000 under \$1,000,000.....	343	180,503	7	1,983	--	--
\$1,000,000 under \$5,000,000.....	230	334,558	16	10,685	}	12
\$5,000,000 or more.....	25	231,015	7	51,463		

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup> --Continued					
	Net gain (less loss), non-capital assets <sup>2</sup>		Income (less loss) from partnerships		Rental income <sup>3</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(13)	(14)	(15)	(16)	(17)	(18)	
<b>Total.....</b>	<b>215</b>	<b>5,233</b>	<b>613</b>	<b>27,812</b>	<b>1,965</b>	<b>96,808</b>
\$1,000 under \$10,001 <sup>1</sup> .....	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>1</sup> .....	140	795	492	9,879	1,519	27,385
\$100,000 under \$500,000.....	48	446	75	4,942	384	38,066
\$500,000 under \$1,000,000.....	12	685	11	395	26	5,693
\$1,000,000 under \$5,000,000.....	12	1,761	23	8,670	33	17,651
\$5,000,000 or more.....	3	1,545	11	3,925	3	8,013

Footnotes at end of table.

# Exempt Organization Business Income Tax Returns, 1991

**Table 6.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Sources of Gross UBI, by Size of Gross UBI--Continued**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup> --Continued					
	Unrelated debt-financed income		Investment income (less loss) <sup>4</sup>		Income from controlled organizations <sup>5</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>1,514</b>	<b>222,840</b>	<b>2,715</b>	<b>198,455</b>	<b>484</b>	<b>33,638</b>
\$1,000 under \$10,001 <sup>1</sup> .....	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>1</sup> .....	1,025	23,131	1,923	30,114	275	5,362
\$100,000 under \$500,000.....	337	51,274	692	43,814	157	8,145
\$500,000 under \$1,000,000.....	71	19,494	73	29,304	24	4,090
\$1,000,000 under \$5,000,000.....	63	67,076	20	27,496	23	8,889
\$5,000,000 or more.....	18	61,864	8	67,728	5	7,152

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup> --Continued					
	Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)
<b>Total.....</b>	<b>545</b>	<b>40,118</b>	<b>4,216</b>	<b>561,824</b>	<b>4,527</b>	<b>646,878</b>
\$1,000 under \$10,001 <sup>1</sup> .....	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>1</sup> .....	412	8,734	3,194	88,526	3,212	62,481
\$100,000 under \$500,000.....	90	14,584	723	111,675	1,058	90,337
\$500,000 under \$1,000,000.....	6	1,869	164	77,509	135	38,785
\$1,000,000 under \$5,000,000.....	33	13,182	122	153,007	106	94,162
\$5,000,000 or more.....	4	1,748	13	131,106	17	361,113

<sup>1</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only a total for gross UBI. Organizations with gross UBI over \$10,000 were required to report each income item, as shown in columns 7 through 30.

<sup>2</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property which were capital assets.

<sup>3</sup> Income from real property and personal property leased with real property.

<sup>4</sup> Reported by Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations only.

<sup>5</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.



# Exempt Organization Business Income Tax Returns, 1991

**Table 7.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Types of Deductions, by Size of Gross UBI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total number of returns	Total deductions <sup>1</sup>		Organizations with gross unrelated business income (UBI) of \$10,000 or less <sup>2</sup>				Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup>	
		Number of returns	Amount	Total deductions		Specific deduction		Total deductions	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>32,690</b>	<b>32,136</b>	<b>4,047,183</b>	<b>14,464</b>	<b>92,431</b>	<b>8,382</b>	<b>7,568</b>	<b>17,672</b>	<b>3,954,752</b>
\$1,000 under \$10,001 <sup>2</sup> .....	14,819	14,464	92,431	14,464	92,431	8,382	7,568	--	--
\$10,001 under \$100,000 <sup>2</sup> .....	12,987	12,794	603,381	--	--	--	--	12,794	603,381
\$100,000 under \$500,000.....	3,930	3,924	1,165,458	--	--	--	--	3,924	1,165,458
\$500,000 under \$1,000,000.....	521	521	458,160	--	--	--	--	521	458,160
\$1,000,000 under \$5,000,000.....	381	381	895,540	--	--	--	--	381	895,540
\$5,000,000 or more.....	52	52	832,213	--	--	--	--	52	832,213

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI							
	Total		Allocable to rental income <sup>3</sup>		Allocable to unrelated debt-financed income <sup>3</sup>		Allocable to investment income <sup>3,4</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
<b>Total.....</b>	<b>16,614</b>	<b>3,744,370</b>	<b>405</b>	<b>38,312</b>	<b>1,423</b>	<b>256,008</b>	<b>644</b>	<b>6,526</b>
\$1,000 under \$10,001 <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>2</sup> .....	11,899	563,673	245	5,752	953	27,896	339	1,156
\$100,000 under \$500,000.....	3,809	1,123,619	143	26,406	323	54,198	272	2,542
\$500,000 under \$1,000,000.....	480	401,827	4	525	69	24,229	19	288
\$1,000,000 under \$5,000,000.....	375	854,016	13	5,629	60	67,875	11	594
\$5,000,000 or more.....	50	801,235	13	5,629	18	81,810	3	1,946

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Allocable to income from controlled organizations <sup>3</sup>		Allocable to exploited exempt-activity income, except advertising <sup>3</sup>		Direct advertising costs <sup>3</sup>		Compensation of officers, directors, and trustees	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
<b>Total.....</b>	<b>247</b>	<b>20,812</b>	<b>476</b>	<b>31,203</b>	<b>3,884</b>	<b>413,946</b>	<b>1,633</b>	<b>29,445</b>
\$1,000 under \$10,001 <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>2</sup> .....	*115	*1,846	348	5,746	2,933	76,488	1,100	9,407
\$100,000 under \$500,000.....	105	5,037	89	12,899	638	92,690	407	9,299
\$500,000 under \$1,000,000.....	10	2,395	5	1,324	160	41,844	71	3,306
\$1,000,000 under \$5,000,000.....	16	11,534	30	10,074	120	113,760	43	3,359
\$5,000,000 or more.....	16	11,534	4	1,160	13	89,164	12	4,074

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Salaries and wages		Repairs		Bad debts		Interest	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)
<b>Total.....</b>	<b>8,644</b>	<b>611,482</b>	<b>5,853</b>	<b>41,046</b>	<b>678</b>	<b>13,208</b>	<b>2,522</b>	<b>49,481</b>
\$1,000 under \$10,001 <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>2</sup> .....	5,483	90,796	3,931	10,703	342	255	1,451	4,802
\$100,000 under \$500,000.....	2,563	207,720	1,585	15,075	226	1,073	898	20,515
\$500,000 under \$1,000,000.....	355	73,692	207	5,605	50	1,414	89	4,380
\$1,000,000 under \$5,000,000.....	216	131,355	134	6,469	52	4,364	70	8,194
\$5,000,000 or more.....	26	107,919	16	3,194	8	6,102	14	11,590

Footnotes at end of table.

# Exempt Organization Business Income Tax Returns, 1991

## Table 7.--Organizations with Gross Unrelated Business Income (UBI) of \$1,000 or More: Types of Deductions, by Size of Gross UBI--Continued

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>Total.....</b>	<b>8,993</b>	<b>106,071</b>	<b>6,164</b>	<b>92,402</b>	<b>89</b>	<b>2,891</b>	<b>853</b>	<b>10,763</b>
\$1,000 under \$10,001 <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>2</sup> .....	6,360	25,419	4,067	17,600	*59	*432	472	346
\$100,000 under \$500,000.....	2,187	41,773	1,673	29,387	22	736	311	2,413
\$500,000 under \$1,000,000.....	262	12,339	222	10,714	3	1,148	36	717
\$1,000,000 under \$5,000,000.....	156	12,038	177	19,122	5	575	26	616
\$5,000,000 or more.....	28	14,501	25	15,580	--	--	8	6,671

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued						Deductions not directly connected with UBI	
	Contributions to employee benefit programs		Net operating loss carryover		Other deductions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(42)	(43)	(44)	(45)	(46)	(47)	(48)	(49)
<b>Total.....</b>	<b>3,018</b>	<b>63,441</b>	<b>4,686</b>	<b>757,815</b>	<b>11,705</b>	<b>1,199,517</b>	<b>9,194</b>	<b>210,382</b>
\$1,000 under \$10,001 <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>2</sup> .....	1,619	4,512	2,924	159,624	7,887	120,894	6,888	39,708
\$100,000 under \$500,000.....	1,083	14,964	1,425	291,445	3,111	295,446	1,841	41,839
\$500,000 under \$1,000,000.....	166	6,799	174	93,494	398	117,615	271	56,334
\$1,000,000 under \$5,000,000.....	131	17,534	143	169,893	271	276,972	164	41,524
\$5,000,000 or more.....	19	19,633	20	43,359	37	388,591	29	30,978

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides <sup>4</sup>		Excess exempt expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)
<b>Total.....</b>	<b>7,321</b>	<b>7,210</b>	<b>1,204</b>	<b>33,617</b>	<b>337</b>	<b>56,478</b>	<b>1,672</b>	<b>113,077</b>
\$1,000 under \$10,001 <sup>2</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>2</sup> .....	5,535	5,442	877	16,390	208	5,638	1,156	12,238
\$100,000 under \$500,000.....	1,478	1,464	251	5,220	83	14,718	341	20,436
\$500,000 under \$1,000,000.....	157	154	33	863	40	22,267	88	33,049
\$1,000,000 under \$5,000,000.....	129	129	30	2,987	6	13,855	77	34,475
\$5,000,000 or more.....	21	21	13	8,156	--	--	9	12,879

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was not included on the return as a component of total deductions. It was subtracted from gross receipts in computing gross profit from sales and services, reported as a gross income component. Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and other deductible items.

<sup>2</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only a total for deductions (except for the specific deduction, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each deduction separately, as shown in columns 12 through 57.

<sup>3</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>4</sup> Reported by Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations only.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns, 1991

## Appendix

### Types of Exempt Organizations Subject to the Unrelated Business Income Tax Provisions

IRC section	Description of organization	General nature of activities
	(1)	(2)
401(a)	Qualified pension, profit sharing, and stock bonus plans	Fiduciary agent for pension, profit sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)(2)	Title holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare, charitable, educational, or recreational activities
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident, or other benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, sickness, accident, or other benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, sickness, or accident benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State chartered credit unions and mutual reserve funds	Providing loans to members

# Exempt Organization Business Income Tax Returns, 1991

## Appendix Types of Exempt Organizations Subject to the Unrelated Business Income Tax Provisions-- Continued

IRC section	Description of organization	General nature of activities
	(1)	(2)
501(c)(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(20)	Prepaid legal service funds <sup>1</sup>	Providing legal services exclusively to employees
(21)	Black lung benefit trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multi-employee pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit sharing, or stock bonus plans; or governmental units
501(e)	Cooperative hospital service organizations	Performing cooperative services for exempt hospitals
501(f)	Cooperative service organizations of operating educational organizations	Performing collective investment services for exempt educational organizations

<sup>1</sup> Beginning with tax years after June 30, 1992, section 501(c)(20) organizations were no longer tax-exempt.

# Exempt Organization Business Income Tax Returns, 1992

by Margaret Riley

An extensive revision of the Tax Year 1992 Form 990-T, *Exempt Organization Business Income Tax Return*, introduced a change in reporting requirements, and this may be the chief reason for an overall 5-percent drop in the number of returns filed, from 32,690 for 1991 to 31,122 for 1992. However, the drop in the number of filers did not adversely affect the growth of the four major financial items for 1992: \$4.1 billion of gross “unrelated business income” (UBI), up 20 percent from 1991; \$5.2 billion of total deductions, up 28 percent; and \$485.9 million of “unrelated business taxable income” (UBTI) and \$132.4 million of total income tax, each up 13 percent [1].

Only 3 percent of the more than 1 million population of tax-exempt organizations to which the UBI tax provisions applied filed Tax Year 1992 Forms 990-T to report income from unrelated business activities [2]. The proportion of organizations reporting UBI was the same for Tax Year 1991.

## Effect of Tax Year 1992 Reporting Requirement Changes

Tax-exempt organizations with gross UBI of \$10,000 or less, which accounted for 40 percent of all filers, were largely responsible for the 5-percent decrease in total Form 990-T filings (Figure A) [3]. They filed 16 percent fewer returns between 1991 and 1992. These smaller organizations were required for the first time to report itemized sources of gross unrelated business income, rather than the single total amount required previously [4]. (For a listing of these itemized sources, see the definition of gross UBI in the Explanation of Selected Terms section; see, also, the individual definitions of each source.)

The 16-percent decrease in the number of returns filed by smaller organizations likely was an effect of the new requirement for 1992 to calculate and report the detailed sources of gross UBI. The main purpose of the Form 990-T revision was to improve the accuracy of the information reported, by making the reporting format similar to other Federal business income tax forms and by providing the smaller organizations with a specific format for itemizing and computing gross UBI. In the absence of a specific format prior to 1992, it generally was not known how smaller organizations determined if their gross UBI was \$10,000 or less, which, in turn, allowed them to bypass the more detailed income and deduction sections of the return. With the requirement to follow an explicit itemization format,

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Figure A

## Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1990-1992

[Money amounts are in thousands of dollars]

Item	1990	1991	1992
	(1)	(2)	(3)
<b>Number of returns, total.....</b>	<b>31,091</b>	<b>32,690</b>	<b>31,122</b>
Number with gross unrelated business income (UBI) of \$10,000 or less.....	13,274	14,819	12,400
Number with gross UBI over \$10,000.....	17,817	17,871	18,722
Gross UBI.....	3,511,499	3,384,698	4,069,149
Total deductions.....	4,143,101	4,047,183	5,182,551
Unrelated business taxable income (UBTI)			
less deficit.....	-631,605	-662,487	-1,113,402
UBTI.....	388,890	431,143	485,874
Deficit.....	1,020,495	1,093,630	1,599,276
Total income tax.....	99,119	116,933	132,378

perhaps organizations that previously had reported a single total of gross UBI between \$1,000 and \$10,000 (requiring only a “partial” return to be filed) found for 1992 that their calculated gross UBI was either below the \$1,000 filing threshold (requiring no return to be filed) or above \$10,000 (requiring a more detailed return to be filed) [5].

Larger organizations, those with gross UBI greater than \$10,000, filed 18,722 returns for 1992, a 5-percent increase over the number filed for 1991. As a whole, these organizations accounted for the growth in total gross UBI, total deductions, taxable income, and total income tax (Tables 2 and 3). The 1992 tax form revision did not greatly affect these organizations because they had always been required to calculate detailed gross income and expense items from unrelated business activities on schedules that were part of the tax return. They were still required to complete these schedules for 1992, but then had to transfer the schedule totals to the new income statement section of the tax form that applied to all organizations.

## Primary Unrelated Business Activities

The discussion of unrelated business activities that follows takes into consideration only the primary (first) activity code of three possible codes reported on the Form 990-T. If an organization was engaged in more than one unrelated business activity, it was instructed to list the code of the largest activity in terms of gross UBI first, and then the codes for the next two largest activities. Because it is not possible to distribute gross UBI according to each type of activity when more than one activity was reported (filers were not required to do this), the amount of gross UBI assigned to primary unrelated business activities discussed in this section is overstated.

Three of the 10 principal industrial groupings--services; finance, insurance, and real estate; and retail trade--accounted for 91 to 92 percent of all Forms 990-T and the total gross UBI, total deductions, taxable income, and total

# Exempt Organization Business Income Tax Returns, 1992

income tax reported on those forms (Table 5). The predominance of these three industry groupings varied for small versus large organizations in terms of gross UBI, but they encompassed the primary unrelated business activities of both types of organizations (Figure B). About 84 percent of returns showing some type of service as a primary unrelated business activity could be classified under the sub-groupings of business services, amusement and recreation services, and health services [6]. More organizations reported the business service of advertising (including printing) as their primary business activity than any other single activity chosen from a list of 160 possibilities [7]. These organizations, most of which were charitable organizations, business leagues, chambers of commerce, and real estate boards, accounted for 18 percent of returns filed, 18 percent of gross UBI, and 8 percent of total tax.

Some form of finance, insurance, or real estate enterprise was given as the organization's primary unrelated business activity on nearly 40 percent of the Forms 990-T filed for 1992. Twenty-eight percent of total gross UBI and 63 percent of total income tax reported by all filers were attributable to this group of returns. Organizations whose primary business activities were included in the industrial sub-groupings of real estate; insurance; investment activities of Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations; and unrelated "debt-financed" activities accounted for 91 percent of gross UBI reported for the finance, insurance, and real estate grouping. (See the Appendix to this article for a description of the various types of tax-exempt organizations, which are listed by Internal Revenue Code section.)

Eleven percent of exempt organizations reported primary unrelated business activities in the retail trade industrial grouping. They accounted for 10 percent of gross UBI and 4 percent of total income tax. The majority of returns allocated to this grouping, about 69 percent, indicated that these organizations operated eating and drinking facilities as their primary business activity. Another 28 percent reported "miscellaneous" retail activities, which included the operation of pharmacies, book stores, and gift shops.

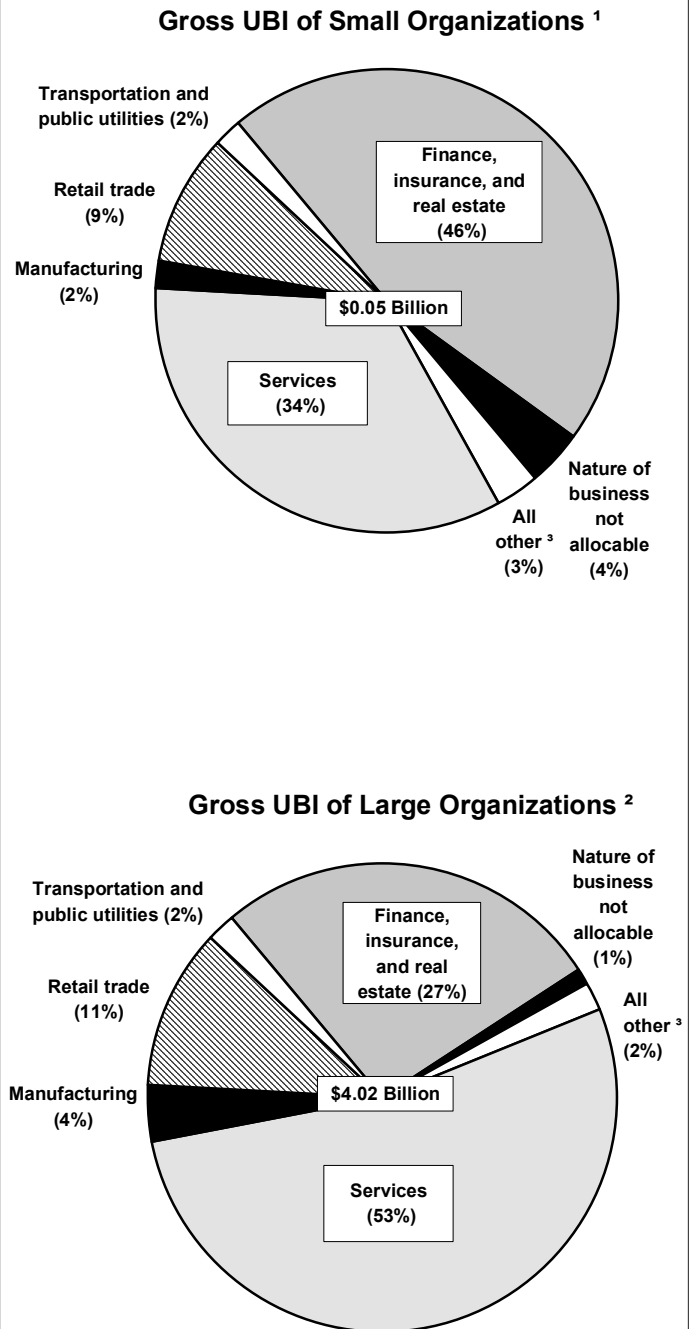
## Unrelated Business Income

Ninety-nine percent of gross UBI was reported by the 18,722 larger organizations (those with gross UBI of more than \$10,000). The larger organizations also collectively accounted for between 97 and 98 percent of the total deductions, taxable income, and total income tax reported by all organizations.

The number of tax-exempt organizations reporting gross UBI of \$1 million or more grew by 45 percent between 1991

Figure B

## Gross Unrelated Business Income (UBI), by Size of Organization and Industrial Grouping, Tax Year 1992



<sup>1</sup> Small organizations are those with gross UBI of \$10,000 or less.

<sup>2</sup> Large organizations are those with gross UBI over \$10,000.

<sup>3</sup> Includes "exploited exempt activities."

## Exempt Organization Business Income Tax Returns, 1992

and 1992, and their aggregate gross UBI increased by 31 percent, to \$2.2 billion. The 627 organizations in this group were only 2 percent of all Form 990-T filers, but they accounted for 54 percent of total gross UBI and 64 percent of total income tax reported for 1992 (Table 2).

Gross profit (less loss) from sales and services and advertising income were the largest sources of gross UBI reported by all organizations, large and small, alike (Table 6). Combined, these two items accounted for 64 percent of the income of large organizations and 44 percent of the income of small organizations. Between 1991 and 1992, advertising income of large organizations rose by slightly more than 50 percent, mainly the result of a 146-percent increase in the advertising income of large nonprofit “charitable” organizations exempt from tax under section 501(c)(3)[8].

“Other” income (less loss), which includes types of income not specifically required to be reported elsewhere on the return (such as insurance benefits fees; member support fees; commissions; refunds of tax payments; recoveries of bad debts; and returned contributions, if they were previously reported as deductions), was the third largest source of gross UBI reported by large organizations, accounting for 14 percent of the total. Following gross profit (less loss) from sales and services and advertising income, investment, rental, and partnership income individually played an important role in the gross UBI of small organizations, with each source contributing 10 to 15 percent of the total. “Other” income (less loss) accounted for another 8 percent of small organizations’ gross UBI.

Section 501(c)(3) charities accounted for over one-half of total gross UBI for 1992 (Table 1). They also produced about half of all large organizations’ gross UBI. The charities and section 501(c)(7) social and recreational clubs each accounted for a quarter of total gross UBI reported by small organizations. Together, five types of organizations reported nearly 90 percent of total gross income from unrelated business activities: charitable organizations exempt under section 501(c)(3); civic leagues and social welfare organizations exempt under section 501(c)(4); business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6); social and recreational clubs exempt under section 501(c)(7); and voluntary employees’ beneficiary associations exempt under section 501(c)(9) (Figure C) [9].

### Deductions

Organizations with gross UBI of \$10,000 or less were not required either for 1992 or previous years to report the detailed expense and deduction items that larger organizations reported. Prior to 1992, smaller organizations were

required to report only two deduction items, total deductions and the \$1,000 “specific deduction” allowed all organizations. For 1992, these organizations had to report a total for expenses directly allocable to certain gross UBI components and a total for any other deductions, excluding the “specific deduction” and any “net operating loss” carryover, which had to be reported separately.

The largest portion of the \$5.2 billion of total deductions, 56 percent, was attributable to section 501(c)(3) organizations, followed in descending order by organizations tax exempt under sections 501(c)(6), 501(c)(4),

**Gross profit (less loss) from sales and services and advertising income were the two largest sources of exempt organizations’ gross unrelated business income.**

501(c)(7), 501(c)(5), and 501(c)(9). These latter organizations collectively accounted for another 37 percent of the total. “Set-asides,” a fairly large proportion of total deductions taken by section 501(c)(9) organizations with gross UBI over

\$10,000, nearly doubled between 1991 and 1992, from \$55.1 million to \$109.1 million. (Set-asides are defined in the Explanation of Selected Terms section.)

Total deductions and some of its components are somewhat understated because of the way cost of sales and services was reported on Form 990-T. Filers had to deduct the cost of sales and services from their gross receipts from sales and services in order to compute gross profit (less loss) from sales and services, which was the amount reported as a gross UBI component in the income statement. As a consequence, cost of sales and services was not included in the deductions section of the return. Also, because cost of sales and services can include some of the same types of expenses that are reported as separate deductions elsewhere on the return, some of the separate components also are understated. The amount of cost of sales and services deducted from gross receipts in computing gross profit (less loss) from sales and services was \$1.4 billion, which means that prior to deducting these costs, the amount of gross receipts from sales and services (minus returns and allowances) was \$3.1 billion for 1992.

The four largest types of deductions taken by organizations with gross UBI over \$10,000 were the “net operating loss” carryover, “other” deductions (such as professional services fees, insurance costs not related to employee benefits, equipment costs, rent paid, travel expenses, educational expenses, utilities, and general office costs), salaries and wages (excluding executive compensation), and direct advertising costs (Table 7). Together, these deductions made up three-fourths of the \$5.1 billion of

# Exempt Organization Business Income Tax Returns, 1992

Figure C

## Sources of Gross Unrelated Business Income (UBI), for Organizations Tax Exempt Under Selected Internal Revenue Code Sections, Tax Year 1992

[Money amounts are in thousands of dollars]

Item	Total		Organizations tax exempt under Internal Revenue Code section--				
	All Code sections	Selected Code sections	501(c)(3)	501(c)(4)	501(c)(6)	501(c)(7)	501(c)(9)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	<b>31,122</b>	<b>22,933</b>	<b>8,666</b>	<b>1,702</b>	<b>5,111</b>	<b>6,554</b>	<b>900</b>
<b>Total gross unrelated business income (UBI)</b> .....	<b>4,069,149</b>	<b>3,613,648</b>	<b>2,059,788</b>	<b>325,971</b>	<b>636,512</b>	<b>298,850</b>	<b>292,527</b>
Gross profit (less loss) from sales and services.....	1,743,858	1,586,696	1,126,205	133,798	126,334	192,211	8,148
Gross receipts from sales and services.....	3,111,748	2,765,220	1,826,567	358,326	214,080	350,332	15,915
Cost of sales and services.....	1,367,889	1,178,523	700,361	224,528	87,746	158,121	7,767
Capital gain net income.....	102,988	96,089	18,361	746	544	7,009	69,429
Net capital loss (trusts only).....	-12	-6	--	--	--	--	-6
Net gain (less loss), sales of noncapital assets.....	-20,977	-21,147	-137	15	-197	700	-21,528
Income (less loss) from partnerships.....	58,839	39,991	43,110	--	-3,086	57	-90
Rental income.....	121,839	102,029	59,605	4,340	3,991	22,535	11,558
Unrelated debt-financed income.....	277,772	177,068	136,426	16,219	24,423	N/A	N/A
Investment income (less loss) of section 501(c)(7), (9), (17), and (20) organizations.....	263,703	263,702	N/A	N/A	N/A	49,235	214,467
Income from controlled organizations.....	40,827	35,033	25,621	875	7,073	1,176	288
Exploited exempt activity income, except advertising.....	74,024	63,907	25,438	3,110	35,359	N/A	N/A
Advertising income.....	857,443	794,596	358,278	72,383	363,935	N/A	N/A
Other income (less loss).....	548,846	475,690	266,881	94,485	78,137	25,927	10,260

N/A - Not applicable.

Note: Column detail may not add to totals because of rounding. See the Explanation of Selected Terms section for definitions of the components of gross UBI.

total deductions reported by large organizations. Executive compensation was a very small component of these total deductions, less than 1 percent.

### Unrelated Business Income Tax

After deductions, exempt organizations reported a negative \$1.1 billion of unrelated business taxable income less deficit for 1992. However, of the 31,122 organizations filing Forms 990-T, 14,690 reported positive taxable income of \$485.9 million and 14,443 reported total income tax of \$132.4 million, an increase of 13 percent over the tax liability reported for 1991 (Table 4). The proportion of all filers reporting taxable income and total income tax was up 3 percent and 4 percent, respectively. A deficit was reported by 12,352 organizations and amounted to \$1.6 billion, a 46-percent increase over 1991 (Table 3).

Some organizations made adjustments to the unrelated business income tax for additional taxes and certain credits. While the largest share of total income tax was the tax on unrelated business income, total tax also could have included "recapture taxes" (such as from recomputation of prior-year investment or low-income housing credits), the "alternative minimum tax" (AMT), and the environmental tax. Also, the foreign tax credit, general business credit, prior-year minimum tax credit, and other credits (such as the

U.S. possessions tax credit, nonconventional source fuel credit, and qualified electric vehicle credit) were subtracted from the unrelated business income tax in computing total tax.

Approximately \$1.2 million of total credits against unrelated business income tax was reported by 228 organizations. The total amount included \$0.5 million of general business credits, \$0.4 million of foreign tax credits, \$0.1 million of credits for prior-year minimum tax, and \$0.1 million of other credits. The AMT, an addition to "tax after credits" was reported on 28 Forms 990-T and amounted to \$0.6 million. Eleven organizations reported the additional environmental tax, amounting to \$0.1 million. No returns showed a "recapture tax."

There were 11,482 exempt corporations and 2,961 exempt trusts that reported total income tax, out of a respective total of 27,397 and 3,725 Form 990-T filers. Exempt corporations were liable for \$76.4 million, or 58 percent, of total income tax and exempt trusts were liable for \$56.0 million. The unrelated business taxable income of exempt corporations and trusts was taxed at the regular corporate or trust tax rates that were in effect for the 1992 Tax Year. The corporate tax rate schedule remained unchanged between 1991 and 1992. For trusts, the ceiling on income tax brackets was revised upward for 1992, resulting in lower marginal tax rates for some organizations. Overall, however, exempt



## Exempt Organization Business Income Tax Returns, 1992

trusts reported a 23-percent increase in taxable income and exempt corporations reported a 7-percent increase, resulting, for the most part, in the respective 21-percent and 8-percent increases in total income tax liability.

Thirty-five percent of total income tax liability was attributable to section 501(c)(3) charitable organizations; 33 percent to section 501(c)(9) voluntary employees' beneficiary associations; 12 percent to 501(c)(6) business leagues, chambers of commerce, and real estate boards; 8 percent to section 501(c)(7) social and recreational clubs; and 5 percent to section 401(a) trusts that acted as fiduciary agents for profit-sharing plans. Although section 501(c)(9) associations were liable for nearly one-third of the total income tax reported by all organizations, they accounted for only 3 percent of all returns filed and 7 percent of gross UBI.

The high percentage of tax reported by section 501(c)(9) associations can be attributed, in part, to a limitation on amounts deducted from income as "set-asides" for employee welfare benefit plans. If plans were overfunded, meaning that investment income was set aside that exceeded qualified asset account limits, then a deduction for the set-aside amount in excess of the limitation was not allowed; the excess amount was taxed as unrelated business income, instead. Another factor affecting the relatively high amount of tax reported by these associations is that their investment portfolios are usually overseen by only one or two trust managers, so deductions for salaries and wages, a significant deduction for many other types of organizations, are relatively small, resulting in higher taxable income.

### Summary

Tax-exempt organizations filed 5 percent fewer Forms 990-T, *Exempt Organization Business Income Tax Return*, for 1992, most likely the result of a revised tax form that introduced more extensive reporting requirements aimed at improving the accuracy of information provided. Organizations with gross unrelated business income (UBI) of \$10,000 or less were largely responsible for this drop, with 16 percent fewer returns filed. Larger organizations, those with gross UBI over \$10,000, filed 5 percent more returns for 1992 over 1991 and accounted for the increases in gross UBI, total deductions, taxable income, and total income tax between the two years.

Three major industrial groups--services; finance, insur-

**Sixty-eight percent of the total unrelated business income tax was reported by non-profit charitable organizations and voluntary employee beneficiary associations.**

ance, and real estate; and retail trade--accounted for 90 percent or more of all returns filed, total gross UBI, total deductions, taxable income, and total tax. Organizations reporting various types of services as primary business activities were responsible for 53 percent of gross UBI and 25 percent of total income tax. Finance, insurance, and real estate activities of tax-exempt organizations accounted for 28 percent of gross UBI and 63 percent of total tax.

Section 501(c)(3) charitable organizations accounted for 51 percent of gross UBI and 56 percent of total deductions reported on all Forms 990-T. As a group, four other types of organizations reported an additional 38 percent of gross UBI and 32 percent of total deductions: civic leagues and social welfare organizations, exempt under section 501(c)(4); business leagues, chambers of commerce, and real estate boards, exempt under section 501(c)(6); social and recreational clubs, exempt under section 501(c)(7); and voluntary employees' beneficiary associations, exempt under section 501(c)(9). The two largest sources of gross UBI were gross profit (less loss) from sales and services and advertising income, accounting for 43 percent and 21 percent, respectively, of the total.

For organizations with gross UBI over \$10,000, the largest components of total deductions were the net operating loss carryover, salaries and wages, direct advertising costs, and "other" deductions (not specifically reported elsewhere). These four types of deductions accounted for 75 percent of the total reported by all large organizations. Small organizations were not required for either 1992 or previous years to report all deduction items separately, as were the large organizations; therefore, comparisons with other years cannot be made. Small organizations reported less than 2 percent of the \$5.2 billion of aggregate total deductions taken by all organizations. After deductions, exempt organizations reported \$7.1 billion of unrelated business taxable income less deficit. About 53 percent of these organizations had no taxable income or they reported a deficit, amounting to \$1.6 billion. The remaining organizations reported taxable income of \$0.5 billion.

Total unrelated business income tax liability for 1992 was \$132.4 million, an increase of 13 percent over 1991. Seventy-nine percent of the organizations reporting the tax were exempt corporations and 21 percent were exempt trusts. Section 501(c)(3) charitable organizations; section 501(c)(6) business leagues, chambers of commerce, and real estate boards; section 501(c)(7) social and recreational clubs; section 501(c)(9) voluntary employees' beneficiary organizations; and section 401(a) trusts that were fiduciary agents for profit-sharing plans accounted for 92 percent of the total income tax reported on all Forms 990-T filed for 1992.

# Exempt Organization Business Income Tax Returns, 1992

## Data Sources and Limitations

The statistics in this article are based on a sample of Tax Year 1992 Forms 990-T, *Exempt Organization Business Income Tax Return*. The Internal Revenue Service required organizations having accounting periods **beginning** in 1992 (and, therefore, generally ending between December 1992 and November 1993) to file a 1992 Form 990-T. Because the accounting periods of the organizations filing a 1992 Form 990-T vary, the unrelated business financial activities covered in this article span the period January 1992 through November 1993 (although the majority of activities occurred during Calendar Year 1992).

The population from which the 1992 sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1993 and 1994. The returns in the sample were stratified based on the absolute value of gross unrelated business income (UBI). The sample of 5,181 returns was selected from a population of 41,496. After excluding returns that were selected for the sample but later rejected, the sample size was 5,017 and the estimated population was 31,122. Rejected returns included those which had gross UBI below the \$1,000 filing threshold, were filed only to claim a refund, or were filed for a part-year accounting period that began in a year other than 1992. (For example, a final return filed for January-June 1993 would have an ending accounting period that fit into the December 1992 to November 1993 ending range for a Tax Year 1992 return, but did not fit the criteria of having an accounting period beginning in 1992.)

Sampling rates ranged from 4.5 percent (returns with an absolute value of gross UBI less than \$20,000) to 100 percent (returns with an absolute value of gross UBI of \$300,000 or more). When it was determined that gross UBI was less than the \$1,000 filing threshold, the return was excluded from the study.

Only the primary unrelated business activity code was used for the statistics to present the types of unrelated business activities for exempt organizations. In addition to the primary activity code, up to two other codes could have been reported if the organization engaged in more than one unrelated activity. However, because income was not reported separately by activity code if the organization entered more than one code, it was not possible to distribute gross UBI by type of activity when more than one business activity was reported. Therefore, when more than one code was provided, the statistics show all of gross UBI, as well as other financial information, assigned to the primary code given.

The data presented were obtained from returns as originally filed with the IRS. They were subjected to

comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment, were not incorporated into the data base.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure D shows CV's for selected financial data. CV's are not shown for classes of gross UBI in ranges above "\$100,000 under \$500,000" because returns with gross UBI of \$300,000 or more were sampled at the 100-percent rate and, therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix in this issue.

## Explanation of Selected Terms

*Advertising Income.*--Gross income realized by an exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt

Figure D

### Coefficients of Variation for Selected Financial Items, Tax Year 1992

Size of gross unrelated business income	Gross unrelated business income	Total deductions	Unrelated business taxable income	Total income tax
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
<b>Total</b> .....	<b>0.64</b>	<b>1.87</b>	<b>9.42</b>	<b>2.52</b>
\$1,000 under \$10,001 <sup>1</sup> .....	2.59	10.73	6.22	7.15
\$10,001 under \$100,000 <sup>1</sup> .....	0.67	10.19	4.09	5.41
\$100,000 under \$500,000.....	0.56	2.58	4.23	4.51
\$500,000 under \$1,000,000.....	N/A	N/A	N/A	N/A
\$1,000,000 under \$5,000,000.....	N/A	N/A	N/A	N/A
\$5,000,000 or more.....	N/A	N/A	N/A	N/A

<sup>1</sup> The bracketed gross unrelated business income (UBI) amounts of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

N/A - Not applicable.

## Exempt Organization Business Income Tax Returns, 1992

Activity Income.) Section 501(c)(7), (9), (17), and (20) organizations (each described in the Appendix to this article) reported gross advertising income, as well as other types of “exploited exempt activity income,” as gross receipts from sales and services. All other organizations reported this income separately.

*Capital Gain Net Income.*--Generally, organizations required to file Form 990-T (except organizations exempt under sections 501(c)(7), (9), (17), and (20)) were not taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), (17), and (20) organizations.)

*Deductions Directly Connected With Unrelated Business Income.*--These were deductions allowed in computing “unrelated business taxable income,” if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a “proximate and primary” relationship to the carrying on of an unrelated trade or business. Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-financed income; those directly connected with investment income of Code section 501(c)(7), (9), (17), and (20) organizations; those allocable to interest, annuities, royalties, and rents received from controlled organizations; those allocable to “exploited exempt activity income” other than advertising; direct advertising costs; and deductions for compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the “net operating loss” carryover; and “other deductions.” Exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly connected expenses listed above (those described as “allocable to”) and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, both defined below), except for two items that were required to be reported separately: the “net operating loss” deduction and the “specific deduction,” also defined below.

*Deductions Not Directly Connected With Unrelated Business Income.*--The component deductions were “set-asides,” “excess exempt expenses,” charitable contributions, and the “specific deduction.” The specific deduction was reported by all organizations; the other types of deductions not directly connected with UBI were reported separately only by exempt organizations with gross UBI above \$10,000. (See, also, the explanations of Set-asides, Excess Exempt Expenses, and the Specific Deduction.)

*Excess Exempt Expenses.*--Two types of “excess” expenses were allowed as a deduction from unrelated business income: (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

*Exploited Exempt Activity Income, Except Advertising.*--In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of

## Exempt Organization Business Income Tax Returns, 1992

exploited exempt activity income (see the explanation of Advertising Income). Section 501(c)(7), (9), (17), and (20) organizations reported income from exploited exempt activities as gross receipts from sales and services. All other organizations reported this income separately.

*Gross Profit (Less Loss) from Sales and Services.*--This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax return schedules. For example, a section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required return schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross Unrelated Business Income (UBI).* --This was the total gross unrelated business income (see the explanation of Unrelated Business Income), prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI, as shown on the tax return, were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss), sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Code section 501(c)(7), (9), (17), and (20) organizations; annuities, interest, rents, and royalties from controlled organizations; "exploited exempt activity" income; advertising income; and "other income" (less loss). (For an explanation of how income is allocated to the components of gross UBI, see the separate listings of each component.)

*Income from Controlled Organizations.*--When an exempt organization controls another organization, the gross interest, annuities, royalties, and rents from the controlled organization are included in the gross UBI of the controlling organization at a specified ratio, depending on whether the controlled organization is exempt or nonexempt. The rules for debt-financed property did not apply to passive income from controlled organizations. (See the explanation of Unrelated Debt-financed Income.)

*Income (Less Loss) from Partnerships.*--If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly

connected with the unrelated income.

*Investment Income (Less Loss).*--This item was reported only by organizations exempt under sections 501(c)(7), (9), (17), and (20) (each described in the Appendix to this article) and included income such as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), (17), and (20) organizations were treated as unrelated business income and were reported as "rental income." Organizations exempt under sections other than 501(c)(7), (9), (17), and (20) did not report "investment income (less loss)." Generally, these organizations' dividend, interest, rental and annuity income was not taxed as unrelated business income, unless it was income from a controlled organization or debt-financed income, or if the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-financed Income.)

*Net Capital Loss (Trusts Only).*--If an exempt trust had a net capital loss, it was subject to a \$3,000 limitation. This item was reported on Form 990-T as a negative component of gross unrelated business income.

*Net Gain (Less Loss), Sales of Noncapital Assets.*--This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties which were capital assets.

*Net Operating Loss Carryover.*--The net operating loss carryover (as described in Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A "net operating loss" represented the excess of deductions over receipts for specified prior or future years for which an organization reported an overall deficit. The statistics in this article represent only the net operating loss carryover because carrybacks from future years would be reported on an amended return, not on the return as initially filed, which served as the basis for the statistics.

## Exempt Organization Business Income Tax Returns, 1992

*Other Deductions.*--This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for financial management, accounting, legal, or consulting services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other Income (Less Loss).*--This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefits fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local tax payments, if the payments were previously reported as a deduction.

*Rental Income.*--For organizations tax exempt under sections other than 501(c)(7), (9), (17), and (20), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property generally were excluded in computing "unrelated business taxable income." In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded. Any rents excluded from the explanation of "rental income" had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax exempt under sections 501(c)(7), (9), (17), and (20), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-financed Income.)

*Set-asides.*--These amounts were allowed to social clubs (Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), supplemental unemployment benefit trusts (section 501(c)(17)), and group legal service organizations (section 501(c)(20)) as a deduction from investment income when passive income (generally, investment income) was set aside for one of the following described purposes: (1) the passive income of section 501(c)(7), (9), (17), and (20) organizations generally was not taxed if it was set aside to be used for charitable

purposes; (2) in the case of section 501(c)(9), (17), and (20) organizations, passive income was generally not taxed if it was set aside to provide for the payment of life, sick, accident, or other benefits. However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*--The specific deduction was a \$1,000 deduction, considered "not directly connected" with gross unrelated business income, allowed to all organizations which had positive taxable income after all other types of deductions were taken. If positive taxable income was less than \$1,000, then an organization could take a specific deduction equal to its taxable income.

*Total Income Tax.*--Total income tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the tax from recomputing certain prior-year credits ("recapture taxes"), the "alternative minimum tax," and the environmental tax.

*Unrelated Business Income.*--This was income of a tax-exempt organization that was from a trade or business which was regularly carried on by the organization and which was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term "trade or business" generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

*Unrelated Business Income Tax.*--This was the tax imposed on "unrelated business taxable income (UBTI)." It was determined based on the regular corporate or trust income tax rates that were in effect for the 1992 Tax Year, as specified in the 1992 *Instructions for Form 990-T, Exempt Organization Business Income Tax Return* booklet.

*Unrelated Business Taxable Income (UBTI).*--This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deduc-

## Exempt Organization Business Income Tax Returns, 1992

tions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. UBTI included only positive amounts of net income and was the "taxable income" amount that was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

*Unrelated Business Taxable Income (UBTI) Less Deficit.*--This was derived as described in the explanation of Unrelated Business Taxable Income (UBTI). UBTI less deficit included both positive amounts (net income) and negative amounts (deficit).

*Unrelated Debt-financed Income.*--Gross income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property and the gain treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture leased with real property), certain passive income from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income.

### Notes and References

[1] Discussions using the term "unrelated business taxable income (UBTI)" in this article refer only to positive amounts of net income (gross income minus total expenses and deductions). This is "taxable income." Data shown as "unrelated business taxable income (UBTI) less deficit" include both positive and negative amounts reported. UBTI less deficit is analogous to the term "net income (less deficit)" used in all other *Statistics of Income* business programs.

[2] Based on a total of 1,083,028 exempt organizations reported in the *Internal Revenue Service Data Book*,

Fiscal Years 1993-94. The total excludes Internal Revenue Code section 501(d) religious and apostolic organizations, farmers' cooperatives, and nonexempt charitable trusts treated as exempt organizations, none of which reports tax on the Form 990-T. Also, the total is understated because it excludes churches, exempt under Code section 501(c)(3), which are not required to apply for recognition of tax exemption unless they desire to obtain an Internal Revenue Service (IRS) ruling. However, these churches are required to file Form 990-T if they have unrelated business income. Because of the understatement of the total number of exempt organizations, the proportion of all exempt organizations that filed a Form 990-T is lower than 3 percent.

[3] Organizations which are determined by the Internal Revenue Service to be tax-exempt under the Internal Revenue Code must file a Federal income tax return (Form 990-T) if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax exemption.

[4] The most significant change made to the 1992 Form 990-T was an extensively revised income statement section of the main part of the tax return for reporting unrelated business income. It contained three columns: (A) gross unrelated business income (UBI); (B) expenses directly related to the type of gross income reported in column (A); and (C) the resulting net UBI. All Form 990-T filers were required to fill out the gross UBI column. Large organizations (those with gross UBI more than \$10,000) also had to fill out columns (B) and (C), while smaller organizations had to report only totals for these two columns. Previously, small organizations had to report only a single total for gross UBI and large organizations reported only net UBI amounts on the income statement. For 1992, as was the case for prior years, large organizations were required to fill out return schedules to compute gross UBI and related expenses for specified income items. New for 1992, small organizations were instructed to follow the format given in applicable schedules to compute the gross UBI amounts reported in column (A) of the income statement; however, as in previous years, they were not required to complete the schedules.

[5] Returns filed by organizations with gross unrelated business income (UBI) below the filing requirement threshold (less than \$1,000) were excluded from the statistics presented in this article. Some of these

## Exempt Organization Business Income Tax Returns, 1992

returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of Form 1099 backup withholding that was withheld erroneously on interest or dividend payments because the payer didn't realize that the payee was a tax-exempt organization.

- [6] Most of the data in this section on industry subgroups are from unpublished *Statistics of Income* tabulations.
- [7] The total of 160 industry classifications were combined to form the 10 major groupings shown in Table 5. See Office of Management and Budget, *Standard Industrial Classification Manual*, 1972 and 1987, which lists all of the 4-digit industry codes used by businesses, except for the five additional categories that reflect certain provisions of the Internal Revenue Code pertaining to exempt organizations. These additional categories include exploited exempt activities and the first four activities classified under finance, insurance and real estate in Table 5.
- [8] The term "charitable" refers to tax-exempt activities which are charitable, educational, scientific, social,

literary or religious in nature.

- [9] For the most recent annual data on Internal Revenue Code section 501(c)(3) through (9) tax-exempt organizations (excluding private foundations and most religious organizations), see Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1991," *Statistics of Income Bulletin*, Summer 1995, Volume 15, Number 1. For the most recent annual data on private foundations, see Arnsberger, Paul and Eastep, Susan, "Private Foundations and Charitable Trusts, 1992," *Statistics of Income Bulletin*, Winter 1995-1996, Volume 15, Number 3. Previous articles and papers on tax-exempt organizations and charitable giving for the years 1974-1992 have been published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and *Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2*. See, also, Skelly, Daniel F., "Tax-Based Research and Data on Nonprofit Organizations, 1975-1990," *Statistics of Income Bulletin*, Summer 1994, Volume 14, Number 1.

# Exempt Organization Business Income Tax Returns, 1992

## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
401(a)	Qualified pension, profit sharing, or stock bonus plans	Fiduciary agent for pension, profit sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)(2)	Title holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident, or other benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, sickness, accident, or other benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, sickness, or accident benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State chartered credit unions and mutual reserve funds	Providing loans to members



## Exempt Organization Business Income Tax Returns, 1992

### Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(20)	Prepaid legal service funds <sup>1</sup>	Providing legal services exclusively to employees
(21)	Black lung benefit trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multi-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit sharing, or stock bonus plans; or governmental units
501(e)	Cooperative hospital service organizations	Performing cooperative services for exempt hospitals
501(f)	Cooperative service organizations of operating educational organizations	Performing collective investment services for exempt educational organizations

<sup>1</sup> Beginning with tax years after June 30, 1992, section 501(c)(20) organizations were no longer tax-exempt.

# Exempt Organization Business Income Tax Returns, 1992

**Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All sections, total.....</b>	<b>31,122</b>	<b>4,069,149</b>	<b>30,765</b>	<b>5,182,551</b>	<b>27,043</b>	<b>-1,113,402</b>	<b>14,443</b>	<b>132,378</b>
401(a).....	770	39,228	748	29,053	722	10,176	582	6,125
408(e).....	1,987	11,298	1,965	4,491	1,921	6,806	1,867	1,669
501(c)(2).....	208	58,293	203	114,580	165	-56,287	58	605
501(c)(3).....	8,666	2,059,788	8,558	2,888,756	7,694	-828,968	2,797	46,744
501(c)(4).....	1,702	325,971	1,677	396,846	1,544	-70,875	586	2,518
501(c)(5).....	2,491	148,095	2,469	233,680	1,906	-85,585	801	1,952
501(c)(6).....	5,111	636,512	5,068	791,314	4,226	-154,802	1,557	15,272
501(c)(7).....	6,554	298,850	6,484	310,342	5,835	-11,492	4,581	10,495
501(c)(8).....	869	55,708	869	77,864	777	-22,155	363	1,106
501(c)(9).....	900	292,527	882	161,087	633	131,440	473	43,142
501(c)(10).....	261	9,342	261	14,775	261	-5,433	160	176
501(c)(11).....	-	-	-	-	-	-	-	-
501(c)(12).....	98	10,141	98	14,008	76	-3,868	21	442
501(c)(13).....	*27	*468	*27	*468	-	-	-	-
501(c)(14).....	*92	*6,547	*92	*9,126	*49	*-2,579	*37	*114
501(c)(15).....	**	**	**	**	**	**	**	**
501(c)(16).....	-	-	-	-	-	-	-	-
501(c)(17).....	*11	*354	*11	*451	*11	*-97	-	-
501(c)(18).....	-	-	-	-	-	-	-	-
501(c)(19).....	1,340	101,467	1,319	123,370	1,194	-21,903	540	997
501(c)(20).....	-	-	-	-	-	-	-	-
501(c)(21).....	-	-	-	-	-	-	-	-
501(c)(22).....	-	-	-	-	-	-	-	-
501(c)(23).....	**	**	**	**	**	**	-	-
501(c)(24).....	*17	*1,372	*17	*501	*17	*870	*17	*257
501(c)(25).....	*5	*5,225	*4	*3,727	*5	*1,498	**	**
501(e).....	-	-	-	-	-	-	-	-
501(f).....	**	**	**	**	-	-	-	-
Not allocable.....	*10	*3,837	*10	*3,909	*6	*-72	**	**

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

<sup>2</sup> "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

NOTE: Detail may not add to totals because of rounding. See the Appendix to this article for a listing of the types of tax-exempt organizations, by the Internal Revenue Code section describing them.

# Exempt Organization Business Income Tax Returns, 1992

**Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Size of Gross UBI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>31,122</b>	<b>4,069,149</b>	<b>30,765</b>	<b>5,182,551</b>	<b>27,043</b>	<b>-1,113,402</b>	<b>14,443</b>	<b>132,378</b>
\$1,000 under \$10,001 <sup>5</sup> .....	12,400	49,772	12,117	81,925	10,261	-32,153	6,724	2,211
\$10,001 under \$100,000 <sup>5</sup> .....	13,199	484,806	13,137	853,635	11,715	-368,830	5,543	12,836
\$100,000 under \$500,000.....	4,258	912,990	4,249	1,246,426	3,909	-333,436	1,720	21,262
\$500,000 under \$1,000,000.....	637	440,165	635	554,416	591	-114,251	254	11,792
\$1,000,000 under \$5,000,000.....	541	1,077,687	541	1,390,907	490	-313,221	172	23,181
\$5,000,000 or more.....	86	1,103,730	86	1,055,241	76	48,489	31	61,097

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

<sup>2</sup> "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

<sup>5</sup> The bracketed gross unrelated business income (UBI) amounts of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

NOTE: Detail may not add to totals because of rounding.

**Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Size of UBTI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of unrelated business taxable income (UBTI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>31,122</b>	<b>4,069,149</b>	<b>30,765</b>	<b>5,182,551</b>	<b>27,043</b>	<b>-1,113,402</b>	<b>14,443</b>	<b>132,378</b>
Deficit.....	12,352	2,163,269	12,352	3,762,545	12,352	-1,599,276	} 42	111
Zero.....	4,080	360,799	4,080	360,799	-	-		
\$1 under \$1,000.....	3,201	33,033	3,201	31,529	3,201	1,504	3,105	218
\$1,000 under \$10,000.....	7,354	226,287	7,070	196,645	7,354	29,641	7,194	4,598
\$10,000 under \$100,000.....	3,622	479,631	3,560	372,479	3,622	107,151	3,590	18,921
\$100,000 under \$500,000.....	428	295,995	419	209,087	428	86,908	427	25,712
\$500,000 under \$1,000,000.....	37	75,713	35	50,729	37	24,985	36	8,024
\$1,000,000 or more.....	48	434,422	48	198,737	48	235,684	48	74,793

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

<sup>2</sup> "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns, 1992

**Table 4.--Returns with Positive Unrelated Business Taxable Income (UBTI): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI), and Total Income Tax, by Size of Gross UBI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (UBTI)		Total income tax <sup>3</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>14,690</b>	<b>1,545,081</b>	<b>14,333</b>	<b>1,059,206</b>	<b>14,690</b>	<b>485,874</b>	<b>14,401</b>	<b>132,268</b>
\$1,000 under \$10,001 <sup>4</sup> .....	6,898	24,928	6,614	10,617	6,898	14,311	6,724	2,211
\$10,001 under \$100,000 <sup>4</sup> .....	5,605	201,533	5,543	127,558	5,605	73,974	5,521	12,809
\$100,000 under \$500,000.....	1,738	367,859	1,728	276,541	1,738	91,317	1,711	21,255
\$500,000 under \$1,000,000.....	254	172,975	252	132,348	254	40,627	252	11,792
\$1,000,000 under \$5,000,000.....	166	319,542	166	245,133	166	74,408	164	23,111
\$5,000,000 or more.....	30	458,244	30	267,008	30	191,236	30	61,089

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations with positive unrelated business taxable income (UBTI), cost of sales and services was \$0.5 billion.

<sup>2</sup> "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

<sup>4</sup> The bracketed gross unrelated business income (UBI) amounts of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns, 1992

**Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Unrelated Business Taxable Income (UBTI) Less Deficit, and Total Income Tax, by Unrelated Business Activity or Industrial Grouping**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Unrelated business taxable income (UBTI) less deficit		Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All activities and groupings, total.....</b>	<b>31,122</b>	<b>4,069,149</b>	<b>30,765</b>	<b>5,182,551</b>	<b>27,043</b>	<b>-1,113,402</b>	<b>14,443</b>	<b>132,378</b>
Agriculture, forestry, and fishing.....	203	16,285	199	54,480	160	-38,194	*45	*390
Mining.....	123	13,005	123	10,471	101	2,534	71	959
Construction.....	-	-	-	-	-	-	-	-
Manufacturing.....	786	143,305	786	171,954	677	-28,649	286	6,274
Transportation and public utilities.....	384	75,547	384	104,289	360	-28,743	153	759
Wholesale trade.....	141	5,441	141	5,551	119	-110	*61	*109
Retail trade.....	3,409	427,117	3,366	591,271	3,119	-164,154	1,464	4,856
Services.....	12,762	2,161,183	12,637	2,980,243	10,802	-819,060	4,342	33,282
Finance, insurance, and real estate, total.....	12,159	1,119,850	11,975	1,132,069	10,616	-12,219	7,470	83,938
Unrelated debt-financed activity, except rental of real estate.....	1,171	99,090	1,149	113,503	1,164	-14,413	927	7,892
Investment activities of Code section 501(c)(7), (9), (17), and (20) organizations.....	4,407	373,247	4,345	219,682	3,810	153,565	3,438	47,425
Rental of personal property.....	843	38,153	843	52,166	759	-14,013	427	726
Passive income activities with controlled organizations.....	327	36,807	306	47,127	324	-10,320	251	1,091
Other finance, insurance, and real estate.....	5,411	572,553	5,332	699,591	4,559	-127,038	2,427	26,804
Exploited exempt activities.....	354	60,616	354	70,246	343	-9,631	162	945
Not allocable.....	800	46,800	800	61,976	746	-15,176	388	867

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

<sup>2</sup> "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with unrelated business taxable income (UBTI) less deficit equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the environmental tax.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns, 1992

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total gross unrelated business income (UBI)					
	All organizations		Organizations with gross UBI of \$10,000 or less <sup>1</sup>		Organizations with gross UBI over \$10,000 <sup>1</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>31,122</b>	<b>4,069,149</b>	<b>12,400</b>	<b>49,772</b>	<b>18,722</b>	<b>4,019,377</b>
\$1,000 under \$10,001 <sup>1</sup> .....	12,400	49,772	12,400	49,772	-	-
\$10,001 under \$100,000 <sup>1</sup> .....	13,199	484,806	-	-	13,199	484,806
\$100,000 under \$500,000.....	4,258	912,990	-	-	4,258	912,990
\$500,000 under \$1,000,000.....	637	440,165	-	-	637	440,165
\$1,000,000 under \$5,000,000.....	541	1,077,687	-	-	541	1,077,687
\$5,000,000 or more.....	86	1,103,730	-	-	86	1,103,730

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)					
	All organizations					
	Gross profit (less loss) from sales and services		Capital gain net income		Net capital loss (trusts only)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(7)	(8)	(9)	(10)	(11)	(12)	
<b>Total.....</b>	<b>13,639</b>	<b>1,743,858</b>	<b>429</b>	<b>102,988</b>	<b>4</b>	<b>-12</b>
\$1,000 under \$10,001 <sup>1</sup> .....	3,493	13,267	*65	*199	-	-
\$10,001 under \$100,000 <sup>1</sup> .....	6,666	214,672	260	4,477	-	-
\$100,000 under \$500,000.....	2,734	480,581	60	7,800	}	-12
\$500,000 under \$1,000,000.....	388	214,075	18	4,796		
\$1,000,000 under \$5,000,000.....	320	485,090	15	11,268		
\$5,000,000 or more.....	39	336,174	10	74,448	-	-

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	All organizations--Continued					
	Net gain (less loss), sales of noncapital assets <sup>2</sup>		Income (less loss) from partnerships		Rental income <sup>3</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(13)	(14)	(15)	(16)	(17)	(18)	
<b>Total.....</b>	<b>228</b>	<b>-20,977</b>	<b>2,290</b>	<b>58,839</b>	<b>3,562</b>	<b>121,839</b>
\$1,000 under \$10,001 <sup>1</sup> .....	-	-	1,790	4,817	1,288	5,257
\$10,001 under \$100,000 <sup>1</sup> .....	136	908	370	7,371	1,748	32,452
\$100,000 under \$500,000.....	65	-508	69	7,054	415	34,281
\$500,000 under \$1,000,000.....	10	143	23	3,143	54	12,256
\$1,000,000 under \$5,000,000.....	14	-2	28	9,523	52	29,936
\$5,000,000 or more.....	3	-21,518	10	26,931	5	7,656

Footnotes at end of table.

# Exempt Organization Business Income Tax Returns, 1992

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI--Continued**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)--Continued					
	All organizations--Continued					
	Unrelated debt-financed income		Investment income (less loss) <sup>4</sup>		Income from controlled organizations <sup>5</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)
<b>Total.....</b>	<b>2,350</b>	<b>277,772</b>	<b>5,551</b>	<b>263,703</b>	<b>1,223</b>	<b>40,827</b>
\$1,000 under \$10,001 <sup>1</sup> .....	589	2,796	2,752	7,936	546	1,829
\$10,001 under \$100,000 <sup>1</sup> .....	1,181	33,251	1,981	26,261	424	5,901
\$100,000 under \$500,000.....	398	51,692	691	40,838	177	8,824
\$500,000 under \$1,000,000.....	78	27,060	77	24,329	38	7,263
\$1,000,000 under \$5,000,000.....	82	86,148	38	45,920	31	9,149
\$5,000,000 or more.....	22	76,825	12	118,419	7	7,860

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	All organizations--Continued					
	Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(25)	(26)	(27)	(28)	(29)	(30)
<b>Total.....</b>	<b>797</b>	<b>74,024</b>	<b>6,561</b>	<b>857,443</b>	<b>6,108</b>	<b>548,846</b>
\$1,000 under \$10,001 <sup>1</sup> .....	*175	*849	2,118	8,829	1,528	3,993
\$10,001 under \$100,000 <sup>1</sup> .....	328	7,462	3,013	86,263	3,065	65,786
\$100,000 under \$500,000.....	192	18,291	1,039	156,777	1,162	107,362
\$500,000 under \$1,000,000.....	43	9,410	181	83,126	176	54,564
\$1,000,000 under \$5,000,000.....	53	30,727	185	229,177	148	140,762
\$5,000,000 or more.....	7	7,285	26	293,272	29	176,379

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup>					
	Gross profit (less loss) from sales and services		Capital gain net income		Net capital loss (trusts only)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)
<b>Total.....</b>	<b>10,146</b>	<b>1,730,592</b>	<b>363</b>	<b>102,788</b>	<b>4</b>	<b>-12</b>
\$1,000 under \$10,001 <sup>1</sup> .....	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>1</sup> .....	6,666	214,672	260	4,477	-	-
\$100,000 under \$500,000.....	2,734	480,581	60	7,800	}	4
\$500,000 under \$1,000,000.....	388	214,075	18	4,796		
\$1,000,000 under \$5,000,000.....	320	485,090	15	11,268		
\$5,000,000 or more.....	39	336,174	10	74,448		

Footnotes at end of table.

# Exempt Organization Business Income Tax Returns, 1992

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI--Continued**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)--Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup> --Continued					
	Net gain (less loss), sales of noncapital assets <sup>2</sup>		Income (less loss) from partnerships		Rental income <sup>3</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(37)	(38)	(39)	(40)	(41)	(42)
<b>Total</b> .....	<b>228</b>	<b>-20,977</b>	<b>500</b>	<b>54,022</b>	<b>2,274</b>	<b>116,581</b>
\$1,000 under \$10,001 <sup>1</sup> .....	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>1</sup> .....	136	908	370	7,371	1,748	32,452
\$100,000 under \$500,000.....	65	-508	69	7,054	415	34,281
\$500,000 under \$1,000,000.....	10	143	23	3,143	54	12,256
\$1,000,000 under \$5,000,000.....	14	-2	28	9,523	52	29,936
\$5,000,000 or more.....	3	-21,518	10	26,931	5	7,656

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup> --Continued					
	Unrelated debt-financed income		Investment income (less loss) <sup>4</sup>		Income from controlled organizations <sup>5</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(43)	(44)	(45)	(46)	(47)	(48)
<b>Total</b> .....	<b>1,761</b>	<b>274,976</b>	<b>2,799</b>	<b>255,767</b>	<b>677</b>	<b>38,997</b>
\$1,000 under \$10,001 <sup>1</sup> .....	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>1</sup> .....	1,181	33,251	1,981	26,261	424	5,901
\$100,000 under \$500,000.....	398	51,692	691	40,838	177	8,824
\$500,000 under \$1,000,000.....	78	27,060	77	24,329	38	7,263
\$1,000,000 under \$5,000,000.....	82	86,148	38	45,920	31	9,149
\$5,000,000 or more.....	22	76,825	12	118,419	7	7,860

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI)-- Continued					
	Organizations with gross UBI over \$10,000 <sup>1</sup> --Continued					
	Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(49)	(50)	(51)	(52)	(53)	(54)
<b>Total</b> .....	<b>623</b>	<b>73,176</b>	<b>4,444</b>	<b>848,615</b>	<b>4,580</b>	<b>544,853</b>
\$1,000 under \$10,001 <sup>1</sup> .....	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>1</sup> .....	328	7,462	3,013	86,263	3,065	65,786
\$100,000 under \$500,000.....	192	18,291	1,039	156,777	1,162	107,362
\$500,000 under \$1,000,000.....	43	9,410	181	83,126	176	54,564
\$1,000,000 under \$5,000,000.....	53	30,727	185	229,177	148	140,762
\$5,000,000 or more.....	7	7,285	26	293,272	29	176,379

<sup>1</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>2</sup> All organizations were required to report each income item, as shown in columns 7 through 30. However, only organizations with gross UBI over \$10,000 were required to report each expense item and deduction, as shown in columns 10 through 59 of Table 7. Sources of gross UBI are shown separately for these larger organizations in columns 31 through 54 of this table in order to facilitate comparison with Table 7.

<sup>3</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property which were capital assets.

<sup>4</sup> Income from real property and personal property leased with real property.

<sup>5</sup> Reported by Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations only.

<sup>6</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.



# Exempt Organization Business Income Tax Returns, 1992

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total number of returns	Total deductions <sup>1,2</sup>		Organizations with gross unrelated business income (UBI) of \$10,000 or less <sup>3</sup>					
		Number of returns	Amount	Total deductions <sup>2,4</sup>		Net operating loss carryover		Specific deduction	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>31,122</b>	<b>30,765</b>	<b>5,182,551</b>	<b>12,117</b>	<b>81,925</b>	<b>1,244</b>	<b>41,317</b>	<b>7,881</b>	<b>7,346</b>
\$1,000 under \$10,001 <sup>3</sup> .....	12,400	12,117	81,925	12,117	81,925	1,244	41,317	7,881	7,346
\$10,001 under \$100,000 <sup>3</sup> .....	13,199	13,137	853,635	-	-	-	-	-	-
\$100,000 under \$500,000.....	4,258	4,249	1,246,426	-	-	-	-	-	-
\$500,000 under \$1,000,000.....	637	635	554,416	-	-	-	-	-	-
\$1,000,000 under \$5,000,000.....	541	541	1,390,907	-	-	-	-	-	-
\$5,000,000 or more.....	86	86	1,055,241	-	-	-	-	-	-

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup>								
	Total deductions <sup>2,5</sup>		Deductions directly connected with UBI						
	Number of returns	Amount	Total		Allocable to rental income <sup>6</sup>		Allocable to unrelated debt-financed income <sup>6</sup>		Allocable to investment income <sup>6,7</sup>
Number of returns			Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total.....</b>	<b>18,648</b>	<b>5,100,626</b>	<b>17,763</b>	<b>4,803,213</b>	<b>967</b>	<b>60,981</b>	<b>1,625</b>	<b>302,343</b>	<b>856</b>
\$1,000 under \$10,001 <sup>3</sup> .....	-	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>3</sup> .....	13,137	853,635	12,378	826,079	687	15,305	1,065	39,477	513
\$100,000 under \$500,000.....	4,249	1,246,426	4,162	1,194,170	216	21,927	384	54,453	281
\$500,000 under \$1,000,000.....	635	554,416	615	524,168	30	5,067	77	30,399	40
\$1,000,000 under \$5,000,000.....	541	1,390,907	527	1,318,026	31	18,154	78	86,621	17
\$5,000,000 or more.....	86	1,055,241	81	940,770	3	528	22	91,393	5

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Allocable to investment income <sup>6,7</sup> --Continued	Allocable to income from controlled organizations <sup>6</sup>		Allocable to exploited exempt activity income except advertising <sup>6</sup>		Direct advertising costs <sup>6</sup>		Compensation of officers, directors, and trustees	
Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
<b>Total.....</b>	<b>12,402</b>	<b>346</b>	<b>23,642</b>	<b>560</b>	<b>60,888</b>	<b>4,194</b>	<b>681,403</b>	<b>1,702</b>	<b>35,510</b>
\$1,000 under \$10,001 <sup>3</sup> .....	-	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>3</sup> .....	2,381	212	3,102	298	5,220	2,832	75,718	965	7,263
\$100,000 under \$500,000.....	2,732	94	5,074	167	13,571	982	126,994	579	12,729
\$500,000 under \$1,000,000.....	1,635	21	6,197	40	7,863	177	65,463	76	2,435
\$1,000,000 under \$5,000,000.....	1,534	20	9,269	48	27,183	179	181,788	66	5,522
\$5,000,000 or more.....	4,121	20	9,269	7	7,052	24	231,440	16	7,561

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Salaries and wages		Repairs		Bad debts		Interest		
Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)		
<b>Total.....</b>	<b>9,169</b>	<b>741,760</b>	<b>5,213</b>	<b>35,207</b>	<b>770</b>	<b>19,511</b>	<b>2,610</b>	<b>49,762</b>	
\$1,000 under \$10,001 <sup>3</sup> .....	-	-	-	-	-	-	-	-	
\$10,001 under \$100,000 <sup>3</sup> .....	5,751	101,175	3,425	8,289	340	1,437	1,615	4,612	
\$100,000 under \$500,000.....	2,688	225,932	1,400	12,296	282	1,967	768	12,075	
\$500,000 under \$1,000,000.....	379	92,943	203	3,966	63	2,238	114	5,747	
\$1,000,000 under \$5,000,000.....	312	202,846	166	8,123	73	6,731	95	15,145	
\$5,000,000 or more.....	38	118,863	20	2,534	12	7,139	18	12,183	

Footnotes at end of table.

# Exempt Organization Business Income Tax Returns, 1992

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)--Continued**

[All data are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
<b>Total</b> .....	<b>9,694</b>	<b>121,123</b>	<b>6,749</b>	<b>108,565</b>	<b>73</b>	<b>2,560</b>	<b>800</b>	<b>7,261</b>
\$1,000 under \$10,001 <sup>3</sup> .....	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>3</sup> .....	6,659	27,510	4,396	18,484	*36	*310	491	479
\$100,000 under \$500,000.....	2,488	48,523	1,800	31,862	30	1,438	216	1,450
\$500,000 under \$1,000,000.....	296	14,367	280	13,708	3	86	48	758
\$1,000,000 under \$5,000,000.....	219	17,689	241	29,228	4	726	38	1,567
\$5,000,000 or more.....	32	13,034	33	15,283	-	-	7	3,007

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued						Deductions not directly connected with UBI	
	Contributions to employee benefit plans		Net operating loss carryover		Other deductions		Number of returns	Amount
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
<b>Total</b> .....	<b>3,587</b>	<b>92,064</b>	<b>4,962</b>	<b>1,236,598</b>	<b>12,230</b>	<b>1,211,634</b>	<b>9,741</b>	<b>297,410</b>
\$1,000 under \$10,001 <sup>3</sup> .....	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>3</sup> .....	1,919	5,228	3,017	374,740	8,195	135,349	6,958	27,554
\$100,000 under \$500,000.....	1,210	16,629	1,462	342,429	3,130	262,091	2,155	52,256
\$500,000 under \$1,000,000.....	225	12,522	214	113,858	457	144,917	330	30,247
\$1,000,000 under \$5,000,000.....	206	25,271	233	297,383	394	389,160	253	72,881
\$5,000,000 or more.....	27	32,414	36	108,187	54	280,116	45	114,471

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides <sup>7</sup>		Excess exempt expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>Total</b> .....	<b>7,936</b>	<b>7,577</b>	<b>1,268</b>	<b>32,052</b>	<b>272</b>	<b>116,024</b>	<b>1,703</b>	<b>141,757</b>
\$1,000 under \$10,001 <sup>3</sup> .....	-	-	-	-	-	-	-	-
\$10,001 under \$100,000 <sup>3</sup> .....	5,824	5,511	842	4,639	152	4,628	986	12,776
\$100,000 under \$500,000.....	1,681	1,640	332	6,154	76	15,386	472	29,076
\$500,000 under \$1,000,000.....	243	240	41	610	22	12,717	104	16,679
\$1,000,000 under \$5,000,000.....	161	159	40	2,100	16	24,338	123	46,284
\$5,000,000 or more.....	27	27	13	18,549	6	58,954	18	36,942

<sup>2</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations, cost of sales and services was \$1.4 billion.

<sup>3</sup> "Total deductions" includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>4</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 10 through 59.

<sup>5</sup> Excludes \$40.0 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1.

<sup>6</sup> Excludes \$1.3 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1.

<sup>7</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>8</sup> Reported by Internal Revenue Code section 501(c)(7), (9), (17), and (20) organizations only.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

by Margaret Riley

**T**ax-exempt organizations with accounting periods beginning in 1993 reported \$4.7 billion of gross “unrelated business income” that was derived from regularly carrying on activities that were not substantially related to their tax-exempt function. After offsetting gross unrelated business income (UBI) with \$5.7 billion of total deductions, these organizations reported an aggregate net deficit of \$1.0 billion. Of the 32,638 organizations that reported gross UBI on Tax Year 1993 Forms 990-T, *Exempt Organization Business Income Tax Return*, fewer than half, or 46 percent, reported unrelated business net income (taxable profit) amounting to \$603.6 million; the others reported zero net income or net deficits [1]. After adjustments were made to the \$180.0 million of tax due on unrelated business income, subtracting certain credits and adding other taxes, the resulting total income tax reported was \$181.4 million [2].

As shown in Figure A, the number of Forms 990-T filed by organizations reporting gross UBI rose by 5 percent between 1992 and 1993, a recovery from the 5-percent decrease in return filings which occurred between 1991 and 1992 (discussed below). Gross UBI increased by 15 percent, while related deductions increased by 11 percent between 1992 and 1993, resulting in a 6-percent decrease in the amount of aggregate net loss reported. However, total net income collectively reported by a little more than 15,000 organizations for 1993 was 24 percent higher than the amount reported for 1992, an increase that partly contributed to the 37-percent rise in total income tax. The cause, or causes, of the increased net income requires further research, since it reflects increases in gross UBI, as well as smaller increases in deductions, and both of these are the result of organizational decisions. The 37-percent increase in total income tax is discussed in the *Increases in Corporate and Trust Tax Rates* section, presented below.

For each of the Tax Years 1990 through 1993, the percentage of organizations that reported net income on Forms 990-T remained fairly stable, ranging from 44 to 47 percent. The remaining organizations reported zero net income or a deficit. For all four years, the percentage of organizations reporting net income gradually decreased as the size class of gross UBI increased. For example, for Tax Year 1993, net income was reported on 55 percent of the returns filed by organizations with gross UBI of \$10,000 or less, on 41 percent of the returns filed by organizations with gross UBI over \$10,000 but under \$1,000,000, and on

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**Figure A**

## Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1992 and 1993

[Money amounts are in thousands of dollars]

Item	1992	1993	Percentage change
	(1)	(2)	(3)
<b>Number of returns</b> .....	<b>31,122</b>	<b>32,638</b>	<b>+4.9</b>
Gross unrelated business income.....	4,069,149	4,694,181	+15.4
Total deductions.....	5,182,551	5,741,420	+10.8
Net income (less deficit).....	-1,113,402	-1,047,239	-5.9
Net income (taxable profit).....	485,874	603,593	+24.2
Deficit.....	-1,599,276	-1,650,831	+3.2
Total income tax.....	132,378	181,437	+37.1

33 percent of the returns filed by organizations with gross UBI of \$1,000,000 or more.

Figure B graphically displays “per return” averages, in constant 1992 dollars, for four major financial items reported on Form 990-T: gross UBI, total deductions, net income, and total income tax [3]. From Tax Year 1991 to Tax Year 1993, average amounts of gross UBI and total deductions increased, in real dollar terms, by 33 and 35 percent, respectively. The relatively large percentage increases in these two items over the three tax years can be attributed almost entirely to growth which occurred during Tax Year 1992. Respective increases in average gross UBI and average total deductions from 1991 to 1992 were 32 percent and 38 percent. Average real gross UBI rose by only 1 percent from 1992 to 1993, while average real total deductions for this period fell by about 2 percent.

An extensive revision of the Tax Year 1992 Form 990-T introduced a change in reporting requirements which contributed to a 16-percent decline in the number of returns filed by smaller exempt organizations, those with gross UBI of \$10,000 or less [4]. Overall, the number of returns filed for 1992 dropped by 5 percent, but, at the same time, gross UBI and total deductions grew by 20 percent and 28 percent, respectively. This accounts for much of the large percentage increases between 1991 and 1992 in the averages shown in Figure B for these two items. Despite the significant variation in the percentage change in average total deductions between the 1991-92 and the 1992-93 periods, the amount of average total deductions consistently was between 125 and 130 percent of respective average gross income for each of the three tax years shown.

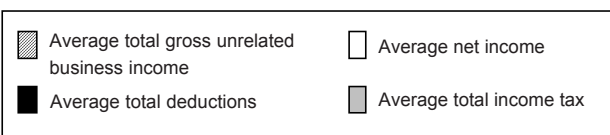
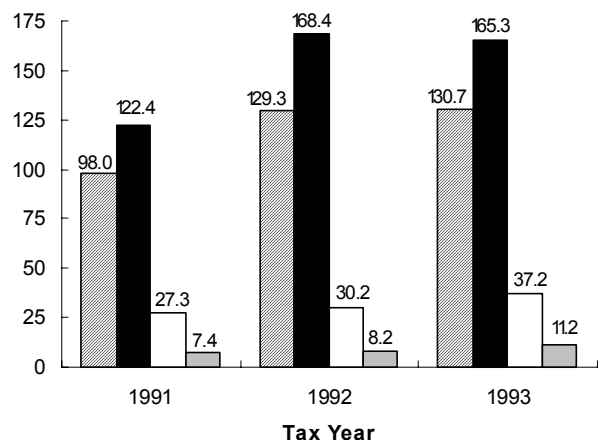
Constant-dollar per return net income, based on returns showing a taxable profit, grew by 36 percent between 1991

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**Figure B**

## Average<sup>1</sup> Total Gross Unrelated Business Income, Average Total Deductions, Average Net Income<sup>2</sup> (Taxable Profit), and Average Total Income Tax, 1991-1993, in Constant 1992 Dollars

Thousands of dollars



<sup>1</sup> The average for a given item was computed based on the number of returns on which that item was actually reported, not the total number of returns filed.

<sup>2</sup> Excludes returns with net deficit.

NOTE: Constant dollar amounts were calculated using the Gross Domestic Product (GDP) implicit price deflator, published in U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business* (selected issues).

and 1993, with interim 11-percent and 23-percent increases in the 1991-92 and 1992-93 tax-year periods, respectively. Constant-dollar per return total income tax rose by 51 percent between 1991 and 1993, with interim increases of 11 percent and 37 percent for the respective 1991-92 and 1992-93 periods. Real growth in each of the four major financial items presented in Figure B will continue to be tracked in future studies.

## Tax-Exempt Organizations and the Revenue Reconciliation Act of 1993

### Lobbying and Political Expenditures

Under the Revenue Reconciliation Act of 1993 (Act), lobbying expenses paid or incurred after December 31, 1993, were no longer deductible as ordinary and necessary business expenses [5]. Generally, expenses subject to this limitation included amounts paid or incurred in connection with influencing Federal or state legislation, participating or intervening in any political campaign, or directly

communicating with certain executive branch officials in an attempt to influence their official actions or positions. A *de minimis* rule exempted certain in-house expenditures, up to \$2,000, from the deduction limitation.

The Act also established a new reporting requirement for all tax-exempt organizations engaging in lobbying or political activities, other than charitable organizations described in Internal Revenue Code section 501(c)(3) [6]. (See the Appendix to this article for a description of the various types of tax-exempt organizations, which are listed by Code section.) Affected organizations were required to report on their Forms 990, *Return of Organization Exempt From Income Tax*, the total amount of nondeductible lobbying expenditures for the tax year, plus the total amount of assessed or paid membership dues that were allocable to the expenditures. Any organization to which the reporting rule applied also had to provide a notice to members regarding their share of dues to which nondeductible lobbying expenditures were allocable. If the organization elected not to notify its members or failed to include the entire amount of dues that were allocable to the lobbying expenditures (which might easily occur since an estimate of lobbying expenditures expected to be made in the following year was provided in the notification, rather than actual expenditures for a prior period), then the "proxy" tax was imposed. The proxy tax was required to be reported on the Form 990-T; however, there was no connection between the proxy tax and an organization's unrelated business activities or the tax on unrelated business income.

The proxy tax was effective for tax years ending after December 31, 1993, and was computed as the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to an organization's members, multiplied by the highest corporate tax rate (35 percent for Tax Year 1993). No expenses or other offsets were allowed against the taxable amount. Transition rules were provided for organizations whose fiscal periods spanned Calendar Years 1993 and 1994. If an organization received or assessed applicable dues prior to January 1, 1994, without the required notification, it was allowed to either pay the proxy tax on the actual amount of dues allocable to Calendar Year 1994 nondeductible expenditures, or to adjust its estimate of allocable dues for the following tax year to correct for the failure to notify members.

Because the proxy tax provisions of the Act were not effective until January 1, 1994, organizations filing Tax Year 1993 returns with January through December accounting periods--54 percent of all filers--were not subject to the tax for that year. All other organizations were covered by the

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

transition rules described above, and it is possible that some of these organizations opted to adjust estimates of allocable dues for 1994 rather than pay the proxy tax for 1993. The proxy tax statistics presented in this article are from returns filed by organizations that reported gross UBI above \$1,000 (the filing threshold). Forms 990-T filed only to report the proxy tax (the organization had no unrelated business income or gross UBI was less than \$1,000) were excluded from the study sample. Therefore, the data presented below do not provide a complete picture of the impact of the proxy tax provisions on exempt organizations.

For Tax Year 1993, there were 83 organizations, all of which had gross UBI of \$1,000 or more and were various types of associations tax-exempt under Code section 501(c)(6), that reported the proxy tax. These 83 associations reported \$2.6 million of total income tax, of which \$2.2 million, or 85 percent, was the proxy tax. The remaining \$0.4 million was the regular corporate tax on their combined \$1.3 million of unrelated business net income. Their aggregate gross UBI was \$19.4 million.

## **Increases in Corporate and Trust Tax Rates**

The Act also increased both corporate and trust income tax rates for Tax Year 1993. The unrelated business income of tax-exempt organizations was taxed at these rates. The maximum tax rate increased from 34 percent to 35 percent for corporations, and from 31 percent to 39.6 percent for trusts [7]. In addition, the number of graduated tax rate brackets increased from four to eight for corporations and from three to five for trusts. The amount of total income tax reported by tax-exempt organizations for 1993 represented a 37-percent increase over 1992. Comparatively, increases in total income tax reported for Tax Years 1991 and 1992 were 18 percent and 13 percent, respectively. The increase in total income tax for 1993 can be attributed in part to the new Act provisions limiting deductions for lobbying expenses, imposing the proxy tax, and raising income tax rates. Another contributing factor was the 24-percent increase in net income, the amount on which the unrelated business income tax was based.

Tax-exempt trusts bore slightly more of the Form 990-T total tax burden than corporate tax-exempt entities for 1993. While the trusts numbered only 13 percent of all organizations, they accounted for 51 percent of aggregate total income tax. For 1992, they accounted for only 42

**The amount of total income tax reported by tax-exempt organizations for 1993 represented a 37-percent increase over 1992.**

percent of the total tax. Their \$92.7 million of reported total income tax represented a 65-percent increase over the reported 1992 amount; tax-exempt corporate income tax liability increased 17 percent between the two years. The new tax structure affected exempt trusts to a much larger degree than exempt corporations. Whereas the 1993 revisions to the tax rates affected only those corporate organizations with unrelated business taxable income greater than \$10,000,000, all trusts with taxable income above \$1,500 were taxed for 1993 at rates that were higher than the 1992 rates. Out of the 3,231 trusts reporting unrelated business income tax liability for 1993, slightly more than half were taxed at rates that exceeded the 1992 rates formerly applied to the same levels of taxable income. Fewer than one-tenth of 1 percent of the 11,611 exempt corporations reporting tax on unrelated business income for 1993 were affected by the change in tax rates.

## **Exempt and Nonexempt Finances**

### **Forms 990 and 990-T Integrated Sample Match**

A special “integrated sample” matching program was instituted for the 1993 Statistics of Income study samples of Forms 990 and 990-T in order to gather information on “related” (tax-exempt) and “unrelated” (taxable) income and expenses for organizations which filed both forms. Under the matching program, the Form 990-T sample included unrelated business income tax returns filed by any organizations whose information returns were selected for either of two samples of Form 990 returns, one that included charities tax-exempt under section 501(c)(3), and a separate sample that included organizations tax-exempt under sections 501(c)(4) through 501(c)(9) [8, 9].

In total, there were 4,417 records in the Form 990-T sample that matched the Employer Identification Number and Internal Revenue Code section of records in the two Form 990 samples. Applying Form 990 sample weights to the matched records produced an estimated population of 20,498 organizations for analysis [10]. To clarify, this population is estimated from matched Form 990 and Form 990-T records in the SOI samples; it is not the estimated total population of section 501(c)(3) through 501(c)(9) organizations filing Forms 990-T. The estimated total number of Forms 990-T filed for Tax Year 1993 by organizations in each of these Code section groupings is shown in Table 1 at the end of this article [11]. The matched records provide the means for consistency in analyzing exempt-function and nonexempt-function income and expenses of organizations that are involved in unrelated business activities.

An initial analysis of income and expense data from the

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integrated samples has been illustrated in Figures C and D. All of the financial data shown are aggregate amounts for various groups of tax-exempt organizations. More in-depth analyses of various distributions of organizations by size, levels, and forms of revenue and expenditures may be explored in future articles. The top panel of both figures displays income and expense data for each section 501(c)(3) through (9) category; the lower panel shows a separate distribution of the data for the various types of section 501(c)(3) charities. The types listed are based on self-coding from check-box selections contained on the Form 990, Schedule A, which consists of supplemental information required of section 501(c)(3) organizations.

In Figure C, "total income" and "total expenses" are the amounts reported on Form 990 [12]. These totals include both exempt-function and nonexempt-function (unrelated business) income and expenses. The "unrelated business income" and "unrelated business expenses" amounts are those that were reported on the Form 990-T [13]. These totals are taken directly from the returns as required to be

reported for tax administration purposes. Therefore, the expenses-to-income ratios shown in Figure C are based on a tax concept of income and expenses. While the income and expense data reported on Internal Revenue Service (IRS) forms may be useful for analysis from a tax administration perspective, they do not provide a truly accurate representation of a business "receipts and expenditures" concept of actual financial activity [14].

In Figure D, adjusted tax form amounts have been used to provide a more consistent form of measurement for comparing unrelated business financial activity to the overall financial activity of the organizations studied [15]. Based on adjusted income and expense amounts, Figure D shows the respective proportions of total income and total expenses reported on Form 990 that were allocated to unrelated business income and expenses reported on Form 990-T.

## Expenses-to-Income Ratios

The expenses-to-income ratios in Figure C indicate that

**Figure C**

### Forms 990 and 990-T Matched Samples of Charities and Other Tax-Exempt Organizations: Total Income and Expenses, Unrelated Business Income and Expenses, and Expense-to-Income Ratios, by Selected Internal Revenue Code Sections and Type of Nonprofit Charitable Organization, Tax Year 1993

[Money amounts are in thousands of dollars]

Item	Number of returns	Total income (TI)	Total expenses (TE)	Unrelated business income (UBI)	Unrelated business expenses (UBE)	TE-to-TI ratio	UBE-to-UBI ratio
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Internal Revenue Code section</b>							
<b>Total.....</b>	<b>20,498</b>	<b>280,211,743</b>	<b>263,590,370</b>	<b>3,635,717</b>	<b>4,472,588</b>	<b>0.94</b>	<b>1.23</b>
501(c)(3).....	6,312	243,014,053	228,619,794	2,077,275	2,739,518	0.94	1.32
(4).....	1,132	6,740,793	6,456,867	199,180	264,759	0.96	1.33
(5).....	1,723	3,340,778	3,243,790	146,924	235,273	0.97	1.60
(6).....	4,832	7,608,299	7,360,574	587,792	729,234	0.97	1.24
(7).....	5,236	5,190,435	5,041,752	286,251	298,026	0.97	1.04
(8).....	725	6,230,285	5,942,232	33,579	55,110	0.95	1.64
(9).....	538	8,087,100	6,925,361	304,716	150,668	0.86	0.49
<b>Type of nonprofit charitable organization (section 501(c)(3))</b>							
<b>Total.....</b>	<b>6,312</b>	<b>243,014,053</b>	<b>228,619,794</b>	<b>2,077,275</b>	<b>2,739,518</b>	<b>0.94</b>	<b>1.32</b>
Educational institution or school.....	533	50,340,183	44,722,315	185,774	278,899	0.89	1.50
Hospital.....	1,159	142,122,204	135,529,346	701,231	1,099,263	0.95	1.57
Hospital research organization.....	5	1,456,751	1,270,453	4,762	5,270	0.87	1.11
Organization supporting a public college.....	173	962,754	731,101	20,511	25,869	0.76	1.26
Organization supporting other charitable organizations.....	301	14,397,570	13,995,208	433,034	390,913	0.97	0.90
Publicly-supported organization <sup>1</sup> .....	4,132	32,859,111	31,521,236	729,179	937,093	0.96	1.29
Other <sup>2</sup> .....	9	875,479	850,135	2,783	2,210	0.97	0.79

<sup>1</sup> See footnote 17 at the end of this article for a description of a publicly-supported organization.

<sup>2</sup> Organizations testing for public safety and religious affiliated organizations have been combined as "Other" to avoid possible disclosure of taxpayer identifying information.

NOTE: Detail may not add to totals because of rounding.

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aggregate expenses reported on the Form 990-T exceeded income for each class of organization shown, except section 501(c)(9) organizations. The allowance of a deduction for the "net operating loss" carryover (see Explanation of Terms section), the largest type of deduction reported by many Form 990-T filers, substantially contributed to the excess of unrelated business expenses. This is an example of a deduction allowed for tax purposes that was excluded from "adjusted" expenses shown in Figure D. There was no net operating loss carryover allowed on the Form 990, which is considered an "information" return, not a "tax" return.

The unrelated business expenses-to-income ratio shown in Figure C for section 501(c)(9) voluntary employees' beneficiary associations is quite low compared to other types of organizations listed because most of their unrelated business income is from investments and their portfolios are usually overseen by only one or two trust managers. Therefore, deductions for salaries and wages, a

significant deduction for many other types of organizations, are relatively small. Occupancy expenses, such as rents and utilities, allocated to unrelated business activities also are usually lower for these associations compared to most other types of organizations.

The ratio shown for recreational and social clubs, tax-exempt under section 501(c)(7), also is comparatively low because their unrelated business deductions were limited under IRS Revenue Ruling 81-69 (RR81-69). If one of these organizations consistently incurred losses from sales to nonmembers (e.g., sales from a food and beverage concession), then it could not deduct these losses from its unrelated business income. Out of the 5,236 section 501(c)(7) organizations shown in Figure C, 789 reported \$97.2 million of deductions that were excluded from the computation of taxable income because of the RR81-69 limitation. This amount, which was 39 percent of the affected organizations' aggregate total expenses (before reduction), is somewhat understated because not all organizations

## Figure D

### Forms 990 and 990-T Matched Samples of Charities and Other Tax-Exempt Organizations: Adjusted Total Income and Expenses, Adjusted Unrelated Business Income and Expenses, Adjusted Unrelated Business Income as a Percentage of Adjusted Total Income, and Adjusted Unrelated Business Expenses as a Percentage of Adjusted Total Expenses, by Selected Internal Revenue Code Sections and Type of Nonprofit Charitable Organization, Tax Year 1993

[Money amounts are in thousands of dollars]

Item	Number of returns	Adjusted total income (ATI)	Adjusted total expenses (ATE)	Adjusted unrelated business income (AUBI)	Adjusted unrelated business expenses (AUBE)	AUBI as a percentage of ATI	AUBE as a percentage of ATE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Internal Revenue Code section</b>							
<b>Total</b> .....	<b>20,498</b>	<b>260,854,125</b>	<b>259,439,076</b>	<b>4,373,960</b>	<b>4,138,713</b>	<b>1.68</b>	<b>1.60</b>
501(c)(3).....	6,312	222,654,461	223,512,960	2,435,064	2,446,912	1.09	1.09
(4).....	1,132	6,625,017	6,361,802	398,538	398,886	6.02	6.27
(5).....	1,723	3,362,442	3,168,771	153,941	154,991	4.58	4.89
(6).....	4,832	7,507,308	7,364,382	698,085	676,337	9.30	9.18
(7).....	5,236	6,257,960	6,124,813	444,118	379,173	7.10	6.19
(8).....	725	6,362,336	5,991,123	47,897	46,018	0.75	0.77
(9).....	538	8,084,601	6,915,225	196,317	36,396	2.43	0.53
<b>Type of nonprofit charitable organization (section 501(c)(3))</b>							
<b>Total</b> .....	<b>6,312</b>	<b>222,654,461</b>	<b>223,512,960</b>	<b>2,435,064</b>	<b>2,446,912</b>	<b>1.09</b>	<b>1.09</b>
Educational institution or school.....	533	39,576,645	41,172,803	227,957	219,786	0.58	0.53
Hospital.....	1,159	140,021,551	135,378,725	847,755	924,408	0.61	0.68
Hospital research organization.....	5	1,447,324	1,179,236	5,295	5,189	0.37	0.44
Organization supporting a public college.....	173	616,190	735,561	29,889	30,107	4.85	4.09
Organization supporting other charitable organizations.....	301	14,221,767	13,800,734	437,937	372,519	3.08	2.70
Publicly-supported organization <sup>1</sup> .....	4,132	25,900,371	30,389,204	882,578	891,824	3.41	2.93
Other <sup>2</sup> .....	9	870,614	856,697	3,652	3,077	0.42	0.36

<sup>1</sup> See footnote 17 at the end of this article for a description of a publicly-supported organization.

<sup>2</sup> Organizations testing for public safety and religious affiliated organizations have been combined as "Other" to avoid possible disclosure of taxpayer identifying information.

NOTE: Detail may not add to totals because of rounding.

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disclosed on their Forms 990-T the amount by which they adjusted total deductions under the limitation.

### Allocation of Exempt Organization Income and Expenses to Unrelated Business Activities

As mentioned previously, income and expenses shown in Figure D have been adjusted to facilitate comparison of exempt organizations' overall financial activities with their unrelated business activities. Adjustments were made to more accurately reflect actual business receipts and expenditures, versus the amounts of income and deductions that were reported as required for tax purposes [16]. The top panel of Figure D shows that business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6) collectively had the highest proportions of total income and total expenses allocated to unrelated business activities, a little more than 9 percent of each item. Much of the unrelated business income and expenses reported by these organizations on Form 990-T is related to paid advertisements that are contained in journals and other periodicals that they publish. Relatively high proportions are also shown for civic leagues and social welfare organizations exempt under section 501(c)(4); labor, agricultural, and horticultural organizations exempt under section 501(c)(5); and recreational and social clubs exempt under section 501(c)(7).

A very small portion of the income of fraternal beneficiary organizations exempt under section 501(c)(8) was derived from unrelated business enterprises. These organizations' adjusted unrelated business income and expenses each were less than 1 percent of their total income and expenses. Also, section 501(c)(8) organizations accounted for only 1 percent of the total adjusted unrelated business income and expenses reported by the 20,498 organizations shown in Figure D. In addition to section 501(c)(8) organizations, some of the types of section 501(c)(3) organizations shown in the lower panel of Figure D also had comparatively small proportions of total income and expenses that were attributed to unrelated business activities.

Overall, charities exempt under section 501(c)(3) had adjusted unrelated business income that was only about 1 percent of their adjusted total income, but they accounted for 56 percent of the \$4.4 billion total of adjusted unrelated business income shown in the top panel of Figure D. The distribution of these charities by type shows that organizations supporting a public college, organizations supporting other charitable organizations, and publicly-supported organizations all had higher percentages of total income generated from unrelated business activities than any of the other types of charities listed [17]. However, in dollar

**Overall, charities had adjusted unrelated business income (AUBI) that was only 1 percent of their adjusted total income, but they accounted for 56 percent of the \$4.4 billion total of AUBI.**

terms, the hospitals and publicly-supported organizations engaged in unrelated business activities to a greater extent than other types of section 501(c)(3) organizations. In addition, they each reported unrelated business income that

was higher than the total reported by any of the section 501(c)(4) through (9) groups presented in Figure D.

Expenses-to-income ratios like those in Figure C are not shown for the adjusted income and expense data in Figure D. However, when recalculated using the Figure D adjusted income and expense amounts, expenses-to-income ratios for unrelated business activities were effectively lowered for all IRC section classes of organizations shown. Organizations exempt under sections 501(c)(3), (4), (5), (6), and (8) all had adjusted unrelated business expenses-to-income (UBE-to-UBI) ratios that were equal, or nearly equal, to 1.00, ranging from 0.96 to 1.01. Adjusted UBE-to-UBI ratios for the section 501(c)(7) and 501(c)(9) organizations were 0.85 and 0.19, respectively.

### Summary

For 1993, tax-exempt organizations reported \$4.7 billion of gross unrelated business income from activities that were not substantially related to their exempt missions. After offsetting income with \$5.7 billion of total deductions, these organizations reported a net deficit of \$1.0 billion. Despite the aggregate deficit, positive net income of \$603.6 million was reported by 15,067 organizations, and that resulted in aggregate unrelated business income tax (UBIT) of \$180.0 million. After making adjustments to UBIT, by subtracting certain allowable credits and adding other required taxes, total income tax liability was \$181.4 million, an increase of 37 percent over 1992.

The Revenue Reconciliation Act of 1993 affected tax-exempt organizations by limiting the amount of deductible lobbying expenses, raising both corporate and trust income tax rates applied to unrelated business income, and imposing a new "proxy tax" on certain lobbying expenditures. Organizations had to pay the proxy tax on any portion of assessed or paid membership dues that were used for lobbying activities if they failed to notify each member of the amount of its dues used for the lobbying activities.

An "integrated sample" matching program was instituted by the IRS Statistics of Income program for Tax Year 1993 and was designed to link an organization's unrelated business financial data reported on Form 990-T, *Exempt Organization Business Income Tax Return*, with its total



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financial data reported on Form 990, *Return of Organization Exempt From Income Tax*. Information from matched Forms 990 and 990-T were gathered for organizations tax-exempt under Internal Revenue Code sections 501(c)(3), nonprofit charitable organizations; 501(c)(4), civic leagues and social welfare organizations; 501(c)(5), labor, agricultural, and horticultural organizations; 501(c)(6), business leagues and associations, chambers of commerce, and real estate boards; 501(c)(7), social and recreational clubs; 501(c)(8), fraternal beneficiary societies and associations; and 501(c)(9), voluntary employees' beneficiary organizations. The matched sample facilitates tax policy and economic analysis of exempt-function and non-exempt function income and expenses of tax-exempt organizations.

## Data Sources and Limitations

The statistics in this article are based on samples of Tax Year 1993 Forms 990-T, *Exempt Organization Business Income Tax Return*, and Forms 990, *Return of Organization Exempt From Income Tax*. The Internal Revenue Service required organizations having accounting periods beginning in 1993 (and, therefore, ending between December 1993 and November 1994) to file 1993 Forms 990 and 990-T. Because the accounting periods of the organizations filing a 1993 return vary, the financial activities covered in this article span the period January 1993 through November 1994 (although the majority of activities occurred during Calendar Year 1993). The tables at the end of this article were produced from the Form 990-T sample and include most types of tax-exempt organizations. The data analyzed in the Forms 990 and 990-T Integrated Sample Match section (and presented in Figures C and D) were from matched Internal Revenue Code section 501(c)(3) through 501(c)(9) records only. As explained earlier, this matching procedure ensured that the Form 990-T sample included unrelated business income tax returns filed by any tax-exempt organizations whose information returns were selected for either of two Form 990 samples (one of section 501(c)(3) organizations and the other of section 501(c)(4) through 501(c)(9) organizations). For an explanation of the Form 990 samples, please see the data release, *Charities and Other Tax-Exempt Organizations, 1993*, in this issue. The Form 990-T sample is described below.

The population from which the 1993 Form 990-T sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1994 and 1995. The returns in the sample were stratified based on the value of gross unrelated business income (UBI). The sample of 6,451 returns was selected from a population of 33,676. After excluding returns that were selected for the

sample but later rejected, the sample size was 6,281 and the estimated population size was 32,638. Rejected returns included those which had gross UBI below the \$1,000 filing threshold, were filed only to claim a refund, or were filed for a part-year accounting period that began in a year other than 1993. (For example, a final return filed for the short period of January - June 1994 may have been computer-selected for the 1993 sample based on the criteria of having an ending accounting period that fit into the December 1993 to November 1994 range for a Tax Year 1993 return, but it would be rejected because in actuality it was a Tax Year 1994 return.)

Sampling rates ranged from a minimum of 1.4 percent (Form 990-T gross UBI was less than \$20,000 and either there was no Form 990 match or the Form 990 match was a section code 501(c)(3) return with assets under \$1,000,000) to a maximum of 100 percent (either Form 990-T gross UBI was \$300,000 or more, or it had any amount of gross UBI and matched a Form 990 with assets of \$10,000,000 or more) [18]. Other Form 990/Form 990-T matches with various ranges of gross UBI, assets, and section codes were selected at rates ranging from 1.9 percent to 40 percent. When it was determined that gross UBI was less than the \$1,000 filing threshold, the return was excluded from the study.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure E shows CV's for selected financial data. CV's are not shown for returns with gross UBI of \$300,000 or more because they were sampled at the 100-percent rate and,

**Figure E**

### Coefficients of Variation for Selected Items, Tax Year 1993

Size of gross unrelated business income	Gross unrelated business income	Total deductions	Net income	Total income tax
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
<b>Total</b> .....	<b>1.35</b>	<b>1.38</b>	<b>2.36</b>	<b>2.30</b>
\$1,000 under \$10,001 <sup>1</sup> .....	4.78	9.37	10.74	13.72
\$10,001 under \$100,000 <sup>1</sup> .....	2.22	5.89	5.68	6.86
\$100,000 under \$300,000.....	2.65	4.07	7.16	8.47
\$300,000 or more.....	N/A	N/A	N/A	N/A

<sup>1</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).  
N/A - Not applicable.

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therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue.

The data presented in this article were obtained from returns as originally filed with the IRS. They were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment, were not incorporated into the data base.

### Explanation of Selected Terms

**Advertising Income.**--Gross income realized by an exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt Activity Income.) Internal Revenue Code section 501(c)(7), (9), and (17) organizations (each described in the Appendix to this article) reported gross advertising income, as well as other types of "exploited exempt activity income," as gross receipts from sales and services. All other organizations reported this income separately.

**Capital Gain Net Income.**--Generally, organizations required to file Form 990-T (except organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

**Deductions Directly Connected With Unrelated Business Income.**--These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a "proximate and primary" relationship to the carrying on of an unrelated trade or business. Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-

financed income; those directly connected with investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from controlled organizations; those allocable to "exploited exempt activity income" other than advertising; direct advertising costs; and deductions for compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the "net operating loss" carryover; and "other deductions." Exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as "allocable to") and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, both defined below), except for two items that were required to be reported separately: the "net operating loss carryover" and the "specific deduction," also defined below.

**Deductions Not Directly Connected With Unrelated Business Income.**--The component deductions were "set-asides," "excess exempt expenses," charitable contributions, and the "specific deduction." The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with UBI were reported separately, when applicable, only by exempt organizations with gross UBI above \$10,000. (See, also, the explanations of Set-asides, Excess Exempt Expenses, and the Specific Deduction.)

**Excess Exempt Expenses.**--Two types of "excess" expenses were allowed as deductions from unrelated business income: (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of "exploited" exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization's exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not

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exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

### *Exploited Exempt Activity Income, Except Advertising.*

-In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising Income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as gross receipts from sales and services. All other organizations reported this income separately.

*Gross Profit (Less Loss) from Sales and Services.*-- This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax return schedules. For example, an Internal Revenue Code section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required return schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross Unrelated Business Income (UBI).*--This was the total gross unrelated business income (see the explanation of Unrelated Business Income), prior to reduction by

allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI, as shown on the tax return, were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss), sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; annuities, interest, rents, and royalties from controlled organizations; "exploited exempt activity" income; advertising income; and "other income" (less loss). (For an explanation of how income is allocated to the components of gross UBI, see the separate listings of each component.)

*Income from Controlled Organizations.*--When an exempt organization controls another organization, the gross interest, annuities, royalties, and rents from the controlled organization are included in the gross UBI of the controlling organization at a specified ratio, depending on whether the controlled organization is tax-exempt or not. "Control" means: (a) for a stock corporation, the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote, and ownership of at least 80 percent of the total number of shares of all other classes of stock of the corporation; or (b) for a nonstock organization, at least 80 percent of the directors or trustees of the organization are either representatives of, or directly or indirectly controlled by, a tax-exempt organization. The rules for debt-financed property did not apply to passive income from controlled organizations. (See the explanation of Unrelated Debt-financed Income.)

*Income (Less Loss) from Partnerships.*--If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income.

*Investment Income (Less Loss).*-- This item was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) (each described in the Appendix to this article) and included income such as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), and (17)

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organizations were treated as unrelated business income and were reported as "rental income." Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report "investment income (less loss)." Generally, these organizations' dividend, interest, rental and annuity income was not taxed as unrelated business income, unless it was income from a controlled organization or debt-financed income, or if the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-financed Income.)

*Net Capital Loss (Trusts Only).*--If an exempt (or nonexempt) trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. Corporations were not allowed to deduct any excesses of capital losses over capital gains. Trusts reported the net capital loss deduction on Form 990-T as a negative component of gross unrelated business income. Most of the trusts filing Forms 990-T were Individual Retirement Arrangements (IRA's); employee pension, profit sharing or stock bonus plans; and employees' beneficiary associations providing for payment of life, sickness, accident, or other benefits to members.

*Net Gain (Less Loss), Sales of Noncapital Assets.*--This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, Sales of Business Property. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties which were capital assets.

*Net Income (Less Deficit).*--This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (net income), negative (deficit), or zero. Net income represented taxable profit, which was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

*Net Operating Loss Carryover.*--The net operating loss carryover (as described in Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had

been excluded from the computation of unrelated business taxable income. A "net operating loss" represented the excess of deductions over receipts for specified prior or future years for which an organization reported an overall deficit from its unrelated trade or business income. The statistics in this article represent only the net operating loss carryover because carrybacks from future years would be reported on an amended return, not on the return as initially filed, which served as the basis for the statistics.

*Other Deductions.*--This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other Income (Less Loss).*--This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefits fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local tax payments, if the payments were previously reported as a deduction.

*Proxy Tax.*--This was a tax on certain nondeductible lobbying and political expenditures paid or incurred after December 31, 1993, by tax-exempt organizations, except Internal Revenue Code section 501(c)(3) charitable organizations. If the organization failed to notify its members regarding their share of dues to which nondeductible lobbying and political expenditures were allocable, or if the notice did not include the entire amount of dues that were allocable, then the proxy tax was imposed on the organization. It was computed as the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization's members, multiplied by the highest corporate tax rate.

*Rental Income.*--For organizations tax exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property generally were excluded in

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computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded. Any rents excluded from the explanation of "rental income" had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-financed Income.)

*Set-asides.*--These amounts were allowed to social clubs (Internal Revenue Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)) as a deduction from investment income. The deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, sick, accident, or other benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*--The specific deduction was a \$1,000 deduction, considered "not directly connected" with gross unrelated business income, allowed to all organizations which had positive taxable income after all other types of deductions were taken. If positive taxable income was less than \$1,000, then an organization could take a specific deduction equal to its taxable income.

*Total Income Tax.*--Total income tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the "proxy tax" on certain lobbying expenditures, the tax from recomputing certain prior-year credits ("recapture taxes"), the "alternative minimum tax," and the "environmental tax."

*Unrelated Business Income.*--This was income of a tax-exempt organization that was from a trade or business which was regularly carried on by the organization and which was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the

unrelated activity). The term "trade or business" generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

*Unrelated Business Income Tax.*--This was the tax imposed on unrelated business net income (taxable profit). It was determined based on the regular corporate or trust income tax rates that were in effect for the 1993 Tax Year, as specified in the 1993 *Instructions for Form 990-T, Exempt Organization Business Income Tax Return* booklet.

*Unrelated Debt-financed Income.*--Gross income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income (whether or not it was subject to the UBI tax) as "Investment Income (Less Loss)." All other organizations reported debt-financed income separately.

### Notes and References

- [1] Organizations that are determined by the Internal Revenue Service to be tax-exempt under section 501(a) of the Internal Revenue Code must file a

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Federal income tax return (Form 990-T) if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax-exempt status. Internal Revenue Code section 501(d) religious and apostolic organizations, farmers' cooperatives, and nonexempt charitable trusts treated as exempt organizations file tax forms other than Form 990-T. Returns filed by organizations with gross unrelated business income (UBI) below the filing requirement threshold (less than \$1,000) were excluded from the statistics presented in this article. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of Form 1099 backup withholding that was withheld erroneously on interest or dividend payments because the payer didn't realize that the payee was a tax-exempt organization.

- [2] While the largest share of total income tax was the tax on unrelated business income, total tax also could have included the "proxy tax" on certain lobbying expenditures, "recapture taxes" (such as from recomputation of prior-year investment or low-income housing credits), the "alternative minimum tax" (AMT), and the environmental tax. Also, the foreign tax credit, general business credit, prior-year minimum tax credit, and other credits (such as the U.S. possessions tax credit, nonconventional source fuel credit, and qualified electric vehicle credit) were subtracted from the unrelated business income tax in computing total tax.
- [3] Inflation-adjusted "constant" or "real" dollar estimates shown in Figure B were derived using the Implicit Price Deflator for Gross Domestic Product from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, January/February 1996, Volume 76, Number 1/2 (for the year 1991), and August 1996, Volume 76, Number 8, (for the years 1992 and 1993).
- [4] See Riley, Margaret, "Exempt Organization Business Income Tax Returns, 1992," *Statistics of Income Bulletin*, Spring 1996, Volume 15, Number 4, for a discussion of the effect of the Tax Year 1992 reporting requirement changes.
- [5] For a more complete description of provisions affecting tax-exempt organizations, see Commerce Clearing House, *Revenue Reconciliation Act of 1993: Law and Explanation*, August 1993.

- [6] The term "charitable" refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary or religious in nature. Organizations tax exempt under Internal Revenue Code section 501(c)(3) may engage in only an insubstantial amount of lobbying activity and they are not allowed to engage in any political activities.
- [7] Tax rates for exempt trusts were the same as those imposed on taxable trusts for Tax Year 1993. The maximum rate of 39.6 percent was created by the addition of a 10-percent surtax to the new 36-percent tax bracket. The 39.6-percent rate was imposed on trusts with taxable income in excess of \$7,500. The maximum corporate tax rate of 35 percent applied to both exempt and nonexempt corporations with taxable income in excess of \$10,000,000. An additional 3-percent tax was levied on corporate taxable income over \$15,000,000, up to a maximum of \$100,000 in additional tax.
- [8] Included in the samples were Forms 990-EZ, *Short Form Return of Organization Exempt From Income Tax*, which were allowed to be filed by smaller organizations (those with annual gross receipts of less than \$100,000 and total assets of less than \$250,000 at end of year). A small number of these returns matched Forms 990-T in the "integrated sample," but they were excluded from the analysis because they did not contain all of the detailed financial data items reported on Form 990 that were used to compile data in Figures C and D. Some items that were required to be reported separately on Form 990 were allowed to be lumped together in an "other" category on the Form 990-EZ, such as "other income."
- [9] For the most recent annual data on organizations tax-exempt under Internal Revenue Code sections 501(c)(3) (excluding private foundations and most religious organizations) through 501(c)(9), see Hilgert, Cecelia, "Charities and Other Tax-Exempt Organizations, 1993," *Statistics of Income Bulletin*, in this issue. For the most recent annual data on private foundations, see Arnsberger, Paul, "Private Foundations and Charitable Trusts, 1993," *Statistics of Income Bulletin*, Winter 1996-1997, Volume 16, Number 3. Previous articles and papers on charities and other tax-exempt organizations for the years 1974-1992 have been published in Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, and

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*Compendium of Studies of Tax-Exempt Organizations, 1986-1992, Volume 2.*

- [10] For detailed information on Statistics of Income sampling methodology for producing population estimates, see the general appendix, located near the back of this issue, particularly the Sample Criteria and Selection of Returns section and the Method of Estimation section. See, also, the Data Sources and Limitations section of this article.
- [11] Some reasons why the estimates of matched Form 990-T filings shown in Figures C and D are lower than the estimates of overall Form 990-T filings shown in Table 1 are (1) Forms 990-T and matching "short" Forms 990-EZ that were part of the integrated samples were excluded from the matched-return analysis (see footnote 8); (2) some organizations filed a Form 990-T, but did not file a Form 990 because their gross receipts were below the \$25,000 Form 990 filing threshold; (3) churches, which are tax-exempt under Internal Revenue Code section 501(c)(3), are not required to file Form 990 or Form 990-EZ, but are required to file Form 990-T if they had unrelated business income; and (4) private foundations, which are tax-exempt under section 501(c)(3), file Form 990-PF, Return of Private Foundation, not Form 990; therefore, a Form 990-T filed by a private foundation would not have a matching record in the Form 990 sample.
- [12] "Total income" is from Part I, line 12 on Form 990; "total expenses" is from Part I, line 17 on Form 990.
- [13] "Unrelated business income" is from Part I, line 13, column A on Form 990-T; "unrelated business expenses" is from the sum of Part I, line 13, column B and Part II, line 29 on Form 990-T.
- [14] In order to shift from the tax concept to the receipts and expenditures concept of income and expenses, adjustments were made to develop revised income and expense totals from both tax forms that represented, to the extent possible, the organizations' actual financial involvement in conducting current fiscal-year (1993) operations, and that were more analogous for comparing total financial activity with unrelated business financial activity. This was accomplished by (1) excluding certain items that were reported for tax purposes and were not current-year

income or expenses, or were not directly associated with the operation of a business or program, and (2) adding back to income totals (either on Form 990 or Form 990-T, as applicable) certain expense items that were allowed to be subtracted from gross income prior to calculating total income; these expense items also were added to expense totals (because the expense totals on the tax forms did not include them).

Examples of eliminated items are charitable contributions paid (reported on Forms 990 and 990-T) or received (reported on Form 990); amounts paid as "special assistance to individuals," reported on Form 990; the "specific deduction" of up to \$1,000 allowed to Form 990-T filers that had positive taxable income; the "net operating loss" carryover allowed to Form 990-T filers; and "set-asides," amounts that were actually exempt-function income, but were reported on Form 990-T as a deduction from gross investment income. (The specific deduction, net operating loss carryover, and set-asides are defined in the Explanation of Selected Terms section of this article.) Examples of increases that were made to both income and expense totals to adjust for expense items that, on the tax forms, were subtracted from gross income prior to computing total income are rental expenses that were subtracted from gross rents on Form 990; direct expenses that were subtracted from gross revenue from special events and activities on Form 990; and cost of sales and services that was subtracted from gross receipts from sales and services on Forms 990 and 990-T.

- [15] Below are the formulas used for computing adjusted total income, adjusted total expenses, adjusted unrelated business income, and adjusted unrelated business expenses shown in Figure D. A special thanks to Bob Gardiner, an Internal Revenue Service Exempt Organization Specialist in the office of Employee Plans and Exempt Organizations, for providing advice in developing these formulas and for generously sharing his technical expertise with Statistics of Income staff on many other occasions.
- Form 990 Adjusted Total Income =**  
 Total revenue (Part I, line 12)  
 + Rental expenses<sup>1</sup> (Part I, line 6b)  
 + Direct expenses from special events, other than fundraising<sup>1</sup> (Part I, line 9b)  
 + Cost of sales and services<sup>2</sup> (Part I, line 10b)

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- Contributions, gifts and grants received (Part I, line 1d)

### **Form 990 Adjusted Total Expenses =**

Total Expenses (Part I, line 17)

+ Rental expenses<sup>1</sup> (Part I, line 6b)

+ Direct expenses from special events, other than fundraising<sup>1</sup> (Part I, line 9b)

+ Cost of sales and services<sup>2</sup> (Part I, line 10b)

- Payments to affiliates (Part I, line 16)

- Grants and allocations (Part II, line 22B)

- Special assistance to individuals (Part II, line 23B)

### **Form 990-T Adjusted Unrelated Business Income =**

Gross unrelated business income (Part I, line 13A)

+ Cost of sales and services<sup>2</sup> (Part I, line 2)

- Set-asides<sup>3</sup> (Schedule G, column 4)

### **Form 990-T Adjusted Unrelated Business Expenses =**

Sum of total expenses (Part I, line 13B) and total deductions (Part II, line 29)

+ Cost of sales and services<sup>2</sup> (Part I, line 2)

- Set-asides<sup>3</sup> (Schedule G, column 4)

- Charitable contributions paid (Part II, line 20)

- Net operating loss carryover (Part II, line 31)

- Specific deduction<sup>4</sup> (Part II, line 33)

<sup>1</sup>On Form 990, these expenses were deducted from gross income prior to calculating "total revenue."

<sup>2</sup>On Forms 990 and 990-T, this expense was deducted from gross income prior to calculating "total revenue" and "gross unrelated business income."

<sup>3</sup>On Form 990-T, this amount was allowed as a deduction from gross income by Internal Revenue Code section 501(c)(7) and 501(c)(9) organizations because it was set aside

for tax-exempt purposes. The set-aside amount was considered exempt-function income. For a definition of "set-asides," see the Explanation of Selected Terms section of this article.

<sup>4</sup>This was a deduction, up to \$1,000, allowed to all organizations reporting net income on Form 990-T.

[16] To review the adjustments made to income and expenses, see footnotes 14 and 15.

[17] The various types of nonprofit charitable organizations are discussed in Hilgert, Cecelia, *op. cit.* A "publicly-supported" organization must receive at least one-third of its total support from governmental units, from contributions made directly or indirectly by the general public, or from a combination of these sources. It is organized and operated in a manner to attract new and additional public or governmental support on a continuous basis. Certain types of publicly-supported organizations, as defined by Internal Revenue Code section 509(a)(2), have an additional limit on the amount of support they may receive from total gross investment income and unrelated business income.

[18] For additional information on the Form 990 and Form 990-T integrated sample design, see Harte, James, M., and Hilgert, Cecelia H., "Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations," *Statistics of Income: Turning Administrative Systems Into Information Systems, 1993*.



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## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
401(a)	Qualified pension, profit sharing, or stock bonus plans	Fiduciary agent for pension, profit sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)(2)	Title holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness, accident, or other benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, sickness, accident, or other benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, sickness, or accident benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State chartered credit unions and mutual reserve funds	Providing loans to members

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### Appendix

#### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(21)	Black lung benefit trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multi-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit sharing, or stock bonus plans; or governmental units

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**Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All sections.....</b>	<b>32,638</b>	<b>4,694,181</b>	<b>32,152</b>	<b>5,741,420</b>	<b>27,833</b>	<b>-1,047,239</b>	<b>-1,650,831</b>	<b>14,898</b>	<b>181,437</b>
401(a).....	1,135	68,603	1,093	46,007	972	22,596	-19,411	719	15,919
408(e).....	2,425	39,270	2,261	6,484	2,425	32,786	-305	2,178	11,813
501(c)(2).....	232	35,635	232	88,672	232	-53,037	-55,303	*93	*616
501(c)(3).....	9,246	2,539,782	9,149	3,354,135	8,042	-814,353	-1,001,576	3,069	54,593
501(c)(4).....	1,745	281,218	1,745	348,681	1,354	-67,463	-84,063	459	4,095
501(c)(5).....	2,242	162,574	2,238	249,749	1,801	-87,175	-107,360	897	5,211
501(c)(6).....	5,767	662,857	5,767	822,115	4,734	-159,258	-211,988	1,804	16,737
501(c)(7).....	6,507	317,719	6,339	329,080	5,419	-11,361	-65,565	4,290	11,115
501(c)(8).....	1,087	51,550	1,087	93,363	978	-41,813	-46,360	466	844
501(c)(9).....	603	321,012	591	160,746	391	160,266	-18,842	309	57,962
501(c)(10).....	161	14,325	161	17,846	154	-3,522	-5,238	*107	*293
501(c)(11).....	--	--	--	--	--	--	--	--	--
501(c)(12).....	87	9,461	87	12,519	87	-3,058	-4,136	*12	*261
501(c)(13).....	*89	*901	*89	*1,016	*89	*-115	*-115	--	--
501(c)(14).....	*104	*6,945	*104	*10,862	*104	*-3,918	*-4,150	*89	*35
501(c)(15).....	**	**	**	**	**	**	**	**	**
501(c)(16).....	--	--	--	--	--	--	--	--	--
501(c)(17).....	**	**	**	**	**	**	**	**	**
501(c)(18).....	--	--	--	--	--	--	--	--	--
501(c)(19).....	1,203	98,843	1,203	119,987	1,047	-21,145	-26,408	401	830
501(c)(21) <sup>5</sup> .....	--	--	--	--	--	--	--	--	--
501(c)(22).....	--	--	--	--	--	--	--	--	--
501(c)(23).....	**	**	**	**	**	**	**	**	**
501(c)(24).....	--	--	--	--	--	--	--	--	--
501(c)(25).....	**	**	**	**	**	**	**	**	**
Not allocable.....	--	--	--	--	--	--	--	--	--

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.5 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$2.2 million.

<sup>5</sup> Prepaid legal service funds, described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt beginning with tax years after June 30, 1992.

NOTES: Detail may not add to totals because of rounding. See the Appendix to this article for a listing of the types of tax-exempt organizations, by the Internal Revenue Code section describing them.

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

**Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Gross UBI**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>32,638</b>	<b>4,694,181</b>	<b>32,152</b>	<b>5,741,420</b>	<b>27,833</b>	<b>-1,047,239</b>	<b>-1,650,831</b>	<b>14,898</b>	<b>181,437</b>
\$1,000 under \$10,001 <sup>5</sup> .....	13,366	54,449	12,956	81,146	10,994	-26,696	-42,587	7,112	2,779
\$10,001 under \$100,000 <sup>5</sup> .....	13,403	500,458	13,342	765,813	11,525	-265,356	-343,891	5,501	16,286
\$100,000 under \$500,000.....	4,475	972,271	4,463	1,335,235	4,056	-362,963	-461,699	1,774	26,629
\$500,000 under \$1,000,000.....	718	498,218	717	657,732	651	-159,514	-217,899	276	16,454
\$1,000,000 under \$5,000,000.....	582	1,176,687	580	1,478,994	526	-302,307	-416,305	190	37,655
\$5,000,000 or more.....	95	1,492,097	95	1,422,499	82	69,598	-168,450	45	81,634

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.5 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$2.2 million.

<sup>5</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

NOTE: Detail may not add to totals because of rounding.

**Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Net Income (Taxable Profit) or Deficit**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of net income (taxable profit) or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>32,638</b>	<b>4,694,181</b>	<b>32,152</b>	<b>5,741,420</b>	<b>27,833</b>	<b>-1,047,239</b>	<b>-1,650,831</b>	<b>14,898</b>	<b>181,437</b>
Deficit.....	12,766	2,100,122	12,766	3,750,954	12,766	-1,650,831	-1,650,831	125	1,335
Zero.....	4,805	578,994	4,805	578,994	--	--	--	26	709
\$1 under \$1,000.....	3,623	39,798	3,623	38,361	3,623	1,437	--	3,531	217
\$1,000 under \$10,000.....	7,177	216,650	6,766	187,610	7,177	29,040	--	7,003	4,757
\$10,000 under \$100,000.....	3,636	496,860	3,575	384,200	3,636	112,660	--	3,595	22,694
\$100,000 under \$500,000.....	488	320,310	475	226,071	488	94,239	--	477	28,771
\$500,000 under \$1,000,000.....	77	145,785	76	93,291	77	52,494	--	77	16,911
\$1,000,000 or more.....	67	795,663	65	481,940	67	313,723	--	65	106,043

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.5 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$2.2 million.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

**Table 4.--Returns with Positive Net Income (Taxable Profit): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income, and Total Income Tax, by Size of Gross UBI**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income		Total income tax <sup>3</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>15,067</b>	<b>2,015,065</b>	<b>14,580</b>	<b>1,411,472</b>	<b>15,067</b>	<b>603,593</b>	<b>14,747</b>	<b>179,393</b>
\$1,000 under \$10,001 <sup>4</sup> .....	7,293	28,234	6,882	12,343	7,293	15,891	7,100	2,757
\$10,001 under \$100,000 <sup>4</sup> .....	5,493	210,720	5,432	132,184	5,493	78,535	5,422	15,601
\$100,000 under \$500,000.....	1,777	385,661	1,765	286,925	1,777	98,736	1,732	25,571
\$500,000 under \$1,000,000.....	280	192,001	279	133,616	280	58,385	272	16,442
\$1,000,000 under \$5,000,000.....	187	374,310	185	260,312	187	113,998	184	37,572
\$5,000,000 or more.....	38	824,139	38	586,091	38	238,048	38	81,449

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting net income, cost of sales and services was \$561.0 million.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive net income, total proxy tax was \$0.6 million.

<sup>4</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

**Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Primary Unrelated Business Activity or Industrial Grouping**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All activities and groupings.....</b>	<b>32,638</b>	<b>4,694,181</b>	<b>32,152</b>	<b>5,741,420</b>	<b>27,833</b>	<b>-1,047,239</b>	<b>-1,650,831</b>	<b>14,898</b>	<b>181,437</b>
Agriculture, forestry, and fishing.....	286	21,937	286	48,824	262	-26,887	-28,899	184	542
Mining.....	181	16,925	181	16,107	91	818	-4,125	56	1,589
Construction.....	**	**	**	**	**	**	**	--	--
Manufacturing.....	854	155,012	854	200,977	743	-45,965	-61,093	390	4,754
Transportation and public utilities.....	381	85,878	380	119,860	294	-33,982	-36,855	38	587
Wholesale trade.....	166	9,695	166	10,998	166	-1,303	-1,789	*12	*136
Retail trade.....	3,671	383,090	3,670	593,259	3,316	-210,169	-237,382	1,604	5,350
Services.....	13,587	2,455,826	13,555	3,205,478	11,243	-749,652	-901,040	4,500	42,671
Finance, insurance, and real estate, total.....	12,191	1,505,323	11,903	1,483,374	10,411	21,951	-367,616	7,148	123,346
Unrelated debt-financed activity, except rental of real estate.....	1,466	166,360	1,385	147,759	1,382	18,601	-25,431	1,217	14,819
Investment activities of Code section 501(c)(7), (9), and (17) organizations.....	3,805	411,664	3,639	233,907	2,998	177,757	-24,722	2,716	62,515
Rental of personal property.....	1,262	45,216	1,262	69,597	1,008	-24,380	-28,180	518	715
Passive income activities with controlled organizations.....	298	35,620	259	43,650	292	-8,029	-13,256	174	1,498
Other finance, insurance, and real estate.....	5,360	846,463	5,358	988,461	4,731	-141,998	-276,027	2,523	43,799
Exploited exempt activities.....	233	44,256	233	48,133	230	-3,877	-8,292	139	921
Not allocable.....	**	**	**	**	**	**	**	827	1,539

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.5 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$2.2 million.

NOTE: Detail may not add to totals because of rounding.

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI) <sup>1</sup>			
			Gross profit (less loss) from sales and services		Capital gain net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total.....</b>	<b>32,638</b>	<b>4,694,181</b>	<b>14,518</b>	<b>2,123,820</b>	<b>562</b>	<b>141,258</b>
<b>\$1,000 under \$10,001 <sup>2</sup>.....</b>	<b>13,366</b>	<b>54,449</b>	<b>4,132</b>	<b>13,946</b>	<b>173</b>	<b>844</b>
<b>\$10,001 or more, total <sup>2,3</sup>.....</b>	<b>19,272</b>	<b>4,639,732</b>	<b>10,386</b>	<b>2,109,874</b>	<b>389</b>	<b>140,414</b>
\$10,001 under \$100,000 <sup>2</sup> .....	13,403	500,458	6,729	219,854	244	4,366
\$100,000 under \$500,000.....	4,475	972,271	2,846	509,588	87	8,504
\$500,000 under \$1,000,000.....	718	498,218	429	240,086	27	9,674
\$1,000,000 under \$5,000,000.....	582	1,176,687	335	530,430	20	21,422
\$5,000,000 or more.....	95	1,492,097	47	609,916	11	96,448

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets <sup>4</sup>		Income (less loss) from partnerships	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total.....</b>	<b>38</b>	<b>-113</b>	<b>492</b>	<b>6,567</b>	<b>2,690</b>	<b>107,967</b>
<b>\$1,000 under \$10,001 <sup>2</sup>.....</b>	<b>**</b>	<b>**</b>	<b>*25</b>	<b>*-26</b>	<b>2,119</b>	<b>5,891</b>
<b>\$10,001 or more, total <sup>2,3</sup>.....</b>	<b>**</b>	<b>**</b>	<b>466</b>	<b>6,593</b>	<b>570</b>	<b>102,076</b>
\$10,001 under \$100,000 <sup>2</sup> .....	*20	*-61	346	3,820	382	12,970
\$100,000 under \$500,000.....	9	-28	68	-323	97	8,904
\$500,000 under \$1,000,000.....	**	**	22	-624	35	885
\$1,000,000 under \$5,000,000.....	4	-12	24	371	37	24,207
\$5,000,000 or more.....	--	--	6	3,349	19	55,111

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> -- Continued					
	Rental income <sup>5</sup>		Unrelated debt-financed income		Investment income (less loss) <sup>6</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total.....</b>	<b>3,799</b>	<b>117,524</b>	<b>2,465</b>	<b>363,442</b>	<b>5,585</b>	<b>255,734</b>
<b>\$1,000 under \$10,001 <sup>2</sup>.....</b>	<b>1,297</b>	<b>4,805</b>	<b>731</b>	<b>3,952</b>	<b>2,735</b>	<b>7,035</b>
<b>\$10,001 or more, total <sup>2,3</sup>.....</b>	<b>2,502</b>	<b>112,719</b>	<b>1,734</b>	<b>359,490</b>	<b>2,850</b>	<b>248,699</b>
\$10,001 under \$100,000 <sup>2</sup> .....	1,990	39,491	1,122	26,863	1,944	25,664
\$100,000 under \$500,000.....	392	31,541	421	59,567	758	41,845
\$500,000 under \$1,000,000.....	60	14,696	84	39,413	99	23,204
\$1,000,000 under \$5,000,000.....	54	23,289	85	90,383	39	49,314
\$5,000,000 or more.....	6	3,702	22	143,264	11	108,672

Footnotes at end of table.

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued							
	Income from controlled organizations <sup>7</sup>		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Total.....</b>	<b>996</b>	<b>36,996</b>	<b>856</b>	<b>81,161</b>	<b>7,126</b>	<b>903,063</b>	<b>6,014</b>	<b>556,761</b>
<b>\$1,000 under \$10,001 <sup>2</sup>.....</b>	<b>321</b>	<b>869</b>	<b>189</b>	<b>1,123</b>	<b>2,174</b>	<b>9,948</b>	<b>1,630</b>	<b>6,067</b>
<b>\$10,001 or more, total <sup>2,3</sup>.....</b>	<b>675</b>	<b>36,128</b>	<b>667</b>	<b>80,038</b>	<b>4,953</b>	<b>893,116</b>	<b>4,384</b>	<b>550,694</b>
\$10,001 under \$100,000 <sup>2</sup> .....	464	5,755	354	6,868	3,332	88,665	2,840	66,204
\$100,000 under \$500,000.....	149	9,023	209	20,845	1,207	178,483	1,152	104,323
\$500,000 under \$1,000,000.....	31	5,251	42	10,078	194	91,758	201	63,805
\$1,000,000 under \$5,000,000.....	22	7,986	56	30,290	188	227,093	160	171,914
\$5,000,000 or more.....	9	8,113	6	11,957	32	307,117	31	144,448

<sup>\*</sup>Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>\*\*</sup>Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> For definitions of the sources of gross unrelated business income, see the Explanation of Terms section of this article.

<sup>2</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

<sup>3</sup> All organizations were required to report each income item, as shown in columns 3 through 26. However, only organizations with gross UBI over \$10,000 were required to report each deduction shown in columns 14 through 45, 48, 49, and 54 through 59 of Table 7. A total of gross UBI is shown separately for these larger organizations in order to facilitate comparison with Table 7.

<sup>4</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property which were capital assets.

<sup>5</sup> Income from real property and personal property leased with real property.

<sup>6</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>7</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.



# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total number of returns	Total deductions <sup>1,2</sup>		Organizations with gross unrelated business income (UBI) of \$10,000 or less <sup>3</sup>					
		Number of returns	Amount	Total deductions <sup>2,4</sup>		Net operating loss carryover		Specific deduction	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>32,638</b>	<b>32,152</b>	<b>5,741,420</b>	<b>12,956</b>	<b>81,146</b>	<b>1,304</b>	<b>31,199</b>	<b>8,387</b>	<b>7,556</b>
\$1,000 under \$10,001 <sup>3</sup> .....	13,366	12,956	81,146	12,956	81,146	1,304	31,199	8,387	7,556
\$10,001 under \$100,000 <sup>3</sup> .....	13,403	13,342	765,813	--	--	--	--	--	--
\$100,000 under \$500,000.....	4,475	4,463	1,335,235	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	718	717	657,732	--	--	--	--	--	--
\$1,000,000 under \$5,000,000.....	582	580	1,478,994	--	--	--	--	--	--
\$5,000,000 or more.....	95	95	1,422,499	--	--	--	--	--	--

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>4</sup>								
	Total deductions <sup>2,5</sup>		Deductions directly connected with UBI						
	Number of returns	Amount	Total		Allocable to rental income <sup>6</sup>		Allocable to unrelated debt-financed income <sup>6</sup>		Allocable to investment income <sup>6,7</sup>
Number of returns			Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total.....</b>	<b>19,196</b>	<b>5,660,274</b>	<b>18,255</b>	<b>5,347,511</b>	<b>1,165</b>	<b>70,498</b>	<b>1,550</b>	<b>370,925</b>	<b>840</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	13,342	765,813	12,550	734,980	890	23,867	978	28,060	440
\$100,000 under \$500,000.....	4,463	1,335,235	4,365	1,276,951	211	23,618	395	59,884	320
\$500,000 under \$1,000,000.....	717	657,732	690	623,531	30	8,910	80	44,777	57
\$1,000,000 under \$5,000,000.....	580	1,478,994	562	1,404,095	31	13,103	79	94,818	20
\$5,000,000 or more.....	95	1,422,499	89	1,307,955	4	1,001	18	143,386	4

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Allocable to investment income <sup>6,7</sup> --Continued	Allocable to income from controlled organizations <sup>6</sup>		Allocable to exploited exempt activity income except advertising <sup>6</sup>		Direct advertising costs <sup>6</sup>		Compensation of officers, directors, and trustees	
Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
<b>Total.....</b>	<b>19,102</b>	<b>290</b>	<b>22,618</b>	<b>523</b>	<b>67,007</b>	<b>4,617</b>	<b>717,633</b>	<b>1,791</b>	<b>39,317</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	4,656	162	3,329	239	4,436	3,086	74,862	1,087	14,758
\$100,000 under \$500,000.....	6,466	98	6,629	183	16,289	1,133	145,267	538	12,229
\$500,000 under \$1,000,000.....	2,170	16	3,245	42	8,461	188	71,269	83	3,200
\$1,000,000 under \$5,000,000.....	963	11	3,236	53	26,261	181	178,288	71	5,750
\$5,000,000 or more.....	4,848	3	6,179	6	11,561	29	247,946	13	3,380

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Salaries and wages		Repairs		Bad debts		Interest		
Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	
<b>Total.....</b>	<b>9,113</b>	<b>827,642</b>	<b>6,336</b>	<b>51,543</b>	<b>768</b>	<b>20,772</b>	<b>2,407</b>	<b>56,232</b>	
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	
\$10,001 under \$100,000 <sup>3</sup> .....	5,596	99,597	3,997	11,377	255	307	1,299	4,522	
\$100,000 under \$500,000.....	2,711	228,097	1,829	17,890	338	1,904	853	10,947	
\$500,000 under \$1,000,000.....	423	101,794	273	6,272	76	1,058	114	6,650	
\$1,000,000 under \$5,000,000.....	337	219,916	211	11,857	79	10,760	120	24,247	
\$5,000,000 or more.....	47	178,238	26	4,146	20	6,743	21	9,866	

Footnotes at end of table.

# Exempt Organization Business Income Tax Returns: Highlights and an Analysis of Exempt and Nonexempt Finances, 1993

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
<b>Total</b> .....	<b>9,589</b>	<b>138,619</b>	<b>6,557</b>	<b>120,903</b>	<b>65</b>	<b>2,356</b>	<b>691</b>	<b>7,230</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	6,424	28,979	3,995	17,404	37	467	337	425
\$100,000 under \$500,000.....	2,534	54,265	1,956	34,781	21	859	244	1,409
\$500,000 under \$1,000,000.....	342	15,408	303	16,674	} 7	1,029	58	905
\$1,000,000 under \$5,000,000.....	248	21,152	262	31,748			43	1,550
\$5,000,000 or more.....	42	18,815	42	20,296	10	2,942		

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued						Deductions not directly connected with UBI	
	Contributions to employee benefit plans		Net operating loss carryover		Other deductions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
<b>Total</b> .....	<b>3,750</b>	<b>102,698</b>	<b>5,540</b>	<b>1,311,560</b>	<b>12,157</b>	<b>1,400,857</b>	<b>9,911</b>	<b>312,761</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	1,813	5,802	3,337	275,772	7,943	136,360	6,969	30,832
\$100,000 under \$500,000.....	1,411	19,631	1,663	408,321	3,226	228,466	2,246	58,283
\$500,000 under \$1,000,000.....	267	10,858	252	167,661	496	154,215	376	34,202
\$1,000,000 under \$5,000,000.....	226	34,610	247	311,224	422	413,606	264	74,899
\$5,000,000 or more.....	34	31,796	41	148,583	60	468,210	56	114,545

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides <sup>7</sup>		Excess exempt expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>Total</b> .....	<b>7,882</b>	<b>7,520</b>	<b>1,253</b>	<b>25,608</b>	<b>298</b>	<b>122,565</b>	<b>2,036</b>	<b>157,068</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	5,666	5,344	835	3,983	169	5,684	1,229	15,821
\$100,000 under \$500,000.....	1,735	1,702	321	4,504	87	18,945	557	33,133
\$500,000 under \$1,000,000.....	273	268	46	773	22	13,805	108	19,355
\$1,000,000 under \$5,000,000.....	173	171	37	5,241	14	24,134	117	45,353
\$5,000,000 or more.....	35	35	14	11,107	6	59,998	26	43,405

<sup>1</sup> Excludes cost of sales and services which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.5 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 10 through 59.

<sup>4</sup> Excludes \$37.2 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

<sup>5</sup> Excludes \$1.5 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

<sup>6</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>7</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1994

by Margaret Riley

**T**ax-exempt “nonprofit” organizations reported \$5.4 billion of gross “unrelated business income” (UBI) on Form 990-T, *Exempt Organization Business Income Tax Return*, for Tax Year 1994 [1]. After reducing gross UBI by \$6.5 billion of allowable deductions, the resulting overall net deficit was \$1.1 billion. However, 52 percent of these 35,657 organizations, which are normally exempt from income tax under the Internal Revenue Code, reported an aggregate net taxable profit of \$643.0 million from unrelated business activities. After adjustments for other taxes and certain credits were made to the \$191.5 million of reported unrelated business income tax, nonprofit organizations incurred a total tax liability of \$195.2 million [2].

In general, income of a nonprofit organization is subject to the “unrelated business income tax” if it is produced from activities that are regularly carried on and are not substantially related to the organization’s tax-exempt purpose. There are certain exclusions to this income taxation; some examples are engaging in business activities in which substantially all of the work is performed by volunteer labor; selling merchandise that the organization received as a gift or contribution; and operating certain bingo games, as specified in the Code.

## Financial Highlights

As shown in Figure A, gross unrelated business income increased by 15 percent between 1993 and 1994. Total deductions increased by 13 percent and the amount of aggregate net loss increased by 8 percent. The number of organizations reporting taxable profit was 23 percent higher for 1994, but the total dollar amount of the profit rose by only 7 percent. (See Table 4 at the end of this data release for information on organizations reporting taxable profit.) Total income tax reported on Form 990-T was 8 percent higher for 1994, a much lower growth rate than the 37-percent increase between 1992 and 1993. The large increase for 1993 resulted mainly from new tax provisions limiting deductions for lobbying expenses, the imposition of the “proxy tax” on nondeductible lobbying expenditures, and increases in income tax rates, especially those applicable to nonprofit trusts filing Form 990-T [3]. For 1994, tax rates remained unchanged for nonprofit corporations and were lowered slightly for nonprofit trusts.

The largest portion of aggregate gross income reported

*This article was written by Margaret Riley, a statistician with the Special Studies Special Projects Section, under the direction of Michael Alexander, Chief.*

**Figure A**

## Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1993 and 1994

[Money amounts are in thousands of dollars]

Item	1993	1994	Percentage change
	(1)	(2)	(3)
<b>Number of returns, total.....</b>	<b>32,638</b>	<b>35,657</b>	<b>+9.2</b>
With net income (taxable profit).....	15,067	18,588	+23.4
Without net income (taxable profit).....	17,571	17,070	-2.9
Gross unrelated business income.....	4,694,181	5,379,838	+14.6
Total deductions.....	5,741,420	6,506,838	+13.3
Net income (less deficit).....	-1,047,239	-1,127,001	+7.6
Net income (taxable profit).....	603,593	642,953	+6.5
Deficit.....	-1,650,831	-1,769,954	+7.2
Unrelated business income tax.....	180,046	191,492	+6.4
Total income tax.....	181,437	195,191	+7.6

NOTE: Detail may not add to totals because of rounding.

on Form 990-T was \$2.7 billion of gross profit (less loss) from sales and services, which accounted for one-half of the total. (See Table 6 for the components of gross UBI, which are defined in the Explanation of Selected Terms section of this data release.) Most of the income derived from this component is from for-profit commercial activities carried on by the nonprofit organizations. Examples of some of the types of business activities that, if determined to be unrelated to the nonprofit organization’s tax-exempt mission, would generate gross profit (less loss) from sales and services are data processing services, sales of insurance to nonmembers, sales of food and beverages to nonmembers, operation of day care centers, operation of golf courses for nonmembers, operation of fitness/recreation centers, operation of parking lots, medical laboratory services, land surveying/testing services, referral services, and various amusement and recreation services.

Gross profit from sales and services increased 27 percent between 1993 and 1994. It has been gaining in importance as a source of income for nonprofits over the past few years. For the 1990 to 1994 period, this component increased gradually from 41 percent to 51 percent of total unrelated business income reported by organizations with gross UBI above \$10,000. (Prior to 1992, organizations with gross UBI of \$10,000 or less were not required to report each income item separately; only a total of gross UBI was reported.) Three-quarters of the \$2.7 billion total of gross profit (less loss) from sales and services reported for 1994 by all nonprofit organizations can be credited to charitable organizations tax-exempt under Internal Revenue Code section 501(c)(3) [4]. (See the Appendix to this data

## Unrelated Business Income of Nonprofit Organizations, 1994

release for a description of the various types of tax-exempt organizations, which are listed by Code section.) Their \$2.0 billion of revenue from this component accounted for 65 percent of their gross UBI from all sources.

The second-largest component of gross UBI for 1994 was advertising income. This item comprised 18 percent, or nearly \$1 billion, of gross unrelated business income. Organizations tax-exempt under sections 501(c)(3) and 501(c)(6) (business leagues, chambers of commerce, and real estate boards) together accounted for 84 percent of all reported advertising income. Typically, this is a major source of unrelated business income for the 501(c)(6) organizations; for 1994, it was 56 percent of their gross UBI. By contrast, advertising income was only 13 percent of gross UBI reported by the 501(c)(3) charities.

The next section contains a special analysis of unrelated business income, based on a subsample of tax returns from the Form 990-T SOI study and a counterpart subsample of information returns from the 1994 Form 990 (*Return of Organization Exempt From Income Tax*) SOI study, with both subsamples incorporating the same set of organizations [5]. While the Form 990-T sample weights were used to produce the statistics presented elsewhere in this data release, the Form 990 sample weights were used in the special analysis because any tax return that was not initially selected for the Form 990-T sample, based on established income levels and sampling rates, ultimately was included if an information return filed by the same organization was present in the Form 990 sample. In effect, the Form 990 sample was the catalyst for developing the Form 990-T subsample, from which data were used to supplement the information reported by the same organization on its Form 990. The return matching process employed to develop the two subsamples is explained in more detail in the following section.

### **Measuring Nonprofit Involvement in Unrelated Business Activities from Matched Forms 990 and 990-T**

The 1994 Statistics of Income (SOI) study samples of Form 990 and Form 990-T incorporated a special “integrated” sample matching program to gather information on “related” (tax-exempt) and “unrelated” (taxable) income and expenses for organizations that filed both forms.

Under the matching program, the Form 990-T sample included unrelated business income tax returns filed by any organizations whose Form 990 information returns were selected for either of two other SOI samples, one that included charities tax-exempt under section 501(c)(3), and a separate sample that included organizations tax-exempt under sections 501(c)(4) through 501(c)(9) [6, 7].

Returns selected for the two Form 990 samples were a determining factor in the selection of returns that were included in the integrated portion of the Form 990-T sample. The Form 990-T sample was designed so that if a return initially was not selected “in its own right” based on independent Form 990-T sampling criteria, it was subjected to further sampling based on a Forms 990/990-T matching process. Under this process, the Employer Identification Numbers (EIN’s) of Form 990-T returns that initially were not selected for the sample were compared to the EIN’s of returns selected for the two Form 990 SOI samples. When a match occurred, the matched Form 990-T was added to the independently selected Form 990-T sample. These specially matched returns, along with the independently selected Forms 990-T that also had counterparts in the Form 990 samples, formed the “integrated” portion of the Form 990-T sample. This integrated portion became the Form 990-T subsample used for the special analysis of nonprofit involvement in unrelated business activities.

Of the total 6,838 records in the Form 990-T sample, there were 4,472 that matched records in the two Form 990 samples, based on the EIN. Half of these Forms 990-T were not selected initially but became part of the sample because they subsequently matched a selected Form 990. Applying Form 990 sample weights to the matched records produced an estimated population of 20,875 organizations for analysis, as shown in Figure B [8]. To clarify, this population is estimated based on Form 990 and Form 990-T records in the SOI samples that had matching EIN’s; it is not the estimated total population of section 501(c)(3) through 501(c)(9) organizations filing Forms 990-T. The estimated total number of Forms 990-T filed for Tax Year 1994 by organizations in each of these Code section groupings is shown in Table 1 at the end of this data release [9]. The matched records provide the means for consistency in analyzing exempt-function and nonexempt-function income of organizations that are involved in unrelated business activities.

The 20,875 organizations for which statistics are shown in Figure B represent Form 990 filers that reported unrelated business income on Form 990-T. These organizations accounted for 10 percent of the 209,086 population of Code section 501(c)(3) through 501(c)(9) organizations

**Gross profit from sales and services increased 27 percent between 1993 and 1994.**

# Unrelated Business Income of Nonprofit Organizations, 1994

## Figure B

### Forms 990 and 990-T Matched Returns: Percentage of Returns Filed, by Selected Internal Revenue Code Section and the Proportion of Total Gross Receipts (TGR) Attributable to Unrelated Business Gross Receipts (UBGR), Tax Year 1994

Internal Revenue Code section <sup>2</sup>	Number of matched returns	Proportion of total gross receipts attributable to unrelated business gross receipts <sup>1</sup>							
		Less than 1 percent	1 percent under 5 percent	5 percent under 10 percent	10 percent under 25 percent	25 percent under 50 percent	50 percent under 75 percent	75 percent or more	
								Total	Over 100 percent <sup>3</sup>
Percentage of returns filed in each proportion category									
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>20,875</b>	<b>19.0</b>	<b>29.8</b>	<b>16.2</b>	<b>16.1</b>	<b>8.3</b>	<b>3.4</b>	<b>7.2</b>	<b>1.1</b>
501(c)(3).....	6,182	31.8	33.4	10.3	9.7	3.1	3.8	8.0	1.9
(4).....	1,205	6.1	13.4	9.9	7.5	6.9	1.7	54.6	6.5
(5).....	1,775	14.4	11.5	12.6	15.9	34.3	8.7	2.6	—
(6).....	5,374	7.9	31.6	21.4	23.5	9.7	3.8	2.1	0.4
(7).....	5,115	17.1	33.9	22.1	20.1	3.4	0.3	3.1	—
(8).....	652	25.2	11.7	14.7	12.9	20.6	13.2	1.8	**
(9).....	572	35.7	51.1	3.3	3.9	3.0	0.5	2.5	**

\*\*Data deleted to avoid disclosure of information for specific taxpayers.

<sup>1</sup> Total income and unrelated business income were adjusted to reflect gross receipts from current tax year (1994) operations only and to make their components more analogous for comparison. See Figure C for an explanation of "total gross receipts" and "unrelated business gross receipts."

<sup>2</sup> See the Appendix to this data release for a description of the types of organizations by Internal Revenue Code section.

<sup>3</sup> Includes 222 returns where the amount of adjusted unrelated business gross receipts reported on Form 990-T exceeded the amount of adjusted total gross receipts reported on Form 990. See text for a discussion of these returns.

NOTE: Percentages may not add to 100 because of rounding.

shown in Figure B represent Form 990 filers that reported unrelated business income on Form 990-T. These organizations accounted for 10 percent of the 209,086 population of Code section 501(c)(3) through 501(c)(9) organizations filing Form 990, based on the SOI Form 990 samples (excluding Form 990-EZ). Figure B illustrates, to a large degree, the extent to which the organizations selected for the matched Forms 990 and 990-T subsamples engaged in unrelated business activities. This is measured by the proportion of "total gross receipts" (TGR) that is derived from "unrelated business gross receipts" (UBGR). The amounts of total revenue from Form 990 and unrelated business income from Form 990-T were adjusted to make them more analogous for comparison and to include only those components that are considered to be current tax year (1994) gross receipts [10]. The formulas used to compute total gross receipts and unrelated business gross receipts are shown in Figure C.

Overall, 19 percent of the matched Form 990 and Form 990-T filers reported gross receipts from unrelated business activities that were less than 1 percent of their total gross receipts; 65 percent of the organizations reported less than 10 percent of their TGR attributable to UBGR; and about 11 percent reported UBGR that was 50 percent or more of their TGR. However, observing the different groups of organizations categorized by Code section, the percentages of returns filed vary substantially within the

## Figure C

### Formulas Used to Compute Total Gross Receipts (TGR) and Unrelated Business Gross Receipts (UBGR) Shown in Figure B

#### Form 990 Total Gross Receipts =

- Total revenue (Part I, line 12)
- + Rental expenses<sup>1</sup> (Part I, line 6b)
- + Direct expenses from special events, other than fundraising<sup>1</sup> (Part I, line 9b)
- + Cost of sales and services<sup>2</sup> (Part I, line 10b)
- Contributions, gifts, and grants received (Part I, line 1d)

#### Form 990-T Unrelated Business Gross Receipts =

- Gross unrelated business income (Part I, line 13A)
- + Cost of sales and services<sup>2</sup> (Part I, line 2)
- Set-asides<sup>3</sup> (Schedule G, column 4)

<sup>1</sup> On Form 990, these expenses were deducted from gross income prior to calculating "total revenue."

<sup>2</sup> On Forms 990 and 990-T, this expense was deducted from gross income prior to calculating "total revenue" and "gross unrelated business income."

<sup>3</sup> On Form 990-T, "set-asides" were first included in total gross unrelated business income and then subtracted from the total as an expense in computing net income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations were allowed to expense this amount because it was money set aside for tax-exempt purposes. Therefore, the set-aside amount was considered exempt-function income. For a definition of set-asides, see the Explanation of Selected Terms section of this data release.

## Unrelated Business Income of Nonprofit Organizations, 1994

tary employee beneficiary associations reported gross receipts from unrelated business activities that were less than 10 percent of their gross receipts from all sources, related and unrelated, for 1994. Sixty-one percent of the section 501(c)(6) business leagues, chambers of commerce, and real estate boards and 52 percent of the 501(c)(8) fraternal beneficiary societies and organizations also reported less than 10 percent of total receipts from UBGR.

About half of the section 501(c)(5) labor, agricultural, and horticultural organizations, and about one-third of the organizations exempt under sections 501(c)(6) and 501(c)(8) reported UBGR that was in the range of 10 percent under 50 percent of TGR. Between 7 percent and 27 percent of the returns filed by each of the remaining Code section groups of organizations fell into this range.

Slightly more than half of the 1,205 section 501(c)(4) social welfare organizations in the matched return study reported that 75 percent or more of their TGR was generated from unrelated business activities. All but six of these section 501(c)(4) organizations reported gross receipts from sales and services as the sole source of their UBGR. Virtually all of them reported their primary business activity as "amusement and recreation services" [11].

A limited review of the returns in the matched sample revealed that, in some cases, not all of the unrelated income reported on Form 990-T had been included in the total income reported on the associated Form 990, which should have included all related and unrelated income. There were an estimated 222 returns where the income reported on the Form 990-T actually was higher than that reported on the Form 990. Included in this group were 116 returns filed by section 501(c)(3) organizations, 78 filed by section 501(c)(4) organizations, 24 filed by section 501(c)(6) organizations, and 4 filed by section 501(c)(8) and 501(c)(9) organizations, combined. These latter two categories are combined to avoid the possibility of disclosure of information for specific taxpayers. There may be additional cases in which the Form 990 fails to contain the full amount of unrelated income reported on the Form 990-T, but they cannot be identified as easily as the ones discussed here [12].

The majority of these 222 returns were filed by smaller organizations, in terms of their income and asset size (94 percent had total gross receipts less than \$300,000 and 87 percent had total assets under \$600,000). In all but three cases, the organization paid a preparer to complete its Form 990-T. Statistics on whether or not a paid preparer completed the associated Form 990 are not available, but it may be assumed that the same preparer completed both returns and perhaps failed to realize that unrelated (taxable)

income should be included with related (tax-exempt) income on Form 990. It is important to note that the returns selected for SOI statistical studies are processed prior to audit procedures and taxpayer amendments; therefore, if any corrections were made to Forms 990 and 990-T as a result of these factors, they would not be represented in these statistics. It is possible that if undetected taxpayer reporting errors on either Form 990 or Form 990-T were identified and corrected, then the percentages shown in Figure B would be altered to some extent. If the matched returns where the unrelated income on Form 990-T was higher than total income on Form 990 are excluded from column (8) in Figure B, the resulting proportions for the section 501(c)(3), 501(c)(4), and 501(c)(6) organizations would be 6.1 percent, 48.1 percent, and 1.7 percent, respectively. Revised percentages for the section 501(c)(8) and

501(c)(9) organizations are not provided, once again for the reason of safeguarding taxpayer privacy.

**About half of the section 501(c)(4) social welfare organizations reported that 75 percent or more of their total gross receipts was generated from unrelated business activities.**

### Data Sources and Limitations

The statistics in this data release are based on samples of Tax Year 1994 Forms 990-T, *Exempt Organization Business Income Tax Return*, and Forms 990, *Return of Organization Exempt*

*From Income Tax*. The Internal Revenue Service required organizations having accounting periods **beginning** in 1994 (and, therefore, ending between December 1994 and November 1995) to file 1994 Forms 990 and 990-T. Because the accounting periods of the organizations filing a 1994 return vary, the financial activities covered in this data release span the period January 1994 through November 1995 (although the majority of activities occurred during Calendar Year 1994). The tables at the end of this data release were produced from the Form 990-T sample and include most types of tax-exempt organizations. The data analyzed in the section titled Measuring Nonprofit Involvement in Unrelated Business Activities from Matched Forms 990 and 990-T (and presented in Figure B) were from matched Internal Revenue Code section 501(c)(3) through 501(c)(9) records only. As explained earlier, this matching procedure ensured that the Form 990-T sample included unrelated business income tax returns filed by any tax-exempt organizations whose information

# Unrelated Business Income of Nonprofit Organizations, 1994

returns were selected for either of two Form 990 samples (one of section 501(c)(3) organizations and the other of section 501(c)(4) through 501(c)(9) organizations). For an explanation of the Form 990 samples, see the Data Sources and Limitations section of the article, "Charities and Other Tax-Exempt Organizations, 1994," in this issue of the *Statistics of Income Bulletin*. The Form 990-T sample is described below.

The population from which the 1994 Form 990-T sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1995 and 1996. The returns in the sample were stratified based on the size of gross unrelated business income (UBI). The sample of 6,838 returns was selected from a population of 36,046. After excluding returns that were selected for the sample but later rejected, the sample size was 6,791 and the estimated population size was 35,657. Rejected returns included those which had gross UBI below the \$1,000 filing threshold, were filed only to claim a refund, or were filed for a part-year accounting period that began in a year other than 1994. (For example, a final return filed for the short period of January to June 1995 may have been computer-selected for the 1994 sample based on the criteria of having an ending accounting period that fit into the December 1994 to November 1995 range for a Tax Year 1994 return, but it would have been rejected because, in actuality, it was a Tax Year 1995 return.)

Sampling rates ranged from a minimum of 2.6 percent (Form 990-T gross UBI was less than \$20,000, and either there was no Form 990 match or the Form 990 match was a section code 501(c)(3) return with assets under \$2,500,000) to a maximum of 100 percent (either Form 990-T gross UBI was \$300,000 or more, or it had any amount of gross UBI and matched a Form 990 with assets of \$10,000,000 or more) [13]. Other Forms 990/990-T matches within various ranges of gross UBI, assets, and section codes were selected at rates ranging from 4 percent to 40 percent.

The information presented in this data release was obtained from returns as originally filed with the IRS. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the database.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure D shows CV's for selected financial data.

CV's are not shown for returns with gross UBI of \$500,000 or more because they were sampled at the 100-percent rate and, therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue of the *Statistics of Income Bulletin*.

## Explanation of Selected Terms

**Advertising Income.**--Gross income realized by an exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt Activity Income.) Internal Revenue Code section 501(c)(7), (9), and (17) organizations (each described in the Appendix to this data release) reported gross advertising income, as well as other types of "exploited exempt activity income," as gross receipts from sales and services. All other organizations reported this income separately.

**Capital Gain Net Income.**--Generally, organizations required to file Form 990-T (except organizations exempt

**Figure D**

### Coefficients of Variation for Selected Items, Tax Year 1994

Size of gross unrelated business income	Gross unrelated business income	Total deductions	Net income (taxable profit)	Total income tax
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
<b>Total</b> .....	<b>1.10</b>	<b>1.40</b>	<b>1.44</b>	<b>1.44</b>
\$1,000 under \$10,001 <sup>1</sup> .....	3.47	8.28	7.19	7.16
\$10,001 under \$100,000 <sup>1</sup> .....	1.63	4.66	5.30	6.63
\$100,000 under \$500,000.....	0.96	4.54	3.72	4.01
\$500,000 or more.....	N/A	N/A	N/A	N/A

<sup>1</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

N/A - Not applicable.

## Unrelated Business Income of Nonprofit Organizations, 1994

under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

*Deductions Directly Connected With Unrelated Business Income.*--These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a "proximate and primary" relationship to the carrying on of an unrelated trade or business. Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-financed income; those directly connected with investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from controlled organizations; those allocable to "exploited exempt activity income" other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the "net operating loss" carryover; and "other deductions." Exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as "allocable to") and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, each defined below), except for two items that were required to be reported separately: the "net operating loss carryover" and the "specific deduction," also defined below.

*Deductions Not Directly Connected With Unrelated Business Income.*--The component deductions were "set-asides," "excess exempt expenses," charitable contributions, and the "specific deduction." The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with UBI were reported separately, when applicable, only by exempt organizations

with gross UBI above \$10,000. (See, also, the explanations of Set-asides, Excess Exempt Expenses, and the Specific Deduction.)

*Excess Exempt Expenses.*--The two types of "excess" expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of "exploited" exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization's exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

*Exploited Exempt Activity Income, Except Advertising.*--In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising Income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as gross receipts from sales and services. All other organizations reported this income separately.



## Unrelated Business Income of Nonprofit Organizations, 1994

*Gross Profit (Less Loss) from Sales and Services.*--This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax return schedules. For example, an Internal Revenue Code section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required return schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross Unrelated Business Income (UBI).*--This was the total gross unrelated business income (see the explanation of Unrelated Business Income), prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI, as shown on the tax return, were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss), sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; annuities, interest, rents, and royalties from controlled organizations; "exploited exempt activity" income; advertising income; and "other income" (less loss). (For an explanation of how income is allocated to the components of gross UBI, see the separate listings for each component.)

*Income from Controlled Organizations.*--When an exempt organization controls another organization, the gross annuities, interest, rents, and royalties from the controlled organization are included in the gross UBI of the controlling organization at a specified ratio, depending on whether the controlled organization is tax-exempt or not. "Control" means: (a) for a stock corporation, the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote, and ownership of at least 80 percent of the total number of shares of all other classes of stock of the corporation; or (b) for a nonstock organization, at least 80 percent of the directors or trustees of the organization are either representatives of, or directly or indirectly controlled by, a tax-exempt organization. The rules for debt-financed property did not apply to passive income from controlled

organizations. (See the explanation of Unrelated Debt-financed Income.)

*Income (Less Loss) from Partnerships.*--If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income.

*Investment Income (Less Loss).*-- This item was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) (each described in the Appendix to this data release) and included income such as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as "rental income." Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report "investment income (less loss)." Generally, these organizations' investment income (dividends, interest, rents, and annuities) and royalty income were not taxed as unrelated business income, unless it was income from a controlled organization (excluding dividends) or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-financed Income.)

*Net Capital Loss (Trusts Only).*--If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Corporations were not allowed to deduct any excesses of capital losses over capital gains.) Trusts reported the net capital loss deduction on Form 990-T as a negative component of gross unrelated business income. Most of the trusts filing Forms 990-T were Individual Retirement Arrangements (IRA's); employee pension, profit-sharing, or stock bonus plans; and employees' beneficiary associations providing for payment of life, health, accident, or other benefits to members.

*Net Gain (Less Loss), Sales of Noncapital Assets.*--This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

## Unrelated Business Income of Nonprofit Organizations, 1994

*Net Income (Less Deficit).*--This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (net income), negative (deficit), or zero. Net income represented taxable profit, which was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

*Net Operating Loss Carryover.*--The net operating loss carryover (as described in Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A "net operating loss" represented the excess of deductions over receipts for specified prior or future years for which an organization reported an overall deficit from its unrelated trade or business activities. The statistics in this data release represent only the net operating loss carryover because carrybacks from future years would be reported on an amended return, not on the return as initially filed, which served as the basis for the statistics.

*Other Deductions.*--This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other Income (Less Loss).*--This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefits fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local tax payments, if the payments were previously reported as a deduction.

*Proxy Tax.*--This was a tax on certain nondeductible lobbying and political expenditures paid or incurred after December 31, 1993, by organizations that were tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5),

and 501(c)(6). If the organization failed to notify its members regarding their shares of dues to which nondeductible lobbying and political expenditures were allocable, or if the notice did not include the entire amount of dues that were allocable, then the proxy tax was imposed on the organization. It was computed as the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization's members, multiplied by 35 percent. The proxy tax was required to be reported on Form 990-T and was included in total income tax; however, there was no connection between the proxy tax and the taxation of income from an organization's unrelated business activities. Forms 990-T filed solely to report the proxy tax (no unrelated business income (UBI) reported) were excluded from the SOI sample. Organizations whose returns were included in the SOI sample reported an aggregate \$4.5 million of proxy tax. Based on an unpublished tabulation of data from the IRS Returns Transaction File, a total of \$11.3 million of proxy tax was reported on Forms 990-T filed for Tax Year 1994.

*Rental Income.*--For organizations tax exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property, if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property generally were excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded. Any rents excluded from the explanation of "rental income" had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-financed Income.)

*Set-asides.*--These amounts were allowed to social clubs (Internal Revenue Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)) as a deduction from investment income. The

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deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*--The specific deduction was a \$1,000 deduction, considered "not directly connected" with gross unrelated business income, allowed to all organizations that had positive taxable income after all other types of deductions were taken. If positive taxable income was less than \$1,000, then an organization could take a specific deduction equal to its taxable income.

*Total Income Tax.*--Total income tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the "proxy tax" on certain lobbying expenditures, the tax from recomputing certain prior-year credits ("recapture taxes"), the "alternative minimum tax," and the "environmental tax."

*Unrelated Business Income.*--This was income of a tax-exempt organization that was from a trade or business which was regularly carried on by the organization and which was not substantially related to the performance of the organization's exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term "trade or business" generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

*Unrelated Business Income Tax.*--This was the tax imposed on unrelated business net income (taxable profit). It was determined based on the regular corporate or trust income tax rates that were in effect for the 1994 Tax Year, as shown in the following schedules.

## Tax Rates for Corporations (Section 11 of the Internal Revenue Code)

Amount of unrelated business taxable income is:

Over--	But not over--	Tax is:	Of the amount over--
\$ 0	\$50,000	15%	\$0
50,000	75,000	\$7,500+25%	50,000
75,000	100,000	13,750+34%	75,000
100,000	335,000	22,250+39%	100,000
335,000	10,000,000	113,900+34%	335,000
10,000,000	15,000,000	3,400,000+35%	10,000,000
15,000,000	18,333,333	5,150,000+38%	15,000,000
18,333,333	--	35%	0

## Tax Rates for Trusts (Section 1(e) of the Internal Revenue Code)

Amount of unrelated business taxable income is:

Over--	But not over--	Tax is:	Of the amount over--
\$0	\$1,500	15%	\$0
1,500	3,600	\$225+28%	1,500
3,600	5,500	813+31%	3,600
5,500	7,500	1,402+36%	5,500
7,500	--	2,122+39.6%	7,500

*Unrelated Debt-financed Income.*--Gross income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was

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considered debt-financed property, and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income as “Investment Income (Less Loss).” All other organizations reported debt-financed income separately.

### Notes and References

- [1] Organizations that are recognized as tax exempt under section 501(a) of the Internal Revenue Code, and described in Code sections 401(a), 408(e), and 501(c), must file a Federal income tax return (Form 990-T) if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax-exempt status. Code section 501(d) religious and apostolic organizations, farmers’ cooperatives, and nonexempt charitable trusts treated as exempt organizations file tax forms other than Form 990-T. Returns filed by organizations with gross unrelated business income (UBI) below the \$1,000 filing requirement threshold were excluded from the statistics presented in this data release. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of Form 1099 backup withholding that was withheld erroneously on interest or dividend payments because the payer did not realize that the payee was a tax-exempt organization.
- [2] While the largest share of total income tax was the tax on unrelated business income, total tax also could have included the “proxy tax” on certain lobbying expenditures, “recapture taxes” (such as from recomputation of prior-year investment or low-income housing credits), the “alternative minimum tax” (AMT), and the environmental tax. Also, the foreign tax credit, general business credit, prior-year minimum tax credit, and other credits (such as the U.S. possessions tax credit, nonconventional source fuel credit, and qualified electric vehicle credit) were subtracted from unrelated business income tax in computing total tax. Total applied credits for 1994 were \$1.9 million and total additional taxes were \$5.6 million. The amount of additional taxes is under-

stated because Forms 990-T filed solely to report the proxy tax (no unrelated business income was reported) were excluded from the SOI sample and, therefore, are not represented in these statistics. Based on returns in the SOI sample, the amount of the proxy tax included in total income tax was \$4.5 million. Based on an unpublished tabulation of data from the IRS Returns Transaction File, the total amount of proxy tax reported on all Forms 990-T filed for Tax Year 1994 was \$11.3 million. The proxy tax was required to be reported on the Form 990-T and was included in total income tax; however, there was no connection between the proxy tax and the taxation of income from an organization’s unrelated business activities. The proxy tax is defined in the Explanation of Selected Terms section of this data release.

- [3] See Riley, Margaret, “Exempt Organization Business Income Tax Returns, 1993: Highlights and an Analysis of Exempt and Nonexempt Finances,” *Statistics of Income Bulletin*, Spring 1997, Volume 16, Number 4, for a discussion of the effect of the Revenue Reconciliation Act of 1993 on nonprofit organizations.
- [4] The term “charitable” refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature.
- [5] Public disclosure of data from the Form 990 “information” return is allowed under Internal Revenue Code section 6104(b), with the exception of information on contributors. Public disclosure of specific taxpayer data from Form 990-T is not allowed because it is a “tax” return and, as such, is covered by the confidentiality and disclosure provisions of Code section 6103.
- [6] In addition to Forms 990, the samples included Forms 990-EZ, *Short Form Return of Organization Exempt From Income Tax*, which were allowed to be filed by smaller organizations (those with annual gross receipts of less than \$100,000 and total assets of less than \$250,000 at end of year). A small number of these returns matched Forms 990-T in the integrated sample, but they were excluded from the analysis because they did not contain all of the detailed financial data items reported on Form 990 that are needed for comparison with Form 990-T financial data. Some items that were required to be reported separately on Form 990 were allowed to be lumped together in an

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“other” category on the Form 990-EZ, such as “other income.”

- [7] For the most recent Form 990 annual data on organizations tax-exempt under Internal Revenue Code sections 501(c)(3) (excluding private foundations and most religious organizations) through 501(c)(9), see Hilgert, Cecelia, “Charities and Other Tax-Exempt Organizations, 1994,” in this issue of the *Statistics of Income Bulletin*. Private foundations, tax exempt under Code section 501(c)(3), are required to file Form 990-PF (*Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*), rather than Form 990. For the most recent annual data on private foundations, see Arnsberger, Paul, “Private Foundations and Charitable Trusts, 1994,” *Statistics of Income Bulletin*, Fall 1997, Volume 17, Number 2. Private foundations were required to report taxable income on Forms 990-T, but this type of organization was not included in the integrated sample design. “Nonexempt charitable trusts” (described in Code section 4947(a)(1)) that filed the Form 990-PF information return for 1994 were required to report taxable income on Form 1041, *U.S. Fiduciary Income Tax Return*, not Form 990-T.
- [8] The Form 990 sample weights, rather than the Form 990-T sample weights, were used to produce matched record population estimates presented in this section of the data release. The matched data represent Form 990-T information reported only by those organizations whose returns were selected for the Form 990 samples, which are not all inclusive of the types of organizations that may be required to file Form 990-T. Some tax-exempt organizations file Form 990-T but do not file Form 990. See footnote 9, items (2), (3), and (4), for a description of those organizations. Form 990-T sample weights were used to produce the estimates presented elsewhere in this data release. Because Figure B is based on Form 990 sample weights, and the statistics presented in all other sections of this data release are based on Form 990-T sample weights, Figure B should not be compared to the data shown in Figure A or Tables 1 through 7. For detailed information on Statistics of Income sampling methodology for producing population estimates, see the general appendix, located near the back of this issue of the *Statistics of Income Bulletin*, particularly the Sample Criteria and Selection of Returns section and the Method of Estimation section. See, also, the Data Sources and Limitations section of this data release.
- [9] Some reasons why the estimates of matched Form 990-T filings shown in Figure B (produced using Form 990 sample weights) are lower than the estimates of overall Form 990-T filings shown in Table 1 (produced using Form 990-T sample weights) are (1) Forms 990-T and matching “short” Forms 990-EZ that were part of the integrated samples were excluded from the matched-return analysis (see footnote 6); (2) some organizations filed a Form 990-T, but did not file a Form 990 because their gross receipts were below the \$25,000 Form 990 filing threshold; (3) churches, which are tax-exempt under Internal Revenue Code section 501(c)(3), are not required to file Form 990 or Form 990-EZ, but are required to file Form 990-T if they had unrelated business income; and (4) private foundations, which are tax-exempt under section 501(c)(3), file Form 990-PF, not Form 990; therefore, a Form 990-T filed by a private foundation would not have a matching record in the Form 990 sample.
- [10] In order to shift from a tax concept to a “receipts and expenditures” concept of income and expenses, adjustments were made to develop revised income totals from both tax forms that represented, to the extent possible, the organizations’ actual financial involvement in conducting current tax year (1994) operations, and that were more analogous for comparing total financial activity with unrelated business financial activity. This was accomplished by (1) excluding certain items that were reported for tax purposes and were not current-year income, or were not directly associated with the operation of a business or program, and (2) adding back to income totals (either on Form 990 or Form 990-T, as applicable) certain expense items that were allowed to be subtracted from gross income prior to calculating total income.
- [11] Organizations filing a Form 990-T for 1994 were required to enter at least one, and up to three, industry codes for their principal business activities, based on the amount of gross unrelated business income they generated. If an organization engaged in more than one type of activity, it was instructed to list the code for the largest (primary) unrelated activity (in terms of gross income) first, then the codes for the next two largest activities, in descending order.

## Unrelated Business Income of Nonprofit Organizations, 1994

[12] Running a simple computerized query against the database of matched records can list cases where Form 990-T unrelated business income was larger than Form 990 total income. It is obvious in these cases that at least some unrelated income was not included on Form 990. However, when total income on Form 990 is larger than unrelated income on the Form 990-T (which is the expected norm), there are no other specific reporting characteristics available for use in a database query that would easily identify cases where unrelated business income was reported on one return, but not the other. An actual examination of each Form 990/Form 990-T pair of returns would be necessary. (The returns used for this study

were those originally filed with the IRS and processed prior to any audit or examination procedures.) Total unrelated business income and its components are required to be entered in Form 990's Part VII, Analysis of Income-Producing Activities, but the reporting has been fairly poor and has proven to be inadequate for research purposes thus far.

[13] For additional information on the Form 990 and Form 990-T integrated sample design, see Harte, James M., and Hilgert, Cecelia H., "Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations," *Statistics of Income: Turning Administrative Systems Into Information Systems*, 1993.

# Unrelated Business Income of Nonprofit Organizations, 1994

## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, health, accident, or other benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual reserve funds	Providing loans to members

# Unrelated Business Income of Nonprofit Organizations, 1994

## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(21)	Black lung benefit trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multi-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units

NOTE: Prepaid legal service funds, described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt beginning with tax years after June 30, 1992.



# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All sections.....</b>	<b>35,657</b>	<b>5,379,838</b>	<b>35,418</b>	<b>6,506,838</b>	<b>31,339</b>	<b>-1,127,001</b>	<b>-1,769,954</b>	<b>18,594</b>	<b>195,191</b>
401(a).....	988	124,603	988	35,734	925	88,869	-12,886	875	34,325
408(e).....	5,330	30,518	5,289	20,334	5,248	10,184	-4,466	5,043	4,025
501(c)(2).....	182	44,957	178	103,917	175	-58,960	-61,167	*97	*611
501(c)(3).....	9,277	3,119,920	9,267	4,075,056	8,145	-955,136	-1,174,048	2,967	64,695
501(c)(4).....	1,498	249,859	1,498	290,072	1,367	-40,213	-55,065	579	3,888
501(c)(5).....	2,625	193,605	2,579	263,804	2,110	-70,200	-92,271	1,120	5,465
501(c)(6).....	5,962	704,015	5,962	867,016	4,863	-163,002	-217,972	2,023	18,207
501(c)(7).....	6,447	355,059	6,325	364,027	5,780	-8,968	-70,552	4,530	12,927
501(c)(8).....	929	53,789	928	72,481	805	-18,691	-24,666	392	814
501(c)(9).....	653	271,125	640	157,928	420	113,197	-9,550	362	43,403
501(c)(10).....	251	10,620	251	11,986	169	-1,366	-2,581	*108	*219
501(c)(11).....	--	--	--	--	--	--	--	--	--
501(c)(12).....	118	13,551	117	14,192	118	-641	-4,431	63	899
501(c)(13).....	*32	*2,011	*32	*2,025	*11	*-14	*-31	*4	*3
501(c)(14).....	*73	*8,089	*73	*11,075	*73	*-2,986	*-3,456	*61	*70
501(c)(15).....	**	**	**	**	**	**	**	**	**
501(c)(16).....	--	--	--	--	--	--	--	--	--
501(c)(17).....	**	**	**	**	**	**	**	**	**
501(c)(18).....	**	**	**	**	**	**	**	**	**
501(c)(19).....	1,281	110,992	1,281	137,366	1,117	-26,374	-32,239	357	1,051
501(c)(21) <sup>5</sup> .....	--	--	--	--	--	--	--	--	--
501(c)(22).....	--	--	--	--	--	--	--	--	--
501(c)(23).....	**	**	**	**	**	**	**	**	**
501(c)(24).....	--	--	--	--	--	--	--	--	--
501(c)(25).....	*6	*12,868	*5	*2,217	*6	*10,651	**	*6	*4,153

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.6 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$4.5 million.

<sup>5</sup> Prepaid legal service funds, described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt beginning with tax years after June 30, 1992.

NOTES: Detail may not add to totals because of rounding. See the Appendix to this data release for a listing of the types of tax-exempt organizations, by the Internal Revenue Code section describing them.

# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Gross UBI**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>35,657</b>	<b>5,379,838</b>	<b>35,418</b>	<b>6,506,838</b>	<b>31,339</b>	<b>-1,127,001</b>	<b>-1,769,954</b>	<b>18,594</b>	<b>195,191</b>
\$1,000 under \$10,001 <sup>5</sup> .....	15,646	61,354	15,437	94,286	13,400	-32,932	-50,744	9,589	4,314
\$10,001 under \$100,000 <sup>5</sup> .....	13,658	511,823	13,648	746,992	12,194	-235,169	-324,640	6,401	18,438
\$100,000 under \$500,000.....	4,804	1,022,159	4,786	1,403,094	4,337	-380,935	-484,367	2,011	27,956
\$500,000 under \$1,000,000.....	790	550,119	790	702,665	720	-152,546	-204,398	321	16,292
\$1,000,000 under \$5,000,000.....	653	1,286,340	651	1,670,209	593	-383,869	-502,288	232	41,159
\$5,000,000 or more.....	107	1,948,043	106	1,889,593	94	58,450	-203,516	40	87,032

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.6 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$4.5 million.

<sup>5</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

**Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Net Income (Taxable Profit) or Deficit**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of net income (taxable profit) or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>35,657</b>	<b>5,379,838</b>	<b>35,418</b>	<b>6,506,838</b>	<b>31,339</b>	<b>-1,127,001</b>	<b>-1,769,954</b>	<b>18,594</b>	<b>195,191</b>
Deficit.....	12,751	2,347,296	12,751	4,117,250	12,751	-1,769,954	-1,769,954	179	2,901
Zero.....	4,319	570,087	4,319	570,087	--	--	--	31	187
\$1 under \$1,000.....	5,447	46,607	5,447	43,872	5,447	2,735	--	5,329	467
\$1,000 under \$10,000.....	7,997	238,675	7,788	207,801	7,997	30,873	--	7,942	5,323
\$10,000 under \$100,000.....	4,490	569,750	4,481	439,809	4,490	129,940	--	4,463	25,787
\$100,000 under \$500,000.....	521	368,820	504	267,901	521	100,919	--	520	32,987
\$500,000 under \$1,000,000.....	67	101,252	67	57,369	67	43,883	--	66	15,292
\$1,000,000 or more.....	65	1,137,353	62	802,749	65	334,603	--	64	112,247

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.6 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$4.5 million.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 4.--Returns with Positive Net Income (Taxable Profit): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Taxable Profit), and Total Income Tax, by Size of Gross UBI**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (taxable profit)		Total income tax <sup>3</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>18,588</b>	<b>2,462,455</b>	<b>18,348</b>	<b>1,819,501</b>	<b>18,588</b>	<b>642,953</b>	<b>18,384</b>	<b>192,103</b>
\$1,000 under \$10,001 <sup>4</sup> .....	9,675	33,289	9,466	15,476	9,675	17,813	9,564	3,187
\$10,001 under \$100,000 <sup>4</sup> .....	6,365	231,972	6,356	142,501	6,365	89,471	6,304	18,110
\$100,000 under \$500,000.....	1,981	412,053	1,964	308,621	1,981	103,432	1,957	27,371
\$500,000 under \$1,000,000.....	310	213,951	310	162,099	310	51,852	308	16,152
\$1,000,000 under \$5,000,000.....	222	429,214	220	310,795	222	118,419	218	40,742
\$5,000,000 or more.....	34	1,141,976	33	880,010	34	261,966	34	86,541

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting net income, cost of sales and services was \$659.2 million.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive net income, total proxy tax was \$1.9 million.

<sup>4</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Primary Unrelated Business Activity or Industrial Grouping**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All activities and groupings.....</b>	<b>35,657</b>	<b>5,379,838</b>	<b>35,418</b>	<b>6,506,838</b>	<b>31,339</b>	<b>-1,127,001</b>	<b>-1,769,954</b>	<b>18,594</b>	<b>195,191</b>
Agriculture, forestry, and fishing.....	421	19,613	421	54,923	378	-35,310	-36,330	83	247
Mining.....	121	21,691	121	18,578	78	3,113	-4,224	58	2,554
Construction.....	**	**	**	**	**	**	**	**	**
Manufacturing.....	951	161,157	951	213,537	837	-52,379	-65,397	346	4,186
Transportation and public utilities.....	471	94,373	470	145,753	423	-51,379	-54,918	163	1,111
Wholesale trade.....	67	12,965	67	13,116	47	-152	-965	*11	*193
Retail trade.....	3,749	492,495	3,749	645,092	3,400	-152,598	-207,160	1,456	15,416
Services.....	13,949	2,658,065	13,862	3,449,148	11,580	-791,084	-938,412	5,162	41,192
Finance, insurance, and real estate, total.....	12,855	1,850,040	12,745	1,890,335	11,628	-40,294	-448,229	8,588	128,815
Unrelated debt-financed activity, except rental of real estate.....	614	119,081	614	121,212	555	-2,132	-16,989	449	4,694
Investment activities of Code section 501(c)(7), (9), and (17) organizations.....	3,778	378,988	3,722	239,448	3,278	139,540	-11,347	2,969	48,843
Rental of personal property.....	896	39,156	896	62,878	824	-23,722	-27,335	511	559
Passive income activities with controlled organizations.....	434	31,102	429	36,450	406	-5,347	-11,981	345	1,798
Other finance, insurance, and real estate.....	7,133	1,281,713	7,084	1,430,347	6,565	-148,633	-380,577	4,314	72,921
Exploited exempt activities.....	326	46,950	326	55,717	261	-8,767	-12,693	163	811
Not allocable.....	**	**	**	**	**	**	**	**	**

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.6 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$4.5 million.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI) <sup>1</sup>			
			Gross profit (less loss) from sales and services		Capital gain net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>35,657</b>	<b>5,379,838</b>	<b>14,147</b>	<b>2,700,302</b>	<b>513</b>	<b>144,612</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>15,646</b>	<b>61,354</b>	<b>3,438</b>	<b>11,741</b>	<b>254</b>	<b>562</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>20,011</b>	<b>5,318,483</b>	<b>10,709</b>	<b>2,688,560</b>	<b>259</b>	<b>144,050</b>
\$10,001 under \$100,000 <sup>2</sup> .....	13,658	511,823	6,735	219,653	101	2,053
\$100,000 under \$500,000.....	4,804	1,022,159	3,039	537,567	96	6,348
\$500,000 under \$1,000,000.....	790	550,119	480	272,464	23	6,772
\$1,000,000 under \$5,000,000.....	653	1,286,340	394	611,203	29	23,614
\$5,000,000 or more.....	107	1,948,043	60	1,047,674	10	105,263

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets <sup>4</sup>		Income (less loss) from partnerships	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total</b> .....	<b>78</b>	<b>-242</b>	<b>309</b>	<b>3,644</b>	<b>6,295</b>	<b>134,379</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	**	**	**	**	<b>5,333</b>	<b>14,652</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	**	**	**	**	<b>962</b>	<b>119,726</b>
\$10,001 under \$100,000 <sup>2</sup> .....	*47	*-142	99	394	759	18,040
\$100,000 under \$500,000.....	**	**	**	**	115	9,644
\$500,000 under \$1,000,000.....	5	-28	14	395	24	1,710
\$1,000,000 under \$5,000,000.....	11	-33	23	2,890	48	20,183
\$5,000,000 or more.....	**	**	**	**	16	70,149

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> -- Continued					
	Rental income <sup>5</sup>		Unrelated debt-financed income		Investment income (less loss) <sup>6</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total</b> .....	<b>3,722</b>	<b>120,912</b>	<b>2,358</b>	<b>347,868</b>	<b>5,566</b>	<b>274,450</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>1,221</b>	<b>4,638</b>	<b>594</b>	<b>2,515</b>	<b>2,588</b>	<b>8,488</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>2,500</b>	<b>116,274</b>	<b>1,764</b>	<b>345,353</b>	<b>2,978</b>	<b>265,962</b>
\$10,001 under \$100,000 <sup>2</sup> .....	1,893	37,814	1,115	32,775	1,990	27,676
\$100,000 under \$500,000.....	464	35,192	449	54,276	805	47,896
\$500,000 under \$1,000,000.....	74	18,463	86	30,992	120	36,553
\$1,000,000 under \$5,000,000.....	61	20,417	94	93,203	53	61,752
\$5,000,000 or more.....	8	4,388	20	134,106	10	92,083

Footnotes at end of table.

# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued							
	Income from controlled organizations <sup>7</sup>		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Total.....</b>	<b>1,376</b>	<b>45,506</b>	<b>801</b>	<b>89,535</b>	<b>7,582</b>	<b>942,711</b>	<b>6,333</b>	<b>576,161</b>
<b>\$1,000 under \$10,001 <sup>2</sup>.....</b>	<b>550</b>	<b>1,399</b>	<b>154</b>	<b>933</b>	<b>2,622</b>	<b>11,391</b>	<b>1,475</b>	<b>4,946</b>
<b>\$10,001 or more, total <sup>2,3</sup>.....</b>	<b>826</b>	<b>44,106</b>	<b>646</b>	<b>88,603</b>	<b>4,960</b>	<b>931,320</b>	<b>4,858</b>	<b>571,215</b>
\$10,001 under \$100,000 <sup>2</sup> .....	569	6,844	280	4,980	3,270	90,690	3,192	71,046
\$100,000 under \$500,000.....	190	13,961	243	23,641	1,239	183,704	1,236	110,001
\$500,000 under \$1,000,000.....	22	3,375	61	17,387	219	100,563	222	61,473
\$1,000,000 under \$5,000,000.....	36	11,453	54	29,265	200	245,473	176	166,920
\$5,000,000 or more.....	9	8,473	8	13,330	32	310,890	32	161,775

<sup>\*</sup>Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>\*\*</sup>Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> For definitions of the sources of gross unrelated business income, see the Explanation of Selected Terms section of this data release.

<sup>2</sup> The gross unrelated business income (UBI) brackets of \$1,000 under \$10,001 and \$10,001 under \$100,000 reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

<sup>3</sup> All organizations were required to report each income item, as shown in columns 3 through 26. However, only organizations with gross UBI over \$10,000 were required to report each deduction shown in columns 14 through 45, 48, 49, and 54 through 59 of Table 7. A total of gross UBI is shown separately for these larger organizations in order to facilitate comparison with Table 7.

<sup>4</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property, which were capital assets.

<sup>5</sup> Income from real property and personal property leased with real property.

<sup>6</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>7</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Total number of returns	Total deductions <sup>1,2</sup>		Organizations with gross unrelated business income (UBI) of \$10,000 or less <sup>3</sup>					
		Number of returns	Amount	Total deductions <sup>2,4</sup>		Net operating loss carryover		Specific deduction	
				Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>35,657</b>	<b>35,418</b>	<b>6,506,838</b>	<b>15,437</b>	<b>94,286</b>	<b>2,782</b>	<b>34,680</b>	<b>10,739</b>	<b>10,208</b>
\$1,000 under \$10,001 <sup>5</sup> .....	15,646	15,437	94,286	15,437	94,286	2,782	34,680	10,739	10,208
\$10,001 under \$100,000 <sup>5</sup> .....	13,658	13,648	746,992	--	--	--	--	--	--
\$100,000 under \$500,000.....	4,804	4,786	1,403,094	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	790	790	702,665	--	--	--	--	--	--
\$1,000,000 under \$5,000,000.....	653	651	1,670,209	--	--	--	--	--	--
\$5,000,000 or more.....	107	106	1,889,593	--	--	--	--	--	--

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup>								
	Total deductions <sup>2,5</sup>		Deductions directly connected with UBI						
	Number of returns	Amount	Total		Allocable to rental income <sup>6</sup>		Allocable to unrelated debt-financed income <sup>6</sup>		Allocable to investment income <sup>6,7</sup>
Number of returns			Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total.....</b>	<b>19,982</b>	<b>6,412,553</b>	<b>19,008</b>	<b>6,090,382</b>	<b>1,113</b>	<b>75,893</b>	<b>1,592</b>	<b>359,614</b>	<b>825</b>
\$1,000 under \$10,001 <sup>5</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>5</sup> .....	13,648	746,992	12,814	721,644	797	22,226	992	34,930	408
\$100,000 under \$500,000.....	4,786	1,403,094	4,697	1,344,438	231	27,094	412	57,153	333
\$500,000 under \$1,000,000.....	790	702,665	767	662,357	39	13,898	80	31,824	61
\$1,000,000 under \$5,000,000.....	651	1,670,209	630	1,586,561	41	10,683	89	105,982	19
\$5,000,000 or more.....	106	1,889,593	100	1,775,384	5	1,993	19	129,725	4

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Allocable to investment income <sup>6,7</sup> --Continued	Allocable to income from controlled organizations <sup>6</sup>		Allocable to exploited exempt activity income except advertising <sup>6</sup>		Direct advertising costs <sup>6</sup>		Compensation of officers, directors, and trustees	
Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)
<b>Total.....</b>	<b>18,592</b>	<b>338</b>	<b>31,564</b>	<b>556</b>	<b>75,983</b>	<b>4,673</b>	<b>744,270</b>	<b>1,819</b>	<b>34,425</b>
\$1,000 under \$10,001 <sup>5</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>5</sup> .....	2,828	183	4,007	240	3,355	3,048	79,731	1,047	8,786
\$100,000 under \$500,000.....	5,392	119	10,625	200	19,397	1,193	146,933	573	12,399
\$500,000 under \$1,000,000.....	1,798	12	2,476	58	14,994	211	71,808	94	3,836
\$1,000,000 under \$5,000,000.....	1,726	20	8,163	51	25,839	192	191,483	86	4,217
\$5,000,000 or more.....	6,848	4	6,293	7	12,397	29	254,315	19	5,188

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Salaries and wages		Repairs		Bad debts		Interest		
Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount		
	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)	
<b>Total.....</b>	<b>9,556</b>	<b>887,697</b>	<b>6,520</b>	<b>55,340</b>	<b>809</b>	<b>18,646</b>	<b>2,666</b>	<b>47,368</b>	
\$1,000 under \$10,001 <sup>5</sup> .....	--	--	--	--	--	--	--	--	
\$10,001 under \$100,000 <sup>5</sup> .....	5,739	100,601	4,044	9,886	300	700	1,480	4,725	
\$100,000 under \$500,000.....	2,889	235,641	1,894	19,457	316	1,597	923	10,535	
\$500,000 under \$1,000,000.....	479	115,559	315	7,547	71	1,477	127	4,830	
\$1,000,000 under \$5,000,000.....	393	242,791	227	10,755	98	7,911	114	21,227	
\$5,000,000 or more.....	56	193,105	40	7,695	23	6,961	22	6,050	

Footnotes at end of table.

# Unrelated Business Income of Nonprofit Organizations, 1994

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income (UBI)--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
<b>Total.....</b>	<b>10,416</b>	<b>152,806</b>	<b>6,947</b>	<b>131,825</b>	<b>94</b>	<b>3,423</b>	<b>768</b>	<b>9,182</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	6,935	29,149	4,122	18,432	*67	*222	378	419
\$100,000 under \$500,000.....	2,757	56,247	2,125	37,919	22	486	270	1,527
\$500,000 under \$1,000,000.....	392	19,914	339	17,447	5	2,716	64	867
\$1,000,000 under \$5,000,000.....	283	20,744	311	37,299	--	--	44	1,529
\$5,000,000 or more.....	49	26,752	50	20,728	--	--	12	4,840

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued						Deductions not directly connected with UBI	
	Contributions to employee benefit plans		Net operating loss carryover		Other deductions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
<b>Total.....</b>	<b>4,192</b>	<b>155,849</b>	<b>5,765</b>	<b>1,430,455</b>	<b>12,817</b>	<b>1,857,450</b>	<b>11,083</b>	<b>322,169</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	2,095	5,707	3,558	277,446	8,276	118,495	7,798	25,347
\$100,000 under \$500,000.....	1,466	19,117	1,601	418,541	3,429	264,380	2,511	58,655
\$500,000 under \$1,000,000.....	315	13,567	276	170,840	572	169,673	400	40,309
\$1,000,000 under \$5,000,000.....	268	40,364	289	403,059	467	450,072	320	83,648
\$5,000,000 or more.....	47	77,094	42	160,569	73	854,830	54	114,209

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides <sup>7</sup>		Excess exempt expense	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>Total.....</b>	<b>9,233</b>	<b>8,906</b>	<b>1,309</b>	<b>22,408</b>	<b>279</b>	<b>121,034</b>	<b>2,132</b>	<b>169,821</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	6,729	6,448	844	2,009	138	3,048	1,222	13,842
\$100,000 under \$500,000.....	1,961	1,921	341	4,535	87	16,186	634	36,013
\$500,000 under \$1,000,000.....	297	292	58	1,038	26	13,829	125	25,150
\$1,000,000 under \$5,000,000.....	213	212	51	4,669	22	29,156	130	49,611
\$5,000,000 or more.....	33	33	15	10,157	6	58,814	21	45,205

<sup>2</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.6 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 14 through 49 and 52 through 59.

<sup>4</sup> Excludes \$38.7 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

<sup>5</sup> Excludes \$1.5 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

<sup>6</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>7</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

NOTE: Detail may not add to totals because of rounding.



# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

by Margaret Riley

**N**onprofit organizations that are granted Federal tax exemption based on their mission-related purposes are allowed, within certain limits, to generate income from “unrelated business activities,” though the income from these activities is subject to taxation. About 3 percent of all organizations recognized as tax exempt under the Internal Revenue Code engaged in such non-mission-related activities for 1995, and they generated \$6.3 billion of gross unrelated business income (UBI) [1].

Of the 36,394 nonprofit organizations that filed a Tax Year 1995 Form 990-T, *Exempt Organization Business Income Tax Return*, about half reported aggregate net income (taxable profit) totaling \$0.9 billion, with the remainder reporting a combined deficit of \$1.9 billion [2]. Consistent with the preceding 4 tax years, nonprofit organizations, as a group, reported total deductions for 1995 that exceeded total gross income. These deductions amounted to \$7.3 billion.

The income tax on nonprofit organizations’ unrelated business taxable profits for 1995 totaled \$276.6 million. After adjustments for other taxes and certain credits were taken into account, these organizations incurred a total Federal income tax liability of \$277.5 million [3].

## Finances

### Income and Deductions

Figure A, which contains selected financial data for Tax Years 1991 to 1995, shows that gross UBI increased by 17 percent between 1994 and 1995, while the number of returns filed increased by only 2 percent. Average gross income per return rose by 14 percent between these two years. The number of organizations reporting positive net income, or taxable profit, declined by 2 percent; returns without net income (zero taxable income or a deficit) increased by 7 percent. Fifty-six percent of all filers for 1995 were organizations with gross UBI above \$10,000. These organizations had to fill out a complete Form 990-T, unlike smaller organizations

with gross UBI of \$10,000 or less, which were not required to report detailed income and expense items. The larger organizations accounted for nearly the entire amount, 99 percent, of gross UBI reported.

Within the major Form 990-T financial items shown in Figure A, the largest 5-year increase for nonprofit organizations engaged in unrelated business activities was in their income tax liability. The tax on unrelated business income rose 137 percent over the period, partly as a result of the 107-percent increase in taxable profits. These increases are analyzed in the following section on Taxes. Further analysis of organizations’ net income (less deficit) is provided later in this section.

Figure B shows a distribution of Forms 990-T by size of gross UBI for 1995. A small number of organizations that reported large amounts of gross UBI were responsible for most of the total gross UBI reported for 1995. Organizations that had gross UBI of \$500,000 or more were only 4 percent of the population of filers; however, together they reported 73 percent of total gross UBI (see Table 2 at the end of this article). In contrast, organizations that reported much smaller amounts of gross UBI, under \$100,000, made up 82 percent of all filers but accounted for only 9 percent of all gross UBI reported.

Gross profit (less loss) from sales and services was, by far, the largest component of total gross UBI (see Table 6 at the end of this article). For 1995, this amounted to \$3.2 billion, or 52 percent of total gross UBI. It is important to note that the costs associated with selling goods and performing services, which for 1995 were \$1.7 billion, were subtracted from gross receipts (totaling \$5.0 billion) in order to compute the amount of gross profit (less loss) included in total gross UBI. These costs, therefore, are not included in the \$7.3 billion of total deductions reported on Form 990-T, but they may include many of the same types of expenses that are components of total deductions, such as salaries and wages, utilities, and depreciation.

Advertising income was the second largest income component reported, accounting for 16 percent of total gross UBI. Nonprofit “charitable” organizations, business leagues, chambers of commerce, and real estate boards together accounted for 85 percent of total advertising income [4]. These organizations often include, in their mission-related

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# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Figure A**

**Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1991-1995**

[Money amounts are in thousands of dollars]

Item	1991	1992	1993	1994	1995	Percentage change	
						1994-1995	1991-1995
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns, total.....</b>	<b>32,690</b>	<b>31,122</b>	<b>32,638</b>	<b>35,657</b>	<b>36,394</b>	<b>+2.1</b>	<b>+11.3</b>
With net income (taxable profit).....	14,384	14,690	15,067	18,588	18,157	-2.3	+26.2
Without net income (taxable profit) <sup>1</sup> .....	18,306	16,432	17,571	17,070	18,237	+6.8	-0.4
Gross unrelated business income.....	3,384,698	4,069,149	4,694,181	5,379,838	6,279,659	+16.7	+85.5
Total deductions.....	4,047,183	5,182,551	5,741,420	6,506,838	7,253,305	+11.5	+79.2
Net income (less deficit).....	-662,487	-1,113,402	-1,047,239	-1,127,001	-973,648	+13.6	-47.0
Net income (taxable profit).....	431,143	485,874	603,593	642,953	892,974	+38.9	+107.1
Deficit.....	1,093,630	1,599,276	1,650,831	1,769,954	1,866,621	+5.5	+70.7
Unrelated business income tax.....	116,605	132,353	180,046	191,492	276,562	+44.4	+137.2
Total income tax.....	116,933	132,378	181,437	195,191	277,481	+42.3	+137.3

<sup>1</sup> Includes returns with deficits and "breakeven" returns with equal amounts of gross unrelated business income and total deductions.

NOTE: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, net income (less deficit), unrelated business income tax, and total income tax.

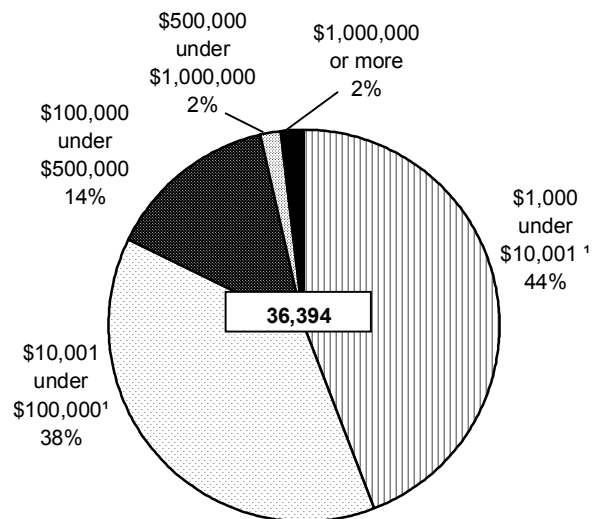
publications, paid advertisements that are considered "unrelated" and, therefore, taxed as unrelated business income.

Other than the Form 990-T item, "other deductions," which amounted to 32 percent of total deductions, the three largest deductions were for "net operating loss carryover" (21 percent), salaries and wages (13 percent), and direct advertising costs (11 percent) (see Table 7 at the end of this article) [5]. As noted earlier, nonprofit organizations reported aggregate deductions that exceeded aggregate gross income for each of the years 1991-95, so it is not surprising that the net operating loss carryover is typically a large percentage of total deductions. "Other deductions" is a catch-all category for any items not specifically required to be reported elsewhere on the tax return. It included deductions for such items as occupancy expenses; accounting, legal, and other professional fees; office supplies; equipment and other rental fees; payroll services; and travel and education costs.

Certain types of deductions are directly related to the generation of unrelated business income, while others are not. The items mentioned above, along with several others, are considered "directly connected" deductions. Four types are considered "not directly connected"; these are the "specific deduction" (generally \$1,000), contributions paid, "set-asides," and "excess exempt expenses." Both categories of deductions are shown in Table 7, and definitions of the four "not directly connected"

**Figure B**

**Exempt Organization Business Income Tax Returns, by Size of Gross Unrelated Business Income (UBI), Tax Year 1995**



<sup>1</sup> Organizations with gross UBI under \$1,000 were not required to file a return. Organizations with gross UBI over \$10,000 were required to fill out a more detailed tax return than other filers.

deductions, the net operating loss carryover, and "other deductions" are contained in the Explanation of Selected Terms section.

## Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

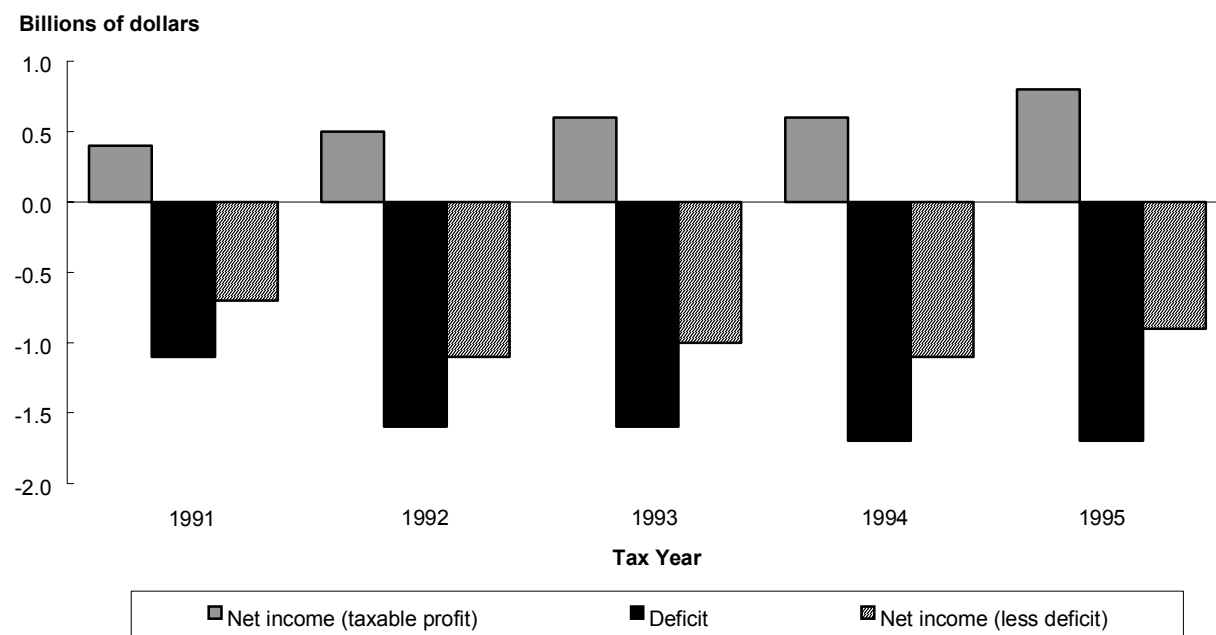
Using “net income (less deficit)” as a measure of an organization’s profits, tax-exempt organizations engaging in unrelated business operations, as a whole, appear not to have been particularly profitable, sustaining aggregate losses every year during the 1991-95 period (see Figure C). While the computation of net income (less deficit) is not consistent across various forms of businesses because it is based on tax laws that are specific to each type of entity, it can, nonetheless, be used for a general comparison of each group’s profits. Based on Federal tax return data collected for Tax Years 1991 to 1995, nonfarm sole proprietorships, partnerships, and corporations all reported positive amounts of aggregate net income (less deficit) each year during the period [6]. A comparison of these results with the annual aggregate unrelated business losses reported by nonprofit organizations raises questions about

possible reasons for the difference and why organizations would continue to conduct business activities that incur losses year after year.

One possibility is that nonprofit organizations are primarily engaged in tax-exempt mission-related activities and have a certain amount of operational costs associated with conducting these activities, such as salaries and wages, building rents and mortgages, depreciation, utilities, equipment costs, and office expenses. When they also engage in unrelated business activities to supplement mission-related income, they often choose an enterprise that will allow them to use some, if not all, of the same resources, or “inputs,” being used to carry on their mission-related activities. Within the boundaries of the tax laws, they can then shift a portion of the cost of these jointly used inputs from tax-exempt mission-related activities to taxable, unrelated activities and,

**Figure C**

### Unrelated Business Net Income (Taxable Profit), Deficit, and Net Income (Less Deficit), in Constant Dollars, Tax Years 1991-1995 <sup>1</sup>



<sup>1</sup> Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic Product, computed and reported by the U. S. Department of Commerce, Bureau of Economic Analysis (BEA), *Survey of Current Business*, August 1998. The most recent updates of this price index can be found on BEA's Wide World Web Home Page, <http://www.bea.doc.gov/bea/dn1.htm>. See "Time Series Estimates," Table 3.

## Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

even though their unrelated enterprises may actually be generating a positive cash flow, their resulting unrelated business taxable income in many cases can be reduced to zero or less [7].

It is, perhaps, this cost-shifting factor that most notably distinguishes the business activities of nonprofit organizations from those of traditional profit-making entities. Some nonprofit organizations might not incur any new costs for facilities or staff required to conduct unrelated, profit-making activities and, while any real supplemental costs associated with these activities may be only marginal, the organizations are allowed to offset UBI with additional pre-existing (mission-related) expenses, which are prorated based on the ratio of unrelated business income to total income. Examples of the use of existing mission-related facilities for unrelated business activities would be a tax-exempt hospital that uses its laboratory and staff to provide testing services for non-hospital physicians or medical offices; a university that charges fees to public users (not faculty, staff, or students) of their parking lots, concert arenas, golf courses, or other facilities; and golf and country clubs that sell food and beverages to non-members.

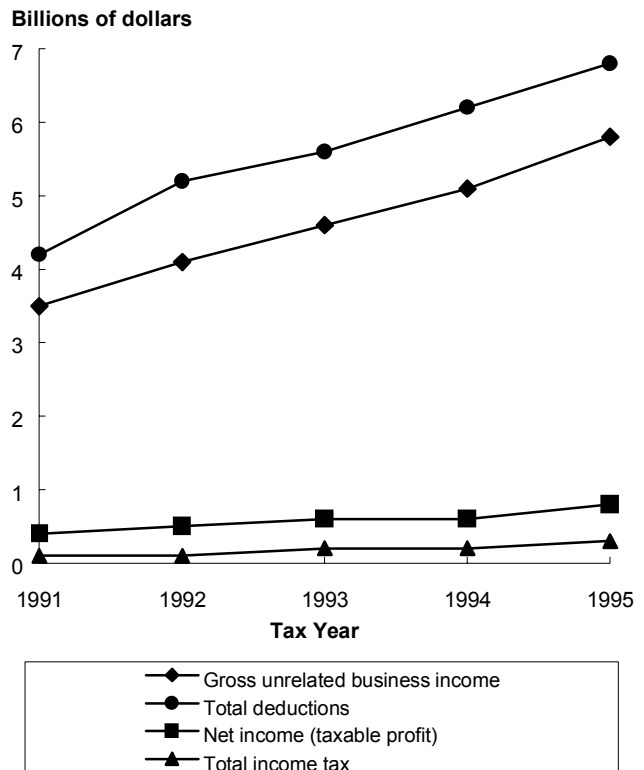
### Taxes

In terms of constant dollars, Figure D shows that for Tax Years 1991 to 1995, total gross UBI and total deductions rose steadily throughout the period. Taxable profit and total income tax also rose from 1991 to 1995, but at much lower rates than income and deductions. Annual increases in total income tax were closely tied to increases in taxable profits. Changes in income tax rates for Tax Year 1993 also increased some organizations' total income tax liabilities for the latter 3 years of the period (discussed further, below). For each year in the 5-year period, aggregate total deductions ranged between 116 percent and 127 percent of aggregate total gross UBI (see Figure A for these items). Nonetheless, half of all tax-exempt organizations engaging in unrelated business activities for 1995 reported aggregate taxable profits totaling \$893.0 million. These total profits were 14 percent of the aggregate gross UBI reported by all organizations for 1995.

As shown previously in Figure A, taxable profit increased 39 percent between 1994 and 1995, the largest year-to-year increase over the 1991-95 pe-

**Figure D**

### Selected Financial Data, in Constant Dollars, Tax Years 1991-1995<sup>1</sup>



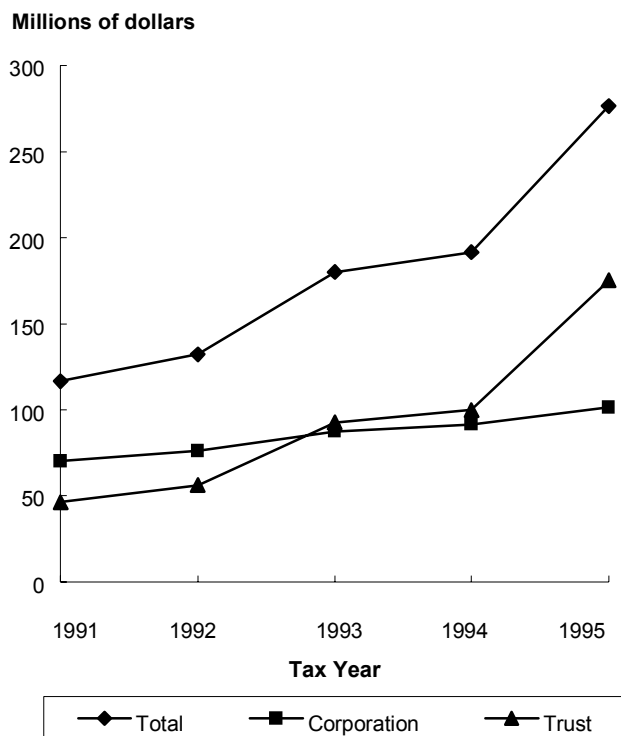
<sup>1</sup> Adjustments for inflation are based on the 1992 chain-type price index for Gross Domestic Product, computed and reported by the U. S. Department of Commerce, Bureau of Economic Analysis (BEA), *Survey of Current Business*, August 1998. The most recent updates of this price index can be found on BEA's Wide World Web Home Page, <http://www.bea.doc.gov/bea/dn1.htm>. See "Time Series Estimates," Table 3.

riod. The associated unrelated business income tax (UBIT) rose 44 percent between 1994 and 1995. The UBIT statistics graphically presented in Figure E show that the share of total tax liability reported by tax-exempt trusts was smaller than the share reported by tax-exempt corporations for the first 2 years of the period, edged slightly higher than the corporate share for 1993, and then exceeded the corporate share for 1994 and 1995. While the tax liability of corporate entities remained fairly stable throughout the 5-year period, the trusts were principally responsible for the annual increases in total tax liability. Between Tax Years 1992 and 1993, the highest marginal tax rate for trusts increased 8.6 percentage points, while for

## Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Figure E**

### Unrelated Business Income Tax, by Type of Entity, Tax Years 1991-1995



corporations it increased only 1 percentage point. Furthermore, tax rate increases for 1993 affected all trusts with taxable profits over \$1,500, but affected only those corporations with taxable profits over \$10,000,000.

Figure F presents tabular unrelated business income tax data for the tax-exempt corporations and trusts for the same 5-year period. Of the two types of organizations, trusts consistently made up a much smaller proportion of all Form 990-T filers reporting UBIT liability, ranging from one-fifth to about one-third. For 1991, trusts comprised 20 percent of the organizations reporting UBIT and accounted for 40 percent of total UBIT. By 1995, they made up 33 percent of all organizations reporting UBIT and accounted for 63 percent of the tax reported. During the period shown, the tax liability shares of corporations and trusts contrasted sharply, when grouped by the amount of taxable profit reported. The amount of

tax reported was greater, annually, for the corporate group reporting taxable profit of less than \$1 million, compared to the corporate group reporting larger amounts of taxable profit. The opposite occurred for trusts. The group of trusts reporting taxable profit of \$1 million or more was responsible for much higher amounts of UBIT liability than the group reporting smaller amounts of taxable profit. For both types of entities and for each year shown in Figure F, the vast majority of organizations fell within the group reporting taxable profit of less than \$1 million.

This is explained by the different tax rates applied to corporations and trusts that have unrelated business taxable income (UBTI) of \$1 million or more [8]. For example, for corporations with UBTI of \$1,000,000 or more, there were four corporate taxable income brackets for Tax Year 1995 that had associated tax rates ranging from 34 percent to 35 percent (35 percent was the maximum rate, but there was an intermediate 38-percent rate applied to taxable income amounts between \$15,000,000 and \$18,333,333). For 1995, there was only one tax rate of 39.6 percent applied to trust taxable income of \$1,000,000 or more.

The UBIT liability of tax-exempt trusts nearly quadrupled from 1991 to 1995. The tax-exempt corporations contributed comparatively less significantly to the 5-year rise in total UBIT liability, reporting UBIT for 1995 that was less than one-and-a-half times larger than the corporate UBIT reported for 1991. These disproportionate shares of UBIT liability can be accounted for by each type of organization's income composition and the effect of stock market performance during the 5-year period.

Corporate tax-exempt entities reported aggregate gross UBI of \$5.5 billion for 1995, with the two items, advertising income and gross profit (less loss) from sales and services, accounting for 77 percent of the total. (These and other statistics for tax-exempt trusts and corporations cited in this section are based on unpublished study data.) The composition of the \$0.8 billion of trust UBI was markedly different, with 87 percent of the total attributable to three items: capital gain net income, partnership income, and investment income. All three of these components of trust income are directly influenced by stock market performance, while the two corporate UBI components generally are not.

Corresponding with the peaks in the UBIT liability

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**Figure F**

## Returns with Unrelated Business Income Tax (UBIT) Liability: Number of Returns and UBIT, by Type of Entity and Size of Net Income (Taxable Profit), Tax Years 1991-1995

[Money amounts are in millions of dollars]

Type of entity and size of net income (taxable profit)	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)
<b>Total number of returns:</b>					
All organizations.....	14,384	14,690	15,067	18,588	18,157
Corporations.....	11,539	11,718	11,835	12,084	12,210
Trusts.....	2,845	2,972	3,232	6,504	5,947
<b>Total unrelated business income tax (UBIT):</b>					
All organizations.....	116.6	132.4	180.0	191.5	276.6
Corporations.....	70.2	76.1	87.4	91.6	101.5
Trusts.....	46.4	56.2	92.7	99.9	175.1
<b>UBIT of organizations with net income (taxable profit) of less than \$1,000,000:</b>					
All organizations.....	50.3	57.5	73.2	78.1	93.2
Corporations.....	37.8	43.6	51.0	55.6	61.8
Trusts.....	12.5	14.0	22.2	22.5	31.4
<b>UBIT of organizations with net income (taxable profit) of \$1,000,000 or more:</b>					
All organizations.....	66.3	74.8	106.9	113.4	183.4
Corporations.....	32.4	32.5	36.3	36.0	39.6
Trusts.....	34.0	42.3	70.5	77.4	143.7

NOTE: Detail may not add to totals because of rounding.

ity of tax-exempt trusts shown in Figure E for 1993 and 1995 were respective increases in rates of return on stock market investments that resulted in substantial increases in profits, especially for 1995. For that year, 89 percent of all tax-exempt trusts reported taxable profits, compared to only 41 percent of the tax-exempt corporations. An increase in the maximum tax rate applied to trust income, from the 1992 rate of 31 percent to the 1993 rate of 39.6 percent, also contributed to the increase in trusts' UBIT liability for 1993.

The effect that these organizations' contrasting primary income sources have on their respective taxation can be emphasized by comparing corporate and trust statistics for two major investment items reported on Form 990-T--"capital gain net income" and "investment income." Capital gains rose 105 percent for trusts and 123 percent for corporations between 1994 and 1995; however, capital gains comprised 32 percent of trust gross UBI, but less than 1 percent of corporate gross UBI. The situation

is similar for investment income. While investment income increased 43 percent for trusts and was 34 percent of their gross income, it increased 28 percent for corporations but was only 2 percent of corporate gross UBI. The investment income disparity between corporations and trusts is primarily due to the unrelated business income tax laws. Most corporations, other than Internal Revenue Code section 501(c)(7) social and recreational clubs, generally are not taxed on investment income unless it is debt-financed. Section 501(c)(9) voluntary employees' beneficiary trusts and section 501(c)(17) supplemental unemployment benefit trusts may be taxed on all of their investment income if they are fully funded. (See the definitions of Investment Income (Less Loss) and Unrelated Debt-Financed Income in the Explanation of Selected Terms section of this article.)

The amount of deductions that each type of organization can use to offset its largest sources of income is another factor affecting taxation. The

## Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

nonprofit trusts, which operate mainly as managers of investment income, are generally limited in the amount of expenses that are allowed to be deducted from investment income. As mentioned previously, nonprofit corporations' main sources of unrelated business income for 1995 were advertising and gross profit (less loss) from sales and services. Because of the more labor-intensive nature of these unrelated business operations, corporations can deduct comparatively larger amounts of directly-related expenses. For 1995, trusts filing Form 990-T accounted for 57 percent of the total of positive net income (taxable profit) reported. In addition, the average amount of taxable profit for the trusts was \$85,420, compared to an average of \$31,530 for the corporations.

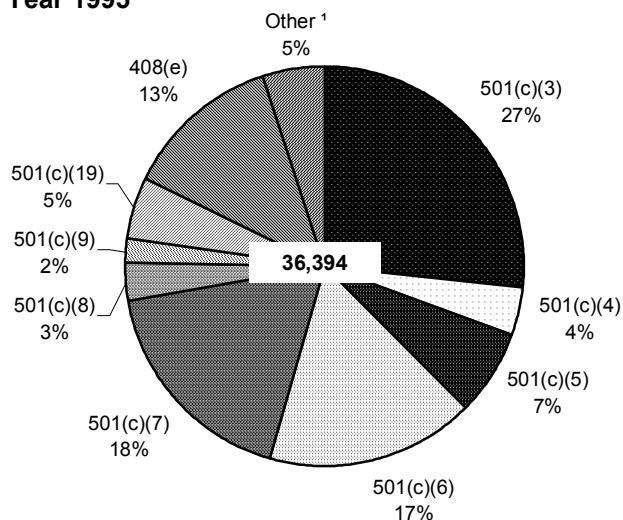
### Organizations Classified by Internal Revenue Code Section

Figure G shows the distribution of returns filed, by the Internal Revenue Code section under which an organization received tax exemption. Twenty-seven percent of the filers were nonprofit charitable organizations that were tax-exempt under section 501(c)(3). Three-quarters of all returns were filed by four types of organizations: the nonprofit charitable organizations; social and recreational clubs exempt under section 501(c)(7); business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6); and fiduciary agents for Individual Retirement Arrangements (IRA's) exempt under section 408(e). (See the Appendix to this article for a description of the various types of tax-exempt organizations.)

As can be seen in Figure H, section 501(c)(3) charities accounted for 57 percent of total gross UBI for 1995, and section 501(c)(6) business leagues, chambers of commerce, and real estate boards accounted for an additional 12 percent. Together, five types of organizations, grouped by Internal Revenue Code section, reported nearly 90 percent of total gross income from unrelated business activities: the section 501(c)(3) and 501(c)(6) organizations mentioned above, plus civic leagues and social welfare organizations exempt under section 501(c)(4), social and recreational clubs exempt under section 501(c)(7), and voluntary employees' beneficiary associations exempt under section 501(c)(9). When compared to similar data compiled for 1991, the

**Figure G**

### Exempt Organization Business Income Tax Returns, by Internal Revenue Code Section, Tax Year 1995

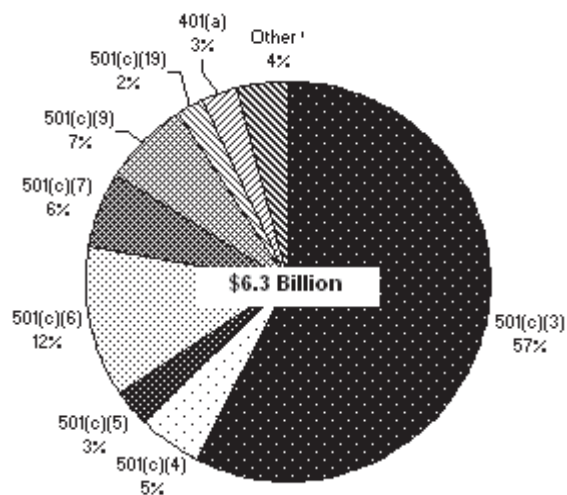


<sup>1</sup> Includes all organizations tax exempt under Code sections 501(c)(2)-(25) that are not shown elsewhere, as well as Code section 401(a) organizations.

NOTES: Detail may not add to 100 percent because of rounding. See the Appendix to this article for a description of the types of tax-exempt organizations.

**Figure H**

### Gross Unrelated Business Income, by Internal Revenue Code Section, Tax Year 1995



<sup>1</sup> Includes all organizations tax exempt under Code sections 501(c)(2)-(25) that are not shown elsewhere, as well as Code section 408(e) organizations.

NOTES: Detail may not add to 100 percent because of rounding. See the Appendix to this article for a description of the types of tax-exempt organizations.

## Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

distribution patterns shown in Figures G and H remained practically unchanged for 1995.

Table 1 at the end of this article shows major financial data items for various types of organizations, in terms of the Internal Revenue Code section that describes them. The following discussion of these organizations uses data from Table 1, along with unpublished study data. In addition to accounting for the largest share of gross UBI reported, the charities were responsible for 64 percent of total deductions, 23 percent of positive net income (taxable profits), and 21 percent of total income tax. They comprised 17 percent of all organizations reporting taxable profits. Combined, the IRA fiduciary agents and the social and recreational clubs accounted, with nearly equal shares, for almost half of all organizations reporting taxable profits, but only 10 percent of the total amount of taxable profits and 6 percent of total income tax.

A large majority of the section 501(c)(9) voluntary employees' beneficiary associations, 92 percent, were organized as trusts. Even though these organizations made up only 2 percent of all Form 990-T filers reporting taxable profits and were responsible for only 7 percent of total gross UBI, they were liable for the largest percentage of total income tax reported by any Code section group. Along with section 401(a) pension, profit-sharing, and stock bonus plans, the two groups were liable for 58 percent of total income tax reported. The 401(a) plans represented only 6 percent of organizations reporting taxable profits and accounted for only 3 percent of total gross UBI.

One of the reasons these organizations' total income tax liability was so large for Tax Year 1995 was the extremely high rates of return earned on investments during that period. For both types of organizations, investments were their primary source of gross UBI. The positive influence of investment performance during nonprofit organizations' 1995 tax periods can be seen when comparing percentages of 1991 income tax liability to 1995 percentages. For 1991, the section 501(c)(3) organizations accounted for 35 percent of total income tax, while the section 501(c)(9) and 401(a) organizations together accounted for another 35 percent. For 1995, the tax liability shares for these organization groupings were 21 percent and 58 percent, respectively.

Usually, the section 501(c)(9) and 401(a) organi-

zations can only offset gross UBI with comparatively small amounts of deductions, so their unrelated business taxable income is relatively high. Because their investment portfolios are typically overseen by only one or two trust managers, deductions for salaries and wages and other directly-connected expenses are quite small. In terms of contrast, the section 501(c)(3) charities had a 64-percent share of all deductions reported, as previously stated, compared to a joint 3-percent share reported by the section 501(c)(9) and 401(a) organizations.

Another reason why the voluntary employees' beneficiary associations took smaller deductions than most other types of organizations was that they were allowed to take as a deduction amounts of income that were set aside to provide for future employee benefits; but if these "set-asides" exceeded qualified asset account limits, as specified in Internal Revenue Code section 419A, then the excess was not allowed as a deduction from gross unrelated business income (see the definition of Set-Asides in the Explanation of Selected Terms section at the end of this article). In the case where a section 501(c)(9) association overfunded an employee welfare benefit plan, its investment income could not be set aside tax-free. It was taxable as unrelated business income.

### **Primary Unrelated Business Activities**

The discussion of unrelated business activities that follows takes into consideration only the primary (first) activity code of three possible codes reported on Form 990-T. If an organization was engaged in more than one unrelated business activity, it was instructed to list the code of the largest activity in terms of gross UBI first, and then the codes for the next two largest activities. Because it is not possible to distribute gross UBI according to each type of activity when more than one activity was reported (filers were not required to do this), the amount of gross UBI assigned to primary unrelated business activities discussed in this section is overstated for organizations that reported multiple activities.

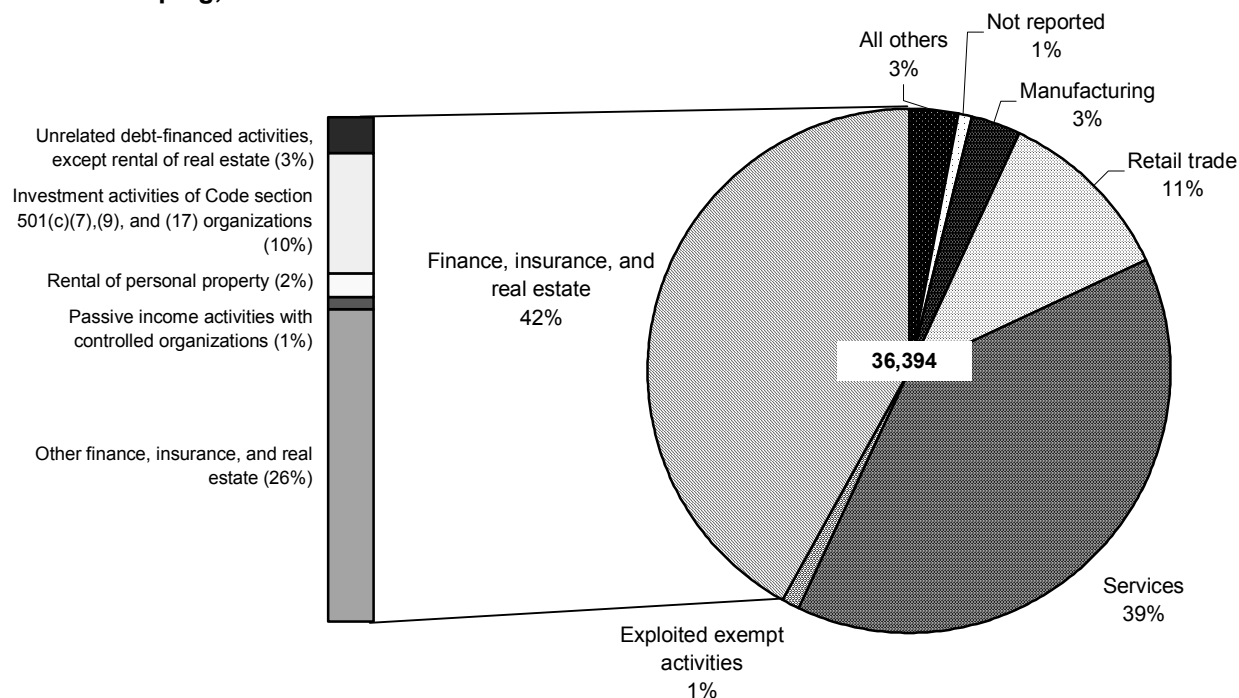
As was the case with the distribution of organizations by the Internal Revenue Code section under which they received income tax exemption, presented in the previous section, the apportioning of organizations filing Forms 990-T by primary unrelated business activity for 1995, shown in Figure I, looks very similar to that for 1991, suggesting no



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**Figure I**

**Exempt Organization Business Income Tax Returns, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 1995**



significant change over the 5-year period. The primary unrelated business activity reported on 95 percent of returns filed for 1995 fell within four major industrial groupings: services; finance, insurance, and real estate; retail trade; and manufacturing. For 1991, about 88 percent of returns filed had a primary activity within one of these four major industrial groupings [9]. For 1995, these industrial groupings were also responsible for 97 percent of total gross UBI, up 4 percentage points since 1991, with services producing \$2.8 billion; finance, insurance, and real estate, \$2.5 billion; retail trade, \$0.6 billion; and manufacturing, \$0.2 billion (see Table 5 for additional information on the major business activities or industrial classifications reported).

The industrial classifications from which Form 990-T filers were required to make a choice included 155 industry codes and 5 additional categories that were established specifically for exempt organizations engaging in unrelated business activities, to reflect particular provisions of the Internal Revenue Code [10]. These five classifications were unrelated Debt-Financed activities other than rental of real

estate; investment activities of section 501(c)(7), (9), and (17) organizations; rental of personal property; passive income (generally, investment income) activities with controlled organizations; and “exploited exempt activities.” In Figure I and Table 5, the first four activities mentioned above are treated as part of the finance, insurance, and real estate division. The exploited exempt activities classification is treated separately in Figure I and Table 5 as one of the major industrial groupings [11].

Figure J shows selected primary unrelated business activities or industrial subgroups that fell within the four major industrial groupings that accounted for 97 percent of total aggregate gross UBI for 1995. The selected activities or subgroups included in the figure are those that had the largest percentages of gross UBI within their respective major industrial groupings [12].

Of the 14,305 organizations reporting various services as their primary unrelated activity, 57 percent provided business services, most of which was advertising (including printing). Income from business services contributed 42 percent to the total of

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**Figure J**

## Selected Primary Unrelated Business Activities or Industrial Subgroups Within the Four Largest Unrelated Business Income-Producing Industrial Groupings, Tax Year 1995

[Money amounts are in millions of dollars]

Major industrial grouping and selected primary unrelated business activity or industrial subgroup	Number of returns	Percentage of returns in industrial grouping	Percentage of all returns	Gross unrelated business income (UBI)	Percentage of industrial grouping gross UBI	Percentage of total gross UBI
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All activities and groupings.....</b>	<b>36,394</b>	<b>N/A</b>	<b>100.0</b>	<b>6,279.7</b>	<b>N/A</b>	<b>100.0</b>
<b>Manufacturing .....</b>	<b>912</b>	<b>100.0</b>	<b>2.5</b>	<b>218.5</b>	<b>100.0</b>	<b>3.5</b>
Printing and publishing.....	742	81.4	2.0	210.3	96.2	3.3
All other manufacturing.....	170	18.6	0.5	8.2	3.8	0.1
<b>Retail trade.....</b>	<b>3,913</b>	<b>100.0</b>	<b>10.8</b>	<b>550.2</b>	<b>100.0</b>	<b>8.8</b>
Eating and drinking places.....	2,656	67.9	7.3	288.7	52.5	4.6
Miscellaneous retail <sup>1</sup> .....	1,131	28.9	3.1	226.8	41.2	3.6
All other retail trade <sup>1</sup> .....	128	3.3	0.4	34.7	6.3	0.6
<b>Finance, insurance, and real estate.....</b>	<b>15,368</b>	<b>100.0</b>	<b>42.2</b>	<b>2,461.0</b>	<b>100.0</b>	<b>39.2</b>
Insurance.....	1,402	9.1	3.9	1,052.5	42.8	16.8
Finance.....	10,195	66.3	28.0	991.3	40.3	15.8
Investment activities of Code section 501(c)(7),(9), and (17) organizations.....	3,703	24.1	10.2	568.8	23.1	9.1
Unrelated debt-financed activities other than rental of real estate.....	967	6.3	2.7	173.9	7.1	2.8
Holding and other investment companies, except bank holding companies.....	3,970	25.8	10.9	138.7	5.6	2.2
Real estate.....	3,772	24.5	10.4	417.1	16.9	6.6
<b>Services .....</b>	<b>14,305</b>	<b>100.0</b>	<b>39.3</b>	<b>2,838.9</b>	<b>100.0</b>	<b>45.2</b>
Business services.....	8,096	56.6	22.2	1,180.5	41.6	18.8
Advertising (including printing).....	6,727	47.0	18.5	944.8	33.3	15.0
Health services.....	1,028	7.2	2.8	651.3	22.9	10.4
Medical laboratories.....	406	2.8	1.1	407.6	14.4	6.5
Amusement and recreation services.....	3,367	23.5	9.3	424.0	14.9	6.8
All other services.....	1,813	12.7	5.0	583.0	20.5	9.3
<b>All other activities and groupings.....</b>	<b>1,894</b>	<b>100.0</b>	<b>5.2</b>	<b>211.2</b>	<b>100.0</b>	<b>3.4</b>

<sup>1</sup> Miscellaneous retail is a specific subgroup of the retail trade major industrial grouping and includes mainly drugstores and proprietary stores, gift shops, book stores, and "miscellaneous retail stores." A small number of retail activities that were not part of the eating and drinking places or miscellaneous retail subgroups are included in "all other retail trade." These were mainly food stores, apparel and accessory stores, and "general merchandise" stores.

N/A - Not applicable.

NOTE: Detail may not add to totals because of rounding.

gross UBI reported within the services industrial grouping and 19 percent to the total reported by all Form 990-T filers. The business service of advertising (including printing) was reported on more returns, overall, than any other single unrelated business activity, more than 18 percent of the total. In dollar terms, its nearly \$1 billion share of total gross UBI, 15 percent, was also the largest for a single primary activity. The majority of organizations that indicated advertising as their primary unrelated

business activity were business leagues and a variety of nonprofit charitable associations and societies.

The health services subgroup was responsible for 23 percent of gross UBI generated from services and 10 percent of that generated from all activities. Within this subgroup, the medical laboratory activity was reported most often and accounted for over 6 percent of total gross UBI reported by all organizations. Health services was the third most frequently reported activity, accounting for 7 percent of organi-

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zations in the services industrial grouping. Organizations reporting some type of health services as their primary unrelated business activity typically included hospitals, medical centers, and health care facilities.

Another 24 percent of the organizations within the services industrial grouping reported amusement and recreation services as their primary unrelated business activity. About 7 percent of total gross UBI was attributable to organizations classified in this subgroup. These types of activities were reported by a wide range of organizations: golf and country clubs; civic leagues; social welfare organizations; fraternal organizations; veterans' organizations; and nonprofit charitable societies, associations, and guilds. The latter group, nonprofit charitable organizations, mainly included educational institutions and athletic clubs.

Finance, insurance, and real estate enterprises were conducted as a primary unrelated business by 42 percent of the organizations filing Form 990-T for 1995. The 15,368 organizations in this major industrial grouping also accounted for 39 percent of the total gross UBI reported by all filers. Organizations engaging in insurance accounted for 43 percent of the \$2.5 billion total of gross UBI reported by organizations that were part of the finance, insurance, and real estate industrial grouping, closely followed by those engaged in finance activities, accounting for 40 percent. These two groups of organizations were also responsible, respectively, for 17 percent and 16 percent of total aggregate gross UBI. Organizations involved in real estate activities accounted for another 17 percent of the finance, insurance, and real estate industrial grouping's gross UBI and 7 percent of total gross UBI reported by all organizations.

Most of the organizations that engaged in unrelated activities in the insurance industry were county farm bureaus and trade associations. Section 501(c)(3) and (c)(4) organizations administering health or life insurance plans made up less than 1 percent of the insurance subgroup, but they reported 87 percent of the gross UBI attributable to the group and 15 percent of the gross UBI reported by all Form 990-T filers.

The finance subgroup encompassed many different types of nonprofit organizations. Principally among them were the Internal Revenue Code section 501(c)(7), (9), and (17) organizations; nonprofit development corporations; trustees of pension,

profit-sharing, and stock-bonus plans; trustees of Individual Retirement Arrangements; and an assortment of nonprofit charitable organizations, mainly private foundations, hospitals, medical centers, colleges, and universities. "Investment activities by section 501(c)(7), (9), and (17), organizations," a special category set up for Form 990-T filers, comprised 36 percent of returns filed and 57 percent of gross UBI reported within the finance subgroup. They also accounted for 9 percent of total aggregate gross UBI.

The majority of organizations that carried on real estate activities were nonprofit charitable organizations; however, large numbers of civic and business leagues, labor unions, real estate boards, social and recreational clubs; fraternal organizations, and trusts acting as fiduciary agents for retirement funds also reported real estate as their primary unrelated business activity.

Within retail trade, carried on by 3,913 exempt organizations, 68 percent of the primary activities reported were in the "eating and drinking places" subgroup, followed by "miscellaneous retail" activities, reported on 29 percent of the returns. Together, these two activity subgroups accounted for 94 percent of the gross UBI attributable to the retail trade industrial grouping, but only 8 percent of the total of gross UBI reported by all Form 990-T filers.

Organizations operating eating and drinking places as an unrelated activity were mainly hospitals, golf and country clubs, fraternal organizations, and veterans' organizations. The main types of retail establishments reported within the miscellaneous retail subgroup, ordered by the amount of gross UBI generated, were drugstores and proprietary stores; gift, novelty, and souvenir shops; "miscellaneous retail stores"; and book stores. Collectively, these four types of activities made up 97 percent of the primary activity classifications reported within the miscellaneous retail subgroup and produced 87 percent of the subgroup's gross UBI. A small number of primary activities were reported separately from the eating and drinking places subgroup and the miscellaneous retail subgroup and, therefore, are considered "other" retail trade in Figure J. These included food stores, apparel and accessory stores, and "general merchandise" stores.

Hospitals and medical centers were the most prevalent organizations reporting drugstores as a

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primary activity. Gift shops were reported as an unrelated business activity mainly by nonprofit associations, societies, museums, and performing arts centers. The operation of bookstores was the primary activity conducted by colleges, universities, and religious organizations.

There were 912 organizations that reported unrelated activities in the manufacturing division. The majority, 81 percent, could be categorized under printing and publishing. While 96 percent of the manufacturing division's total gross unrelated business income was attributable to the printing and publishing industrial subgroup, this subgroup accounted for only 3 percent of total gross UBI reported by all organizations and only 2 percent of all Form 990-T returns filed. Business leagues, real estate boards, and various types of nonprofit charitable organizations accounted for 66 percent of the printing and publishing carried on by tax-exempt organizations as their principal unrelated trade or business activity. Civic leagues, social welfare organizations, labor and agricultural organizations, and fraternal beneficiary organizations accounted for another 30 percent.

Figure K shows, for the years 1991-1995, the number of returns filed and the amount of gross UBI

reported by the four major industrial groupings discussed above. The largest portion of gross UBI reported for each of the 5 years can be attributable to unrelated business activities in the services industrial grouping, followed by income generated within the major industrial grouping of finance, insurance, and real estate. Within these two classifications, nonprofits reported gross UBI for 1995 that was 84 percent of the aggregate total.

Over the 5-year period, the gross UBI of nonprofit organizations reporting finance, insurance, or real estate as their primary unrelated business activity grew by more than 116 percent, and the number of Forms 990-T they filed increased by 30 percent. The number of filers providing unrelated business services rose 19 percent, and the gross UBI attributable to them increased 88 percent. Income from manufacturing grew over 85 percent, but the number of returns filed reporting manufacturing as a primary activity dropped 39 percent. The 5-year growth of 49 percent in the gross UBI of organizations engaging primarily in retail trade activities was much smaller than that for manufacturing, but the number of returns filed with a primary activity of retail trade increased by 16 percent.

### Figure K

#### Selected Primary Unrelated Business Activities or Industrial Groupings: Number of Returns and Gross Unrelated Business Income (UBI), Tax Years 1991-1995

[Money amounts are in millions of dollars]

Primary unrelated business activity or industrial grouping	1991		1992		1993		1994		1995		Percentage change, 1991-1995	
	Number of returns	Gross UBI	Number of returns	Gross UBI	Number of returns	Gross UBI	Number of returns	Gross UBI	Number of returns	Gross UBI	Number of returns	Gross UBI
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
<b>All activities and groupings.....</b>	<b>32,690</b>	<b>3,384.7</b>	<b>31,122</b>	<b>4,069.1</b>	<b>32,638</b>	<b>4,694.2</b>	<b>35,657</b>	<b>5,379.8</b>	<b>36,394</b>	<b>6,279.7</b>	<b>+11.3</b>	<b>+85.5</b>
Manufacturing.....	1,495	117.8	786	143.3	854	155.0	951	161.2	912	218.5	-39.0	+85.5
Retail trade.....	3,372	368.3	3,409	427.1	3,671	383.1	3,749	492.5	3,913	550.2	+16.0	+49.4
Finance, insurance, and real estate.....	11,862	1,136.9	12,159	1,119.9	12,191	1,505.3	12,855	1,850.0	15,368	2,461.0	+29.6	+116.5
Services.....	12,040	1,512.0	12,762	2,161.2	13,587	2,455.8	13,949	2,658.1	14,305	2,838.9	+18.8	+87.8
All other activities and groupings.....	3,921	249.8	2,006	217.7	2,335	194.9	4,153	218.1	1,896	211.2	-51.6	-15.5

NOTE: Detail may not add to totals because of rounding.

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### Summary

Nonprofit organizations filing Form 990-T to report income from “unrelated business” activities, those that were not related to their nonprofit missions, grossed \$6.3 billion of unrelated business income (UBI) for 1995. After taking deductions totaling \$7.3 billion, the 36,394 organizations that filed Form 990-T reported an aggregate net income (less deficit) of \$1 billion. About half of the organizations filing Form 990-T reported aggregate net income (taxable profit) of \$0.9 billion, with an associated total income tax liability of \$277.5 million.

Between 1991 and 1995, nonprofit organizations’ net income (taxable profit) grew by 107 percent and their total income tax liability rose 137 percent. As a group, however, these organizations sustained aggregate losses every year during the 5-year period, with total deductions exceeding total gross income each year. During that time, their gross unrelated business income and total deductions grew by 86 percent and 79 percent, respectively.

For 1995, about 27 percent of the organizations filing Form 990-T were nonprofit “charitable” organizations that were tax-exempt under Internal Revenue Code section 501(c)(3). Another 48 percent were business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6); social and recreational clubs exempt under section 501(c)(7); and fiduciary agents for Individual Retirement Arrangements (IRA’s) exempt under section 408(e). Together, the section 501(c)(3) and 501(c)(6) organizations reported nearly 70 percent of total gross UBI for 1995. The distribution of organizations by Internal Revenue Code section, in terms of the number of filers and the amount of gross UBI reported, did not change significantly from 1991 to 1995.

There also appears to be no significant change when comparing the apportioning of Forms 990-T by primary unrelated business activities reported for 1995 to that for 1991. Ninety-five percent of the primary business activities for 1995, and 88 percent for 1991, fell within four major industrial groupings—services; finance, insurance, and real estate; retail trade; and manufacturing [13]. The gross unrelated business income of organizations involved in finance, insurance, and real estate activities grew most rapidly over the 5-year period, when compared to other industrial groupings, increasing by more than

116 percent between 1991 and 1995.

### Data Sources and Limitations

The statistics in this article are based on a sample of Tax Year 1995 Forms 990-T, *Exempt Organization Business Income Tax Return*. The Internal Revenue Service required organizations having accounting periods beginning in 1995 (and, therefore, ending between December 1995 and November 1996) to file a 1995 Form 990-T. The associated required filing period for Tax Year 1995 Forms 990-T generally was May 1996 to April 1997 (April 1996 to March 1997 for Internal Revenue Code section 401(a) and 408(e) trusts), but extensions of time to file beyond this period were granted to many organizations. Because the accounting periods of the organizations filing a 1995 return vary, the financial activities covered in this article span the period January 1995 through November 1996 (although the majority of activities occurred during Calendar Year 1995).

The population from which the 1995 Form 990-T sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1996 and 1997. The returns in the sample were stratified based on the size of gross unrelated business income (UBI). A sample of 7,278 returns was selected from a population of 36,736. After excluding returns that were selected for the sample but later rejected, the sample size was 7,231 and the estimated population size was 36,394. Rejected returns included those which had gross UBI below the \$1,000 filing threshold, were filed only to claim a refund, or were filed for a part-year accounting period that began in a year other than 1995. (For example, a final return filed for the short period of January 1996 - June 1996 may have been computer-selected for the 1995 sample based on the criterion of having an ending accounting period that fit into the December 1995 to November 1996 range for a Tax Year 1995 return, but it would be rejected because, in actuality, it was a Tax Year 1996 return.)

The 1995 Form 990-T study design incorporated a special “integrated” sample to gather information on “related” (tax-exempt) and “unrelated” (taxable) income and expenses for organizations that filed both forms. Under this program, the Form 990-T sample included unrelated business income tax returns filed by any organizations whose Form 990 (*Return of Organization Exempt From Income Tax*) information

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returns were selected for either of two other Statistics of Income samples, one that included charities tax-exempt under section 501(c)(3), and another sample that included organizations tax-exempt under sections 501(c)(4) through 501(c)(9) [14].

Returns selected for the two Form 990 samples were a determining factor in the selection of returns that were included in the integrated portion of the Form 990-T sample. The Form 990-T sample was designed so that if a return was not initially selected, based on independent Form 990-T sampling criteria, it was subjected to further sampling based on a Forms 990/990-T matching process. Under this process, the Employer Identification Numbers (EIN's) of Form 990-T returns that were not initially selected for the Form 990-T sample were compared to the EIN's of returns selected for the two Form 990 SOI samples. When a match occurred, the Form 990-T was added to the independently selected Form 990-T sample. These specially matched returns, along with the independently selected Forms 990-T that also had counterparts in the Form 990 samples, formed the "integrated" portion of the Form 990-T sample.

Sampling rates ranged from a minimum of 2.6 percent (Form 990-T gross UBI was less than \$20,000, with either no Form 990 match or a Form 990 match to a section code 501(c)(3) return with assets under \$2,500,000) to a maximum of 100 percent (either Form 990-T gross UBI was \$300,000 or more, or Form 990-T had any amount of gross UBI and matched to a Form 990 with assets of \$10,000,000 or more) [15]. Other Forms 990/990-T matches within various ranges of gross UBI, assets, and Internal Revenue Code sections were selected at rates ranging from 4 percent to 40 percent.

The information presented in this article was obtained from returns as originally filed with the IRS. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV),

should be taken into account. Figure L shows CV's for selected financial data. CV's are not shown for returns with gross UBI of \$500,000 or more because they were sampled at a 100-percent rate and, therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue of the *SOI Bulletin*.

**Figure L**

### Coefficients of Variation for Selected Items, Tax Year 1995

Size of gross unrelated business income	Gross unrelated business income	Total deductions	Net income (taxable profit)	Total income tax
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
<b>Total</b> .....	<b>1.47</b>	<b>1.37</b>	<b>1.43</b>	<b>1.42</b>
\$1,000 under \$10,001 <sup>1</sup> .....	3.37	9.13	7.02	7.45
\$10,001 under \$100,000 <sup>1</sup> .....	1.62	4.97	5.68	6.46
\$100,000 under \$500,000.....	0.89	1.48	3.47	3.82
\$500,000 or more.....	N/A	N/A	N/A	N/A

<sup>1</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required).

Organizations with gross UBI below \$1,000 were not required to file Form 990-T.  
N/A - Not applicable.

### Explanation of Selected Terms

**Advertising Income.**--Gross income realized by an exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt Activity Income.) Internal Revenue Code section 501(c)(7), (9), and (17) organizations (each described in the Appendix to this article) reported gross advertising

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income, as well as other types of “exploited exempt activity income,” as gross receipts from sales and services. All other organizations reported this income separately.

*Capital Gain Net Income.*--Generally, organizations required to file Form 990-T (except organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on net gains from the sale, exchange, or other disposition of property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

*Contributions.*--To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or governmental organization described in Code section 170(c). Any unused contributions carried over from earlier years were also allowed. The contributions deduction was allowed whether or not directly connected with the carrying on of a trade or business.

*Deductions Directly Connected With Unrelated Business Income.*--These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a “proximate and primary” relationship to carrying on an unrelated trade or business. Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-financed income; those directly connected with investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from controlled organizations; those allocable to “exploited exempt activity income” other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the “net operating loss carryover”; and “other deduc-

tions.” Exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as “allocable to”) and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, each defined below), except for two items that were required to be reported separately: the “net operating loss carryover” and the “specific deduction,” also defined below.

*Deductions Not Directly Connected With Unrelated Business Income.*--The component deductions were “set-asides,” “excess exempt expenses,” charitable contributions, and the “specific deduction.” The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with UBI were reported separately, when applicable, only by exempt organizations with gross UBI above \$10,000. (See, also, the explanations of Set-Asides, Excess Exempt Expenses, and the Specific Deduction.)

*Excess Exempt Expenses.*--The two types of “excess” expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be

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used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

*Exploited Exempt Activity Income, Except Advertising.*--In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising Income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as gross receipts from sales and services. All other organizations reported this income separately.

*Gross Profit (Less Loss) from Sales and Services.*--This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax return schedules. For example, an Internal Revenue Code section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required return schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross Unrelated Business Income (UBI).*--This was the total gross unrelated business income (see the explanation of Unrelated Business Income), prior to reduction by allowable deductions used in comput-

ing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI, as shown on the tax return, were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss), sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; annuities, interest, rents, and royalties from controlled organizations; "exploited exempt activity" income; advertising income; and "other income" (less loss). (For an explanation of how income is allocated to the components of gross UBI, see the separate listings for each component.)

*Income from Controlled Organizations.*--When an exempt organization controls another organization (as described below), the gross annuities, interest, rents, and royalties from the controlled organization are included in the gross UBI of the controlling organization at a specified ratio, depending on whether the controlled organization is tax-exempt or not. For Tax Year 1995 "control" meant: (a) for a stock corporation, the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote, and ownership of at least 80 percent of the total number of shares of all other classes of stock of the corporation; or (b) for a nonstock organization, at least 80 percent of the directors or trustees of the organization were either representatives of, or directly or indirectly controlled by, a tax-exempt organization. The rules for debt-financed property did not apply to passive income from controlled organizations. (See the explanation of Unrelated Debt-Financed Income.)

*Income (Less Loss) from Partnerships.*--If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization's share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income.

*Investment Income (Less Loss).*--This item was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) (each described in the Appendix to this article) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of



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securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-Asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as "rental income." Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report "investment income (less loss)." Generally, these organizations' investment income (dividends, interest, rents, and annuities) and royalty income were not taxed as unrelated business income, unless it was income from a controlled organization (excluding dividends) or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-Financed Income.)

*Net Capital Loss (Trusts Only).*--If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Corporations were not allowed to deduct any excesses of capital losses over capital gains.) Trusts reported the net capital loss deduction on Form 990-T as a negative component of gross unrelated business income. Most of the trusts filing Form 990-T were Individual Retirement Arrangements (IRA's); employee pension, profit-sharing, or stock bonus plans; and employees' beneficiary associations providing for payment of life, sickness, health, or other benefits to members.

*Net Gain (Less Loss), Sales of Noncapital Assets.*--This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

*Net Income (Less Deficit).*--This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (net income), negative (deficit), or zero. Net income

represented taxable profit, which was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

*Net Operating Loss Carryover.*--The net operating loss carryover (as described in Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A "net operating loss" represented the excess of deductions over receipts for specified prior or future years for which an organization reported an overall deficit from its unrelated trade or business activities. The statistics in this article represent only the net operating loss carryover because carrybacks from future years would be reported on an amended return, not on the return as initially filed, which served as the basis for the statistics.

*Other Deductions.*--This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other Income (Less Loss).*--This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefits fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local tax payments, if the payments were previously reported as a deduction.

*Proxy Tax.*--This was a tax on certain nondeductible lobbying and political expenditures paid or incurred after December 31, 1993, by organizations that were tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), and 501(c)(6). If the

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organization failed to notify its members regarding their shares of dues to which nondeductible lobbying and political expenditures were allocable, or if the notice did not include the entire amount of dues that were allocable, then the proxy tax was imposed on the organization. It was computed as the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization's members, multiplied by 35 percent. The proxy tax was required to be reported on Form 990-T and was included in total income tax; however, there was no connection between the proxy tax and the taxation of income from an organization's unrelated business activities. For this reason, and because the SOI sample did not include returns with gross unrelated business income (UBI) below the \$1,000 filing threshold, Forms 990-T filed solely to report the proxy tax (no UBI reported) were excluded from the SOI sample. Organizations whose returns were included in the SOI sample reported an aggregate \$3.9 million of proxy tax. Based on an unpublished tabulation of data from the IRS Business Returns Transaction File, a total of \$11.8 million of proxy tax was reported on 665 Forms 990-T for Tax Year 1995. It is estimated that about 60 percent of these 665 returns were filed solely to report the proxy tax and, thus, were excluded from the SOI sample.

*Rental Income.*--For organizations tax exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property generally were excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded. Any rents excluded from the explanation of "rental income" had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed

income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-Financed Income.)

*Set-Asides.*--These amounts were allowed to social clubs (Internal Revenue Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)) as a deduction from investment income. The deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*--The specific deduction generally was a \$1,000 deduction, considered "not directly connected" with gross unrelated business income, allowed to all organizations that had positive taxable income after all other types of deductions were taken. The specific deduction was \$1,000 or the amount of positive taxable income, whichever was less.

*Total Deductions.*--Total Deductions included both deductions reported on the main part of Form 990-T and expense items reported on attached schedules. It excluded cost of sales and services (\$1.7 billion for 1995), which was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services. Gross profit (less loss) from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services was reported on Form 990-T as a lump-sum total, but may have included amounts attributable to depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deduc-

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tions, such as “salaries and wages,” may be understated.

*Total Income Tax.*--Total income tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the “proxy tax” on certain lobbying expenditures, the tax from recomputing certain prior-year credits (“recapture taxes”), the “alternative minimum tax,” and the “environmental tax.”

*Unrelated Business Income.*--This was income of a tax-exempt organization that was from a trade or business which was regularly carried on by the organization and which was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

*Unrelated Business Income Tax.*--This was the tax imposed on unrelated business net income (taxable profit). It was determined based on the regular corporate or trust income tax rates that were in effect for the 1995 Tax Year, as shown in the following schedules.

### Tax Rates for Corporations (Section 11 of the Internal Revenue Code)

Amount of unrelated business taxable income is:

Over--	But not over--	Tax is:	Of the amount over--
\$ 0	\$50,000	15%	\$0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	--	35%	0

### Tax Rates for Trusts (Section 1(e) of the Internal Revenue Code)

Amount of unrelated business taxable income is:

Over--	But not over--	Tax is:	Of the amount over--
\$ 0	\$1,500	15%	\$0
1,500	3,700	\$232.50 + 28%	1,500
3,700	5,600	834.50 + 31%	3,700
5,600	7,650	1,423.50 + 36%	5,600
7,650	--	2,161.50 + 39.6%	7,650

*Unrelated Debt-Financed Income.*--Gross income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization’s tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property, and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income as “Investment Income (Less Loss).” All other organizations reported debt-financed income separately.

### Notes and References

- [1] This is based on a total of 1,162,960 exempt organizations reported in the *1997 Internal Revenue Service Data Book*, Publication 55B.

## Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

The total excludes Internal Revenue Code section 501(d) religious and apostolic organizations, farmers' cooperatives, and nonexempt charitable trusts treated as exempt organizations, none of which reports tax on Form 990-T. Also, the total is understated because it excludes churches, exempt under Code section 501(c)(3), which are not required to apply for recognition of tax exemption unless they desire to obtain an Internal Revenue Service (IRS) ruling. However, these churches are required to file Form 990-T if they have unrelated business income. Because of the understatement of the total number of exempt organizations, the proportion of all exempt organizations that filed Form 990-T may be lower than 3 percent.

- [2] Organizations that are recognized as tax exempt under section 501(a) of the Internal Revenue Code, and described in Code sections 401(a), 408(e), and 501(c), must file a Federal income tax return (Form 990-T) if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax-exempt status. Code section 501(d) religious and apostolic organizations, farmers' cooperatives, and nonexempt charitable trusts treated as exempt organizations file tax forms other than Form 990-T. Returns filed by organizations with gross unrelated business income (UBI) below the \$1,000 filing requirement threshold were excluded from the statistics presented in this article. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of Form 1099 backup withholding that was withheld erroneously on interest or dividend payments because the payer did not realize that the payee was a tax-exempt organization.
- [3] While the largest share of total income tax was the tax on unrelated business income, total income tax could have also included the "proxy tax" on certain lobbying expenditures, "recapture taxes" (such as from recomputation of prior-year investment or low-income housing credits), the "alternative minimum tax" (AMT), and the environmental tax (an excise tax levied on certain corporations, computed based on

their "modified alternative minimum tax"). Also, the foreign tax credit, general business credit, prior-year minimum tax credit, and other credits (such as the U.S. possessions tax credit, nonconventional source fuel credit, and qualified electric vehicle credit) were subtracted from unrelated business income tax in computing total income tax. Total applied credits for 1995 were \$3.4 million, and total additional taxes were \$4.3 million.

The amount of additional taxes is understated because Forms 990-T filed solely to report the proxy tax (no unrelated business income was reported) were excluded from the SOI sample and, therefore, are not represented in these statistics. Based on returns in the SOI sample, the amount of the proxy tax included in total income tax was \$3.9 million. This amount is attributable to organizations that had gross UBI above the \$1,000 filing threshold and also reported the proxy tax. Based on an unpublished tabulation of data from the IRS Business Returns Transaction File, the total amount of proxy tax reported on all Forms 990-T filed for Tax Year 1995 was \$11.8 million. This amount is attributable to 665 organizations, the majority of which filed Form 990-T only for the purpose of reporting the proxy tax. The proxy tax was required to be reported on Form 990-T and was included in total income tax; however, there was no connection between the proxy tax and the taxation of income from an organization's unrelated business activities. The proxy tax is defined in the Explanation of Selected Terms section of this article.

- [4] The term "charitable" refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature, and also those organizations engaged in activities which foster national or international amateur sports competition, prevent cruelty to children or animals, or test for public safety.
- [5] These percentages are based on deductions reported only by organizations with gross unrelated business income (UBI) over \$10,000. Organizations with UBI between \$1,000 (the filing threshold) and \$10,000 were required to

## Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

report only a total for their deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each deduction item separately, as shown in Table 7 at the end of this article. Additional deductions may be taken as “cost of sales and services,” which are not included in total deductions on Form 990-T. For further information, see the definition of Total Deductions in the Explanation of Selected Terms section of this article.

- [6] For historical tax return data on net income (less deficit), and other financial items, reported by nonfarm sole proprietorships, partnerships, and corporations, see *Statistics of Income Bulletin*, Spring 1998, Volume 17, Number 4, Tables 10, 11, and 13, respectively, in the “Selected Historical and Other Data” section, pp. 212-213 and 215-216.
- [7] Resource allocation and other factors affecting nonprofit organizations’ choices regarding involvement in unrelated business activities are thoroughly examined in Cordes, Joseph J. and Weisbrod, Burton A., “Differential Taxation of Nonprofits and the Commercialization of Nonprofit Revenues,” *Journal of Policy Analysis and Management*, Spring 1998, Volume 17, Number 2, pp. 195-214.
- [8] The unrelated business income tax for nonprofit corporations was determined based on the regular corporate income tax rates in effect for Tax Year 1995. Nonprofit trusts were generally taxed at the regular individual income tax rates established for estates and trusts for Tax Year 1995. Trusts that were eligible for the maximum 28-percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*. The corporate and trust tax-rate schedules are included in the definition of Unrelated Business Income Tax, found in the Explanation of Selected Terms section of this article.
- [9] One factor contributing to the rise in the number of returns within these four major industrial groupings was that the number of returns in the

category, “Not reported,” fell from 7 percent for 1991 to 1 percent for 1995. Better research methods were employed for the 1995 study to determine a primary activity code for organizations that did not provide the information on Form 990-T. Many returns that would have been in the “Not reported” category using the 1991 study techniques were classified in one of the specific categories for 1995.

- [10] The total of 160 industry classifications were combined to form the 10 major groupings shown in Table 5. See Office of Management and Budget, *Standard Industrial Classification Manual*, 1987, which lists all of the 4-digit industry codes used by Form 990-T filers for 1995, except for the five additional categories that reflected certain provisions of the Internal Revenue Code pertaining to exempt organizations.
- [11] When an exempt organization commercially “exploits” the goodwill or other intangibles that are created by its exempt activities, and the commercial activities do not contribute significantly to the accomplishment of its exempt-purpose functions, the income generated by the commercial activities is considered “exploited exempt activity income” and is subject to the UBI tax. Examples of exploited exempt activities would be product endorsements and the sale of commercial advertising in a publication that is printed to promote the exempt purpose of an organization. (See the definitions of Advertising Income and Exploited Exempt Activity Income in the Explanation of Selected Terms section.)
- [12] Portions of the data in this section on industry subgroups, particularly the types of organizations included in the subgroups, are from unpublished Statistics of Income tabulations.
- [13] Improved research methods used to assign codes for primary activities when they were not reported on Form 990-T are partly responsible for this increase between 1991 and 1995. See footnote 9, above.
- [14] For the most recent Form 990 annual data on organizations tax-exempt under Internal

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Revenue Code sections 501(c)(3) (excluding private foundations and most religious organizations) through 501(c)(9), see Hilgert, Cecelia and Whitten, Melissa, "Charities and Other Tax-Exempt Organizations, 1995," *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18, Number 3. Private foundations, tax exempt under Code section 501(c)(3), are required to file Form 990-PF (*Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*), rather than Form 990. Private foundations were required to report taxable income on Form 990-T, but this type of organization was not included in the integrated sample design. "Nonexempt charitable trusts" (described in Code section 4947(a)(1)) that filed the Form 990-PF information return for 1995 were required to report taxable income on Form 1041, *U.S. Income Tax Return for Estates and Trusts*, not Form 990-T. For the most recent

annual data on private foundations, see Arnsberger, Paul, "Private Foundations and Charitable Trusts, 1995," *Statistics of Income Bulletin*, Winter 1998-1999, Volume 18, Number 3. Also recently published is an article containing a 20-year review of the finances of tax-exempt organizations filing Forms 990, 990-PF, and 990-T. See Meckstroth, Alicia and Arnsberger, Paul, "A 20-Year Review of the Nonprofit Sector, 1975-1995," *Statistics of Income Bulletin*, Fall 1998, Volume 18, Number 2.

- [15] For additional information on the Form 990 and Form 990-T integrated sample design, see Harte, James M. and Hilgert, Cecelia H., "Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations," *Statistics of Income: Turning Administrative Systems Into Information Systems*, 1993.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, health, accident, or other benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual reserve funds	Providing loans to members

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## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(21)	Black lung benefit trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multi-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units

NOTE: Prepaid legal service funds, described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt effective with tax years beginning after June 30, 1992.



# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization, Tax Year 1995**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All sections.....</b>	<b>36,394</b>	<b>6,279,659</b>	<b>36,229</b>	<b>7,253,305</b>	<b>31,529</b>	<b>-973,648</b>	<b>-1,866,621</b>	<b>18,243</b>	<b>277,481</b>
401(a).....	1,136	212,707	1,136	47,372	1,073	165,336	-16,287	963	61,173
408(e).....	4,642	28,855	4,597	26,111	4,560	2,744	-10,819	4,390	3,882
501(c)(2).....	217	42,160	217	78,400	213	-36,239	-38,731	107	679
501(c)(3).....	9,903	3,583,259	9,894	4,625,367	8,539	-1,042,108	-1,244,149	3,187	59,486
501(c)(4).....	1,377	307,193	1,377	356,509	1,107	-49,317	-63,711	313	3,790
501(c)(5).....	2,471	203,753	2,430	291,615	1,926	-87,862	-110,614	935	5,951
501(c)(6).....	6,103	741,791	6,103	900,362	4,927	-158,571	-218,693	2,190	19,279
501(c)(7).....	6,553	372,862	6,502	378,348	5,765	-5,486	-76,725	4,491	13,977
501(c)(8).....	1,081	58,186	1,081	86,589	1,001	-28,402	-33,714	469	867
501(c)(9).....	694	466,634	685	184,125	494	282,509	-9,241	436	99,772
501(c)(10).....	256	10,593	256	13,090	215	-2,497	-3,549	*108	*158
501(c)(11).....	--	--	--	--	--	--	--	--	--
501(c)(12).....	136	17,530	136	19,710	135	-2,180	-6,273	39	1,136
501(c)(13).....	*32	*2,210	*32	*2,112	*11	*98	*-22	*4	*18
501(c)(14).....	*72	*10,294	*72	*12,839	*72	*-2,545	*-2,887	*63	*60
501(c)(15).....	**	**	**	**	**	**	**	**	**
501(c)(16).....	--	--	--	--	--	--	--	--	--
501(c)(17).....	**	**	**	**	**	**	**	**	**
501(c)(18).....	--	--	--	--	--	--	--	--	--
501(c)(19).....	1,667	118,205	1,656	142,631	1,438	-24,426	-30,976	499	1,302
501(c)(21) <sup>5</sup> .....	--	--	--	--	--	--	--	--	--
501(c)(22).....	--	--	--	--	--	--	--	--	--
501(c)(23).....	**	**	**	**	**	**	**	**	**
501(c)(24).....	--	--	--	--	--	--	--	--	--
501(c)(25).....	*49	*16,945	*49	*3,267	*49	*13,678	*-28	*48	*5,333

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.7 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$3.9 million.

<sup>5</sup> Prepaid legal service funds, described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt beginning with tax years after June 30, 1992.

NOTES: Detail may not add to totals because of rounding. See the Appendix to this article for a listing of the types of tax-exempt organizations, by the Internal Revenue Code section describing them.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Gross UBI, Tax Year 1995**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>36,394</b>	<b>6,279,659</b>	<b>36,229</b>	<b>7,253,305</b>	<b>31,529</b>	<b>-973,648</b>	<b>-1,866,621</b>	<b>18,243</b>	<b>277,481</b>
\$1,000 under \$10,001 <sup>5</sup> .....	15,997	62,731	15,855	97,339	13,638	-34,609	-52,249	9,203	3,326
\$10,001 under \$100,000 <sup>5</sup> .....	13,665	520,430	13,655	735,491	11,857	-215,061	-310,933	6,306	19,118
\$100,000 under \$500,000.....	5,029	1,083,496	5,018	1,480,745	4,520	-397,249	-517,737	2,054	33,267
\$500,000 under \$1,000,000.....	856	596,065	855	762,043	761	-165,979	-229,782	352	20,425
\$1,000,000 under \$5,000,000....	710	1,411,338	709	1,783,679	631	-372,341	-520,975	263	51,348
\$5,000,000 or more.....	137	2,605,599	137	2,394,009	123	211,590	-234,945	65	149,998

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.7 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$3.9 million.

<sup>5</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Net Income (Taxable Profit) or Deficit, Tax Year 1995**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of net income (taxable profit) or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>36,394</b>	<b>6,279,659</b>	<b>36,229</b>	<b>7,253,305</b>	<b>31,529</b>	<b>-973,648</b>	<b>-1,866,621</b>	<b>18,243</b>	<b>277,481</b>
Deficit.....	13,373	2,557,634	13,373	4,424,256	13,373	-1,866,621	-1,866,621	283	1,771
Zero <sup>5</sup> .....	4,864	624,534	4,864	624,534	--	--	--	72	313
\$1 under \$1,000.....	4,637	36,084	4,637	33,832	4,637	2,251	--	4,537	329
\$1,000 under \$10,000.....	8,162	228,462	8,019	198,065	8,162	30,396	--	8,046	5,272
\$10,000 under \$100,000.....	4,589	639,895	4,579	501,339	4,589	138,555	--	4,543	26,726
\$100,000 under \$500,000.....	585	384,865	575	263,792	585	121,072	--	582	40,329
\$500,000 under \$1,000,000.....	92	139,207	91	74,475	92	64,731	--	88	21,713
\$1,000,000 or more.....	92	1,668,979	91	1,133,012	92	535,968	--	92	181,029

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.7 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$3.9 million.

<sup>5</sup> Includes "breakeven" returns with equal amounts of gross unrelated business income and total deductions.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 4.--Returns with Positive Net Income (Taxable Profit): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Taxable Profit), and Total Income Tax, by Size of Gross UBI, Tax Year 1995**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (taxable profit)		Total income tax <sup>3</sup>	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>18,157</b>	<b>3,097,490</b>	<b>17,992</b>	<b>2,204,515</b>	<b>18,157</b>	<b>892,974</b>	<b>17,888</b>	<b>275,397</b>
\$1,000 under \$10,001 <sup>4</sup> .....	9,294	33,483	9,152	15,842	9,294	17,640	9,150	3,261
\$10,001 under \$100,000.....	6,175	224,199	6,166	128,326	6,175	95,872	6,085	18,306
\$100,000 under \$500,000.....	2,039	435,510	2,028	315,021	2,039	120,489	2,007	32,850
\$500,000 under \$1,000,000.....	344	238,950	343	175,146	344	63,803	342	20,311
\$1,000,000 under \$5,000,000.....	248	471,817	247	323,183	248	148,634	248	51,197
\$5,000,000 or more.....	57	1,693,531	57	1,246,997	57	446,535	57	149,471

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting net income (taxable profit), cost of sales and services was \$675.1 million.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive net income, total proxy tax was \$2.2 million.

<sup>4</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 1995**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All activities and groupings.....</b>	<b>36,394</b>	<b>6,279,659</b>	<b>36,229</b>	<b>7,253,305</b>	<b>31,529</b>	<b>-973,648</b>	<b>-1,866,621</b>	<b>18,243</b>	<b>277,481</b>
Agriculture, forestry, and fishing.....	394	21,400	394	50,432	305	-29,032	-31,606	102	728
Mining.....	171	9,526	171	17,571	146	-8,045	-10,325	132	495
Construction.....	*24	*1,484	*24	*633	*24	*851	*-3	*23	*319
Manufacturing.....	912	218,475	912	263,310	733	-44,835	-81,529	251	12,297
Transportation and public utilities.....	445	102,082	445	202,570	386	-100,488	-105,790	157	1,622
Wholesale trade.....	89	7,683	89	15,111	65	-7,428	-8,995	*26	*353
Retail trade.....	3,913	550,153	3,913	762,224	3,571	-212,072	-263,394	1,498	14,314
Finance, insurance, and real estate, total.....	15,368	2,460,953	15,252	2,157,240	13,832	303,713	-331,008	10,800	203,140
Unrelated debt-financed activities, except rental of real estate.....	967	173,875	952	139,710	923	34,165	-12,213	801	15,007
Investment activities of Code section 501(c)(7), (9), and (17) organizations.....	3,703	568,790	3,659	266,949	3,087	301,841	-8,550	2,908	100,885
Rental of personal property.....	877	46,041	877	76,765	828	-30,724	-36,041	419	1,090
Passive income activities with controlled organizations.....	432	29,133	431	32,180	428	-3,047	-13,361	310	1,883
Other finance, insurance, and real estate.....	9,389	1,643,114	9,333	1,641,636	8,566	1,478	-260,843	6,362	84,275
Services.....	14,305	2,838,887	14,300	3,702,516	11,857	-863,630	-1,013,570	4,920	42,157
Exploited exempt activities.....	328	57,132	328	69,168	221	-12,036	-16,637	125	1,101
Not allocable.....	444	11,883	402	12,529	389	-646	-3,764	210	957

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.7 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," the environmental tax, and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$3.9 million.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 1995**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI) <sup>1</sup>			
			Gross profit (less loss) from sales and services		Capital gain net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>36,394</b>	<b>6,279,659</b>	<b>14,742</b>	<b>3,238,696</b>	<b>815</b>	<b>300,420</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>15,997</b>	<b>62,731</b>	<b>3,663</b>	<b>13,130</b>	<b>*250</b>	<b>*1,126</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>20,396</b>	<b>6,216,928</b>	<b>11,079</b>	<b>3,225,567</b>	<b>565</b>	<b>299,294</b>
\$10,001 under \$100,000 <sup>2</sup> .....	13,665	520,430	6,833	227,053	342	6,699
\$100,000 under \$500,000.....	5,029	1,083,496	3,203	570,245	131	15,941
\$500,000 under \$1,000,000.....	856	596,065	525	294,662	33	12,132
\$1,000,000 under \$5,000,000.....	710	1,411,338	440	720,253	40	44,687
\$5,000,000 or more.....	137	2,605,599	78	1,413,354	19	219,834

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets <sup>4</sup>		Income (less loss) from partnerships	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total</b> .....	<b>32</b>	<b>-93</b>	<b>362</b>	<b>4,780</b>	<b>5,841</b>	<b>179,627</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>4,714</b>	<b>13,386</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>1,127</b>	<b>166,241</b>
\$10,001 under \$100,000 <sup>2</sup> .....	*9	*-25	145	1,834	854	19,904
\$100,000 under \$500,000.....	*13	*-39	94	1,648	148	9,763
\$500,000 under \$1,000,000.....	3	-9	18	500	44	6,374
\$1,000,000 under \$5,000,000.....	**	**	**	**	55	16,100
\$5,000,000 or more.....	**	**	**	**	26	114,101

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> -- Continued					
	Rental income <sup>5</sup>		Unrelated debt-financed income		Investment income (less loss) <sup>6</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total</b> .....	<b>3,740</b>	<b>136,591</b>	<b>2,678</b>	<b>374,780</b>	<b>5,846</b>	<b>378,702</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>1,181</b>	<b>4,528</b>	<b>788</b>	<b>3,078</b>	<b>2,811</b>	<b>8,801</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>2,559</b>	<b>132,063</b>	<b>1,890</b>	<b>371,702</b>	<b>3,035</b>	<b>369,901</b>
\$10,001 under \$100,000 <sup>2</sup> .....	1,854	35,244	1,183	33,603	1,932	29,946
\$100,000 under \$500,000.....	545	42,874	494	63,309	888	58,507
\$500,000 under \$1,000,000.....	77	18,134	90	35,165	115	36,661
\$1,000,000 under \$5,000,000.....	70	24,440	100	90,175	81	94,688
\$5,000,000 or more.....	13	11,372	23	149,451	19	150,099

Footnotes at end of table.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 1995  
--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued							
	Income from controlled organizations <sup>7</sup>		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Total</b> .....	<b>1,117</b>	<b>48,354</b>	<b>950</b>	<b>101,192</b>	<b>8,113</b>	<b>1,021,379</b>	<b>5,953</b>	<b>495,231</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>308</b>	<b>753</b>	<b>*239</b>	<b>*1,073</b>	<b>3,130</b>	<b>12,901</b>	<b>1,479</b>	<b>3,990</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>808</b>	<b>47,600</b>	<b>710</b>	<b>100,119</b>	<b>4,983</b>	<b>1,008,478</b>	<b>4,474</b>	<b>491,241</b>
\$10,001 under \$100,000 <sup>2</sup> .....	568	8,784	301	7,589	3,186	93,865	2,846	55,935
\$100,000 under \$500,000.....	161	10,896	280	25,964	1,308	190,277	1,210	94,112
\$500,000 under \$1,000,000.....	33	4,164	59	13,513	243	115,803	228	58,965
\$1,000,000 under \$5,000,000.....	38	16,303	62	39,980	206	242,826	160	121,814
\$5,000,000 or more.....	8	7,453	9	13,074	40	365,708	30	160,415

<sup>1</sup> Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>2</sup> Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>3</sup> For definitions of the sources of gross unrelated business income, see the Explanation of Selected Terms section of this article.

<sup>4</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

<sup>5</sup> All organizations were required to report each income item, as shown in columns 3 through 26. However, only organizations with gross UBI over \$10,000 were required to report each deduction shown in columns 14 through 45, 48, 49, and 54 through 59 of Table 7. A total of gross UBI is shown separately for these larger organizations in order to facilitate comparison with Table 7.

<sup>6</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property, which were capital assets.

<sup>7</sup> Income from real property and personal property leased with real property.

<sup>8</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>9</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 1995**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	All organizations			Organizations with gross unrelated business income (UBI) of \$10,000 or less <sup>3</sup>					
	Total number of returns	Total deductions <sup>1,2</sup>		Total deductions <sup>2,4</sup>		Net operating loss carryover		Specific deduction	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>36,394</b>	<b>36,229</b>	<b>7,253,305</b>	<b>15,855</b>	<b>97,339</b>	<b>2,436</b>	<b>36,330</b>	<b>10,519</b>	<b>9,900</b>
\$1,000 under \$10,001 <sup>3</sup> .....	15,997	15,855	97,339	15,855	97,339	2,436	36,330	10,519	9,900
\$10,001 under \$100,000 <sup>3</sup> .....	13,665	13,655	735,491	--	--	--	--	--	--
\$100,000 under \$500,000.....	5,029	5,018	1,480,745	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	856	855	762,043	--	--	--	--	--	--
\$1,000,000 under \$5,000,000.....	710	709	1,783,679	--	--	--	--	--	--
\$5,000,000 or more.....	137	137	2,394,009	--	--	--	--	--	--
Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup>								
	Total deductions <sup>2,5</sup>	Deductions directly connected with UBI							
		Total		Allocable to rental income <sup>6</sup>		Allocable to unrelated debt-financed income <sup>6</sup>		Allocable to investment income <sup>6,7</sup>	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
<b>Total.....</b>	<b>20,374</b>	<b>7,155,966</b>	<b>19,108</b>	<b>6,791,319</b>	<b>1,039</b>	<b>76,194</b>	<b>1,621</b>	<b>368,986</b>	<b>933</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	13,655	735,491	12,565	701,667	711	18,280	979	33,237	448
\$100,000 under \$500,000.....	5,018	1,480,745	4,908	1,420,530	244	30,249	441	64,909	373
\$500,000 under \$1,000,000.....	855	762,043	832	716,477	40	11,401	84	33,055	66
\$1,000,000 under \$5,000,000.....	709	1,783,679	674	1,684,712	36	11,838	96	94,783	38
\$5,000,000 or more.....	137	2,394,009	129	2,267,933	8	4,425	20	143,002	8
Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Allocable to investment income <sup>6,7</sup>	Allocable to income from controlled organizations <sup>6</sup>		Allocable to exploited exempt activity income except advertising <sup>6</sup>		Direct advertising costs <sup>6</sup>		Compensation of officers, directors, and trustees	
	--Continued	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
<b>Total.....</b>	<b>41,628</b>	<b>366</b>	<b>36,883</b>	<b>619</b>	<b>88,682</b>	<b>4,609</b>	<b>784,228</b>	<b>1,792</b>	<b>41,078</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	1,477	236	6,918	258	5,044	2,932	75,573	1,000	8,588
\$100,000 under \$500,000.....	6,133	89	9,132	238	25,051	1,213	146,537	586	13,064
\$500,000 under \$1,000,000.....	3,210	18	3,197	57	10,364	233	83,487	98	4,453
\$1,000,000 under \$5,000,000.....	8,542	23	17,635	57	36,457	194	189,842	88	7,365
\$5,000,000 or more.....	22,266	23	17,635	9	11,765	37	288,789	20	7,607
Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Salaries and wages		Repairs		Bad debts		Interest		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)		
<b>Total.....</b>	<b>9,735</b>	<b>951,606</b>	<b>7,013</b>	<b>61,718</b>	<b>786</b>	<b>24,448</b>	<b>2,475</b>	<b>52,001</b>	
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	
\$10,001 under \$100,000 <sup>3</sup> .....	5,751	98,043	4,415	10,939	279	238	1,246	3,747	
\$100,000 under \$500,000.....	2,997	254,046	1,976	21,556	308	2,105	961	13,504	
\$500,000 under \$1,000,000.....	510	124,343	316	7,642	70	1,520	118	3,926	
\$1,000,000 under \$5,000,000.....	409	254,627	257	12,700	101	9,517	120	15,667	
\$5,000,000 or more.....	68	220,547	49	8,881	29	11,068	30	15,156	



# Unrelated Business Income of Nonprofit Organizations: Highlights of 1995 and a Review of 1991-1995

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 1995--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes and licenses paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
<b>Total</b> .....	<b>10,531</b>	<b>160,691</b>	<b>7,085</b>	<b>145,597</b>	<b>75</b>	<b>1,705</b>	<b>805</b>	<b>9,909</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	7,002	29,546	4,206	16,279	*55	*374	420	619
\$100,000 under \$500,000.....	2,752	56,867	2,142	41,609	16	208	268	1,698
\$500,000 under \$1,000,000.....	412	18,357	354	20,568	4	1,123	48	743
\$1,000,000 under \$5,000,000.....	298	23,300	320	36,955	--	--	58	2,177
\$5,000,000 or more.....	67	32,621	63	30,186	--	--	11	4,671

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							Deductions not directly connected with UBI
	Contributions to employee benefit plans		Net operating loss carryover		Other deductions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
<b>Total</b> .....	<b>4,199</b>	<b>143,768</b>	<b>5,729</b>	<b>1,531,182</b>	<b>12,809</b>	<b>2,271,017</b>	<b>11,162</b>	<b>364,646</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	2,030	6,309	3,378	262,993	8,053	123,461	7,667	33,823
\$100,000 under \$500,000.....	1,501	24,600	1,692	428,829	3,561	280,435	2,610	60,215
\$500,000 under \$1,000,000.....	331	14,325	308	204,597	611	171,285	447	45,566
\$1,000,000 under \$5,000,000.....	286	35,675	296	438,290	492	494,225	358	98,966
\$5,000,000 or more.....	51	62,858	55	196,472	93	1,201,611	81	126,076

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides <sup>7</sup>		Excess exempt expense	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>Total</b> .....	<b>9,102</b>	<b>8,763</b>	<b>1,240</b>	<b>33,992</b>	<b>264</b>	<b>130,447</b>	<b>2,279</b>	<b>191,444</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	6,434	6,136	766	5,725	116	3,669	1,379	18,292
\$100,000 under \$500,000.....	2,036	1,997	358	5,604	76	16,765	597	35,848
\$500,000 under \$1,000,000.....	336	339	49	1,425	32	15,693	148	28,109
\$1,000,000 under \$5,000,000.....	239	234	46	2,879	35	44,001	128	51,853
\$5,000,000 or more.....	58	57	21	18,357	5	50,320	27	57,342

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.7 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 14 through 49 and 52 through 59.

<sup>4</sup> Excludes \$36.8 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

<sup>5</sup> Excludes \$1.7 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

<sup>6</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>7</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1996

by Margaret Riley

**T**axable profits from “unrelated business” activities, reported for Tax Year 1996 by organizations that were otherwise exempt from Federal income taxation, rose 31 percent between 1995 and 1996 and totaled \$1.2 billion. The total unrelated business income tax (UBIT) imposed on these profits was \$372.3 million, a 35-percent increase over 1995. These increases followed even larger percentage increases from 1994 to 1995, resulting in an 82-percent increase in total taxable profits and a 94-percent increase in aggregate unrelated business income tax liability for the 2-year period from 1994 to 1996. Figure A presents information on these and other selected financial data items for Tax Years 1994, 1995, and 1996.

For 1996, an estimated 40,621 tax-exempt organizations filed an “unrelated business” income tax return (Form 990-T) [1]. After making adjustments to UBIT for other taxes and certain credits, the resulting total Federal income tax liability reported on Form 990-T was \$372.6 million. In addition to the \$372.3 million of UBIT, total income tax took into account \$1.8 million of “proxy tax” on certain lobbying and political expenditures, \$0.9 million of other taxes, and \$2.4 million of applied tax credits [2]. (For more information on the proxy tax, see the section, “Proxy Tax on Lobbying and Political Expenditures,” below.)

## Background

Nonprofit organizations that are granted Federal tax exemption based on their mission-related purposes are allowed, within certain limits, to generate income from unrelated business activities; however, the income from these activities is subject to taxation. In general, income produced from activities that are “regularly carried on” and “are not substantially related” to an organization’s tax-exempt purpose is taxable. There are certain exclusions to this income taxation; some examples are engaging in business activities in which substantially all of the work is performed by volunteer labor; selling merchandise that the organization received as a gift or contribution; and operating certain games of chance, as

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**Figure A**

### Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1994-1996

[Money amounts are in thousands of dollars]

Item	1994	1995	1996	Percentage increase	
				1995 to 1996	1994 to 1996
	(1)	(2)	(3)	(4)	(5)
<b>Number of returns, total.....</b>	<b>35,657</b>	<b>36,394</b>	<b>40,621</b>	<b>11.6</b>	<b>13.9</b>
With net income (taxable profit).....	18,588	18,157	19,511	7.5	5.0
Without net income (taxable profit) <sup>1</sup> .....	17,070	18,237	21,109	15.7	23.7
Gross unrelated business income.....	5,379,838	6,279,659	7,294,504	16.2	35.6
Total deductions.....	6,506,838	7,253,305	8,095,558	11.6	24.4
Net income (less deficit).....	-1,127,001	-973,648	-801,054	17.7	28.9
Net income (taxable profit).....	642,953	892,974	1,169,618	31.0	81.9
Deficit.....	1,769,954	1,866,621	1,970,672	5.6	11.3
Unrelated business income tax.....	191,492	276,562	372,298	34.6	94.4
Total income tax.....	195,191	277,481	372,603	34.3	90.9

<sup>1</sup>Includes returns with deficits and “breakeven” returns with equal amounts of gross unrelated business income and total deductions.

NOTE: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, net income (less deficit), unrelated business income tax, and total income tax.

specified in the Internal Revenue Code.

While specific taxpayer information reported on an exempt organization’s Form 990 “information return” can be disclosed to the public, specific taxpayer information reported on its Form 990-T “tax return” cannot. Under disclosure rules governing the release of taxpayer information, only aggregate totals from Form 990-T can be presented in this article.

## Income and Deductions

The \$7.3 billion of gross unrelated business income (UBI) reported for 1996 represented a 16-percent increase over 1995. After organizations made deductions totaling \$8.1 billion, the resulting overall net income (less deficit) was -\$0.8 billion. Positive net income, or taxable profit, was reported on 48

## Unrelated Business Income of Nonprofit Organizations, 1996

percent of the returns filed; deficits or zero taxable income (equal amounts of gross UBI and total deductions) were reported on the remainder. Of the returns with taxable profit, 65 percent were tax-exempt corporations, and 35 percent were tax-exempt trusts.

The three fastest growing components of aggregate gross UBI for 1996 were income (less loss) from partnerships (up 99 percent from 1995), investment income (less loss) of section 501(c)(7), (9), and (17) organizations (up 67 percent from 1995), and capital gain net income (up 67 percent from 1995). Even though these items experienced the largest percentage increases between 1995 and 1996, together, they accounted for only 20 percent of total gross UBI. Nearly half of all gross UBI was generated from gross profit (less loss) from sales and services, and another 15 percent was attributable to advertising income, but these two largest components, combined, rose a comparatively small 16 percent between the 2 years.

For 1995 and 1996, annual percentage increases were significantly higher for taxable income and unrelated business income tax liability than they were for total gross UBI and total deductions. The 14-percent increase in the number of organizations filing

Forms 990-T from 1994 to 1996 may account for part of the dollar increases in the major financial data items reported. However, other factors also played a role, especially in the rapid growth of taxable income and UBIT. The following two sections attempt to answer questions about why unrelated business income tax liability rose rapidly during the 1994-96 period and which organizations accounted for the largest share of the tax.

### Unrelated Business Income Tax Liability

Figure B underscores the differences in the amounts of UBIT reported by tax-exempt corporations and tax-exempt trusts between 1994 and 1996 [3]. The number of trusts and corporations reporting taxable profit increased at about the same rate from 1994 to 1996, 6 percent and 5 percent, respectively. During the same period, however, the aggregate UBIT liability of trusts rose 138 percent, compared to a 47-percent increase for corporations.

Virtually all of the trusts reporting gross UBIT liability for 1996 were Code section 401(a) pension funds, section 408(e) Individual Retirement Arrangements, and section 501(c)(9) employee benefit associations. About 80 percent of the corporate entities reporting UBIT liability were nonprofit charitable

**Figure B**

### Tax-Exempt Corporations and Trusts with Positive Net Income (Taxable Profit), Tax Year 1996

[Money amounts are in millions of dollars]

Tax-Exempt Trusts		Tax-Exempt Corporations	
Number of returns:	6,879	Number of returns:	12,632
Increase, 1994-1996:	6%	Increase, 1994-1996:	5%
Unrelated business income tax liability:	\$237.7	Unrelated business income tax liability:	\$134.6
Increase, 1994-1996:	138%	Increase, 1994-1996:	47%

## Unrelated Business Income of Nonprofit Organizations, 1996

organizations tax-exempt under Code section 501(c)(3), business leagues, chambers of commerce, and real estate boards exempt under section 501(c)(6), and social and recreational clubs exempt under section 501(c)(7) [4]. (The various types of tax-exempt organizations are described, by Code section, in the Appendix to this article.)

The large increases in profits and unrelated business income tax liability for 1995 and 1996 can be explained by examining the relationship between each type of organization's main sources of income and stock market performance, and between tax rates and taxable income levels. One factor contributing to the differences in trust and corporate UBIT liability was the effect of favorable stock market conditions, which resulted in substantial increases in profits, especially for trusts, for Tax Years 1995 and 1996.



As shown in Figure C, trusts traditionally report three primary sources of income on Form 990-T: capital gain net income, partnership income, and other

investment income, all of which are directly affected by the stock market. Corporate nonprofit entities, on the other hand, traditionally report gross profit from sales and services and advertising income as their primary income sources, neither of which is directly affected by stock market fluctuations.

It appears that the high investment returns associated with 1995 and 1996 had a greater impact on tax-exempt trusts, which relied heavily on passive investment activities to generate income. In contrast, corporate entities, on the whole, generated income from more active involvement in business enterprises. Another important factor is that trusts, by the nature of their operations, are more limited than most corporations in the types and amount of deductions they can claim to offset income. As a result, they report relatively higher amounts of taxable profit [5]. The average deduction reported by nonprofit trusts was about \$60,000, compared to an average deduction of \$248,000 for nonprofit corporations.

**Figure C**

### Primary Sources of Unrelated Business Income (UBI) for Tax-Exempt Corporations and Trusts, Tax Year 1996

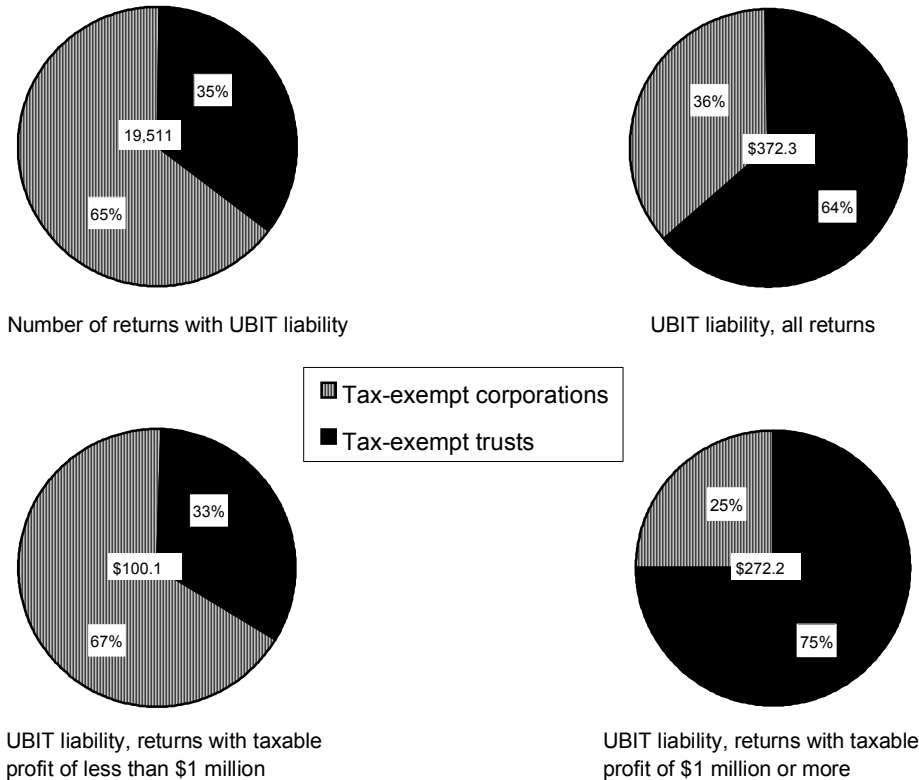
Tax-Exempt Trusts	Tax-Exempt Corporations
<ul style="list-style-type: none"> <li>● Capital gain net income</li> <li>● Partnership income (less loss)</li> <li>● Other investment income (less loss) (mainly reported by Code section 501(c)(9) voluntary employee beneficiary associations)</li> </ul>	<ul style="list-style-type: none"> <li>● Gross profit (less loss) from sales and services</li> <li>● Advertising income</li> </ul>
	
<b>92% of Total Trust UBI</b>	<b>76% of Total Corporate UBI</b>

# Unrelated Business Income of Nonprofit Organizations, 1996

**Figure D**

## Tax-Exempt Corporations and Trusts with Unrelated Business Income Tax (UBIT) Liability, by Size of Taxable Profit, Tax Year 1996

[Money amounts are in millions of dollars]



### Corporate and Trust Unrelated Business Income Tax Shares

Figure D further compares trusts and corporations, in numbers of returns filed and the amounts of UBIT reported for Tax Year 1996. The first pie in this figure shows that about one-third of the returns with UBIT liability were filed by tax-exempt trusts, with the remaining two-thirds filed by tax-exempt corporations. The pie to its right shows almost the reverse when looking at the split of tax liability. Even though the trusts comprised only one-third of all filers with UBIT liability, they were responsible for nearly two-thirds of the total amount of UBIT reported.

The remaining two pies show that when taxes are distributed by size of taxable profit, distinctly different patterns result for trusts and corporations. In the group of organizations that had taxable profit

of less than \$1 million, two-thirds of total UBIT was reported by corporate entities. In contrast, in the group of organizations that had taxable profit of \$1 million or more, three-quarters of total UBIT was attributable to tax-exempt trusts. In general, a comparison of statutory marginal rates of tax shows that trust income amounts above \$1 million are taxed at higher rates than corporate income amounts above \$1 million. (Corporation and trust income brackets and related tax rates for Tax Year 1996 are included in the definition of Unrelated Business Income Tax in the Explanation of Selected Terms section of this article.)

Within the group of tax-exempt organizations reporting taxable profits of \$1 million or more for 1996, trusts outnumbered corporations by nearly two to one, and their average taxable profit was one-and-

## Unrelated Business Income of Nonprofit Organizations, 1996

a-half times larger than the average taxable profit of corporate entities. Differences in sources of trust and corporate income and the effect of very favorable returns on investments, which largely benefited nonprofit trusts for 1995 and 1996, greatly account for this outcome. These differences, in combination with the higher tax rate generally applied to trusts in this taxable income group, explain why trusts were liable for a much larger share of the overall unrelated business income tax burden for both 1995 and 1996.

### **Proxy Tax on Lobbying and Political Expenditures**

The proxy tax, which was effective beginning with Tax Year 1994, is imposed on certain nondeductible lobbying and political expenditures of nonprofit organizations. This tax is required to be reported on Form 990-T, even though there is no relationship between the proxy tax and the taxation of unrelated business activities. Specifically, nondeductible lobbying and political expenditures are taxed when they are financed with dues collected from organization members, and the organization either fails to notify the members of their shares of dues that were spent on lobbying and political activities, or the organization fails to state the full amount of allocable dues in the notification.

The amount of proxy tax reported on returns included in Statistics of Income (SOI) studies decreased by 59 percent between 1994 and 1996, and the number of filers reporting the proxy tax dropped by 40 percent during the same period. It is likely that organizations became more familiar with the new proxy tax legislation over time and, therefore, improved their compliance with the member notification requirement.

Organizations that had no unrelated business income (UBI), yet were required to file Form 990-T to report the proxy tax, were not included in the SOI study samples because they did not meet the \$1,000 gross UBI filing threshold, which was a criterion for sample selection [6]. After taking into account the additional Forms 990-T filed solely to report the proxy tax, the total amount of proxy tax reported for 1996 was \$10.8 million. (For a more detailed discussion, see the proxy tax definition in the Explanation of Selected Terms section of this article.)

### **Summary**

Nonprofit organizations, normally exempt from Federal income taxation, reported \$1.2 billion of taxable profits from “unrelated business” activities for Tax Year 1996, a 31-percent increase over 1995. The total unrelated business income tax (UBIT) liability of these organizations rose 35 percent between 1995 and 1996 and amounted to \$372.3 million. After making adjustments to UBIT for other taxes and certain credits, the amount of total income tax liability for 1996 was \$372.6 million.

An estimated 40,621 organizations reported \$7.3 billion of aggregate gross unrelated business income for 1996. After taking deductions totaling \$8.1 billion, the resulting overall loss was \$0.8 billion. Forty-eight percent of the organizations reported taxable profit; the remainder reported zero taxable income or a deficit. Sixty-five percent of the organizations filing returns with taxable profit were tax-exempt corporations, and 35 percent were tax-exempt trusts.

The large increase in total UBIT liability between 1995 and 1996 was principally due to the effect of favorable stock market conditions during that period, which resulted in substantial increases in profits, especially for tax-exempt trusts. The high investment returns associated with these 2 years appear to have had a greater impact on the profits of exempt trusts, compared to the profits of exempt corporations, because the trusts traditionally rely heavily on income from passive investment activities. In contrast, most exempt corporations generate unrelated business income from more active involvement in business enterprises. While the number of trust and corporate tax-exempt entities grew at about the same rate between 1994 and 1996, between 5 and 6 percent, the total UBIT liability of trusts rose 138 percent during that time, compared to a 47-percent increase for corporations.

### **Data Sources and Limitations**

The statistics in this article are based on a sample of Tax Year 1996 Forms 990-T, *Exempt Organization Business Income Tax Return*. The Internal Revenue Service required organizations having accounting periods beginning in 1996 (and, therefore, ending between December 1996 and November 1997) to file a 1996 Form 990-T. The associated

## Unrelated Business Income of Nonprofit Organizations, 1996

required filing period for Tax Year 1996 Forms 990-T was generally May 1997 to April 1998 (April 1997 to March 1998 for Internal Revenue Code section 401(a) and 408(e) trusts), but extensions of time to file beyond this period were granted to many organizations. Because the accounting periods of the organizations filing a 1996 return vary, the financial activities covered in this article span the period January 1996 through November 1997 (although the majority of activities occurred during Calendar Year 1996).

The population from which the 1996 Form 990-T sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1997 and 1998. The returns in the sample were stratified based on the size of gross unrelated business income (UBI). A sample of 6,760 returns was selected from a population of 40,793. After excluding returns that were selected for the sample but later rejected, the sample size was 6,721, and the estimated population size was 40,621. Rejected returns included those which had gross UBI below the \$1,000 filing threshold, were filed only to claim a refund, or were filed for a part-year accounting period that began in a year other than 1996. (For example, a final return filed for the short period of January 1997-June 1997 may have been computer-selected for the 1996 sample based on the criterion of having an ending accounting period that fit into the December 1996 to November 1997 range for a Tax Year 1996 return, but it would be rejected because, in actuality, it was a Tax Year 1997 return.)

The 1996 Form 990-T study design incorporated a special “integrated” sample to gather information on “related” (tax-exempt) and “unrelated” (taxable) income and expenses for organizations that filed both Form 990 (*Return of Organization Exempt From Income Tax*) and Form 990-T. Under this program, the Form 990-T sample included unrelated business income tax returns filed by any organizations whose Form 990 information returns were selected for the Statistics of Income sample of nonprofit charitable organizations tax-exempt under section 501(c)(3).

Returns selected for the Form 990 sample were a determining factor in the selection of returns that were included in the integrated portion of the Form 990-T sample. The Form 990-T sample was designed so that if a return was not initially selected,

based on independent Form 990-T sampling criteria, it was subjected to further sampling based on a Forms 990/990-T matching process. Under this process, the Employer Identification Numbers (EIN’s) of Form 990-T returns that were not initially selected for the Form 990-T sample were compared to the EIN’s of returns selected for the Form 990 SOI sample. When a match occurred, the Form 990-T was added to the independently selected Form 990-T sample. These specially matched returns, along with the independently selected Forms 990-T that also had counterparts in the Form 990 sample, formed the “integrated” portion of the Form 990-T sample [7].

Sampling rates ranged from a minimum of 2.6 percent (Form 990-T gross UBI was less than \$20,000, with either no Form 990 match or a Form 990 match to a section code 501(c)(3) return with assets under \$2,500,000) to a maximum of 100 percent (either Form 990-T gross UBI was \$300,000 or more, or Form 990-T had any amount of gross UBI and matched to a section 501(c)(3) Form 990 with assets of \$10,000,000 or more). Other Forms 990/990-T matches within various ranges of gross UBI, assets, and Internal Revenue Code sections were selected at rates ranging from 5 percent to 25 percent.

The information presented in this article was obtained from returns as originally filed with the IRS. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure E shows CV’s for selected financial data. CV’s are not shown for returns with gross UBI of \$500,000 or more because they were sampled at a 100-percent rate and, therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue of the *SOI Bulletin*.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Figure E**

**Coefficients of Variation for Selected Items,  
Tax Year 1996**

Size of gross unrelated business income	Gross unrelated business income	Total deductions	Net income (taxable profit)	Total income tax
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
<b>Total</b> .....	1.36	1.34	1.22	1.24
\$1,000 under \$10,001 <sup>1</sup> .....	3.47	9.36	7.53	8.53
\$10,001 under \$100,000 <sup>1</sup> .....	1.67	3.92	5.76	6.98
\$100,000 under \$500,000.....	1.41	2.88	3.73	4.64
\$500,000 or more.....	N/A	N/A	N/A	N/A

<sup>1</sup>The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

N/A - Not applicable.

**Explanation of Selected Terms**

**Advertising Income.**—Gross income realized by an exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt Activity Income.) Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported gross advertising income, as well as other types of "exploited exempt activity income," as gross receipts from sales and services. All other organizations reported this income separately.

**Capital Gain Net Income.**—Generally, organizations required to file Form 990-T (except organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245,

1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

**Contributions.**—To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or governmental organization described in Code section 170(c). Any unused contributions carried over from earlier years were also allowed. The contributions deduction was allowed whether or not directly connected with the carrying on of a trade or business.

**Deductions Directly Connected With Unrelated Business Income.**—These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a "proximate and primary" relationship to carrying on an unrelated trade or business. Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-financed income; those directly connected with investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from controlled organizations; those allocable to "exploited exempt activity income" other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the "net operating loss carryover"; and "other deductions." Exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as "allocable to") and a single total for all other types of deductions (both deductions directly connected with UBI and those not directly connected, each defined below), except for two items that were required to be reported separately: the "net operating loss carryover" and the "specific deduction," also defined below.



## Unrelated Business Income of Nonprofit Organizations, 1996

*Deductions Not Directly Connected With Unrelated Business Income.*—The component deductions were “set-asides,” “excess exempt expenses,” charitable contributions, and the “specific deduction.” The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with UBI were reported separately, when applicable, only by exempt organizations with gross UBI above \$10,000. (See, also, the explanations of Set-asides, Excess Exempt Expenses, and the Specific Deduction.)

*Excess Exempt Expenses.*—The two types of “excess” expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

*Exploited Exempt Activity Income, Except Advertising.*—In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an

excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising Income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as gross receipts from sales and services. All other organizations reported this income separately.

*Gross Profit (Less Loss) from Sales and Services.*—This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax return schedules. For example, an Internal Revenue Code section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required return schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross Unrelated Business Income (UBI).*—This was the total gross unrelated business income (see the explanation of Unrelated Business Income), prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI, as shown on the tax return, were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss), sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; annuities, interest, rents, and royalties from controlled organizations; “exploited exempt activity” income; advertising income; and “other income” (less

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loss). (For an explanation of how income is allocated to the components of gross UBI, see the separate listings for each component.)

*Income from Controlled Organizations.*—When an exempt organization controls another organization (as described below), the gross annuities, interest, rents, and royalties from the controlled organization are included in the gross UBI of the controlling organization at a specified ratio, depending on whether the controlled organization is tax-exempt or not. For Tax Year 1995 “control” meant: (a) for a stock corporation, the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote, and ownership of at least 80 percent of the total number of shares of all other classes of stock of the corporation; or (b) for a nonstock organization, at least 80 percent of the directors or trustees of the organization were either representatives of, or directly or indirectly controlled by, a tax-exempt organization. The rules for debt-financed property did not apply to passive income from controlled organizations. (See the explanation of Unrelated Debt-financed Income.)

*Income (Less Loss) from Partnerships.*—If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization’s share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income.

*Investment Income (Less Loss).*— This item was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as “rental income.” Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report “investment income (less loss).” Generally, these organizations’ investment income (dividends, interest, rents, and annuities) and royalty income were not

taxed as unrelated business income, unless it was income from a controlled organization (excluding dividends) or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled Organizations, Rental Income, and Unrelated Debt-financed Income.)

*Net Capital Loss (Trusts Only).*—If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Corporations were not allowed to deduct any excesses of capital losses over capital gains.) Trusts reported the net capital loss deduction on Form 990-T as a negative component of gross unrelated business income. Most of the trusts filing Form 990-T were Individual Retirement Arrangements (IRA’s); employee pension, profit-sharing, or stock bonus plans; and employees’ beneficiary associations providing for payment of life, sickness, health, or other benefits to members.

*Net Gain (Less Loss), Sales of Noncapital Assets.*—This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, *Sales of Business Property*. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

*Net Income (Less Deficit).*—This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (net income), negative (deficit), or zero. Net income represented taxable profit, which was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

*Net Operating Loss Carryover.*—The net operating loss carryover (as described in Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of

## Unrelated Business Income of Nonprofit Organizations, 1996

exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A “net operating loss” represented the excess of deductions over receipts for specified prior or future years for which an organization reported an overall deficit from its unrelated trade or business activities. The statistics in this article represent only the net operating loss carryover because carrybacks from future years would be reported on an amended return, not on the return as initially filed, which served as the basis for the statistics.

*Other Deductions.*—This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other Income (Less Loss).*—This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefits fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local tax payments, if the payments were previously reported as a deduction.

*Proxy Tax.*—This was a tax on certain nondeductible lobbying and political expenditures paid or incurred after December 31, 1993, by organizations that were tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), and 501(c)(6). If the organization failed to notify its members regarding their shares of dues to which nondeductible lobbying and political expenditures were allocable, or if the notice did not include the entire amount of dues that were allocable, then the proxy tax was imposed on the organization. It was computed as the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization’s members, multiplied by 35 percent. The proxy tax was required to be reported on Form 990-T and was included in total income tax; however, there was no connection between the proxy tax and

the taxation of income from an organization’s unrelated business activities. For this reason, and because the SOI sample did not include returns with gross unrelated business income (UBI) below the \$1,000 filing threshold, Forms 990-T filed solely to report the proxy tax (no UBI reported) were excluded from the SOI sample. Organizations whose returns were included in the SOI sample reported an aggregate \$1.8 million of proxy tax. Based on an unpublished tabulation of data from the IRS Business Returns Transaction File, a total of \$10.8 million of proxy tax was reported on 612 Forms 990-T for Tax Year 1996. It is estimated that about 65 percent of these 612 returns were filed solely to report the proxy tax and, thus, were excluded from the SOI sample.

*Rental Income.*—For organizations tax exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent, of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property were generally excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded. Any rents excluded from the explanation of “rental income” had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-financed Income.)

*Set-asides.*—These amounts were allowed to social clubs (Internal Revenue Code section 501(c)(7)), voluntary employees’ beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)) as a deduction from investment income. The deduction was

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equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the “qualified asset account” limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*—The specific deduction was generally a \$1,000 deduction, considered “not directly connected” with gross unrelated business income, allowed to all organizations that had positive taxable income after all other types of deductions were taken. The specific deduction was \$1,000 or the amount of positive taxable income, whichever was less. This deduction was allowed to all tax return filers to provide the equivalent benefit of the \$1,000 gross unrelated business income filing threshold under which some organizations were exempted from filing a return and paying the unrelated business income tax.

*Total Deductions.*—Total Deductions included both deductions reported on the main part of Form 990-T and expense items reported on attached schedules. It excluded cost of sales and services (\$1.9 billion for 1996), which was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services. Gross profit (less loss) from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services was reported on Form 990-T as a lump-sum total, but may have included amounts attributable to depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deductions, such as “salaries and wages,” may be understated.

*Total Income Tax.*—Total income tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the

“proxy tax” on certain lobbying expenditures, the tax from recomputing certain prior-year credits (“recapture taxes”), and the “alternative minimum tax.” Prior to Tax Year 1996, some nonprofit organizations were liable for the “environmental tax,” an excise tax levied on certain corporations, computed based on their “modified alternative minimum tax.” The environmental tax expired on December 31, 1995.

*Unrelated Business Income.*—This was income of a tax-exempt organization that was from a trade or business which was regularly carried on by the organization and which was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

*Unrelated Business Income Tax.*—This was the tax imposed on unrelated business net income (taxable profit). It was determined based on the regular corporate or trust income tax rates that were in effect for the 1996 Tax Year, as shown in the following schedules.

### Tax Rates for Corporations (Section 11 of the Internal Revenue Code)

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$0	\$50,000	15%	\$0
50,000	75,000	\$7,500+25%	50,000
75,000	100,000	13,750+34%	75,000
100,000	335,000	22,250+39%	100,000
335,000	10,000,000	113,900+34%	335,000
10,000,000	15,000,000	3,400,000+35%	10,000,000
15,000,000	18,333,333	5,150,000+38%	15,000,000
18,333,333	—	35%	0

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### Tax Rates for Trusts

(Section 1(e) of the Internal Revenue Code)

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$1,600	15%	\$ 0
1,600	3,800	\$232.50+28%	1,600
3,800	5,800	834.50+31%	3,800
5,800	7,900	1,423.50+36%	5,800
7,900	—	2,161.50+39.6%	7,900

*Unrelated Debt-financed Income.*—Gross income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property, and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income as "Investment Income (Less Loss)." All other organizations reported debt-financed income separately.

### Notes and References

[1] Organizations that are recognized as tax exempt under section 501(a) of the Internal Revenue

Code, and described in Code sections 401(a), 408(e), and 501(c), must file a Federal income tax return (Form 990-T, *Exempt Organization Business Income Tax Return*) if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax-exempt status. Code section 501(d) religious and apostolic organizations, farmers' cooperatives, and nonexempt charitable trusts treated as exempt organizations file tax forms other than Form 990-T. Returns filed by organizations with gross unrelated business income (UBI) below the \$1,000 filing requirement threshold were excluded from the statistics presented in this article. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of Form 1099 backup withholding that was withheld erroneously on interest or dividend payments because the payer did not realize that the payee was a tax-exempt organization.

Most organizations that file Form 990-T to report taxes must also file information returns on Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*. For the most recent Form 990 annual data on organizations tax-exempt under Internal Revenue Code sections 501(c)(3) (excluding private foundations and most religious organizations), see Arnsberger, Paul, "Nonprofit Charitable Organizations, 1996," *Statistics of Income Bulletin*, Winter 1999-2000, Volume 19, Number 3, pp. 107-113. For the most recent annual data on private foundations, see Whitten, Melissa, "Private Foundations and Charitable Trusts, 1996," *Statistics of Income Bulletin*, Fall 1999, Volume 19, Number 2, pp. 103-142.

[2] In addition to the proxy tax, taxes other than UBIT included "recapture taxes" (such as from recomputation of prior-year investment or low-income housing credits) and the "alternative minimum tax" (AMT). Credits included the foreign tax credit, general business credit, prior-year minimum tax credit, and other credits (such as the U.S. possessions tax credit, nonconven-

## Unrelated Business Income of Nonprofit Organizations, 1996

tional source fuel credit, and qualified electric vehicle credit).

[3] The unrelated business income tax (UBIT) for nonprofit corporations was determined based on the regular corporate income tax rates in effect for Tax Year 1996. Nonprofit trusts were generally taxed at the regular individual income tax rates established for estates and trusts for Tax Year 1996. Trusts that were eligible for the maximum 28-percent tax rate on capital gain net income figured their tax based on Schedule D of Form 1041, *U.S. Income Tax Return for Estates and Trusts*. The corporate and trust tax-rate schedules are included in the definition of Unrelated Business Income Tax, found in the Explanation of Selected Terms section of this article.

[4] The term “charitable” refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature, and also those organizations engaged in

activities which foster national or international amateur sports competition, prevent cruelty to children or animals, or test for public safety.

[5] For example, the investment portfolios of nonprofit trusts are usually overseen by only one or two trust managers, so deductions for salaries and wages, a significant deduction item for many corporate nonprofit entities, are relatively small, resulting in higher taxable income.

[6] The \$1,000 gross UBI filing threshold is discussed in footnote 1.

[7] For additional information on the Form 990 and Form 990-T integrated sample design, see Harte, James M. and Hilgert, Cecelia H., “Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations,” *Statistics of Income: Turning Administrative Systems Into Information Systems*, 1993.

# Unrelated Business Income of Nonprofit Organizations, 1996

## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements	Fiduciary agent for retirement funds
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, health, accident, or other benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, or accident benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities
(14)	State-chartered credit unions and mutual reserve funds	Providing loans to members

# Unrelated Business Income of Nonprofit Organizations, 1996

## Appendix

### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(21)	Black lung benefit trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multi-employer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units

NOTE: Prepaid legal service funds, described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt effective with tax years beginning after June 30, 1992.



# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization, Tax Year 1996**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All sections.....</b>	<b>40,621</b>	<b>7,294,504</b>	<b>40,353</b>	<b>8,095,558</b>	<b>35,059</b>	<b>-801,054</b>	<b>1,970,672</b>	<b>19,365</b>	<b>372,603</b>
401(a).....	935	231,858	896	61,168	824	170,689	28,118	750	69,328
408(e).....	8,466	123,167	8,435	112,982	7,657	10,185	12,810	5,510	6,957
501(c)(2).....	225	40,652	225	76,416	223	-35,763	41,542	136	1,887
501(c)(3).....	10,407	4,017,232	10,347	5,008,566	9,098	-991,335	1,290,335	3,525	93,837
501(c)(4).....	1,364	293,748	1,364	335,071	1,201	-41,323	51,618	334	2,023
501(c)(5).....	2,265	201,162	2,265	271,860	1,762	-70,698	90,293	825	5,189
501(c)(6).....	6,362	815,740	6,325	1,020,955	5,081	-205,216	278,042	2,013	21,608
501(c)(7).....	6,582	409,658	6,508	404,636	5,932	5,022	71,114	4,548	16,633
501(c)(8).....	977	63,452	977	100,786	834	-37,334	43,348	498	1,010
501(c)(9).....	809	833,098	802	412,824	537	420,274	20,538	424	149,461
501(c)(10).....	209	11,973	209	13,312	209	-1,339	1,985	*130	*418
501(c)(11).....	--	--	--	--	--	--	--	--	--
501(c)(12).....	120	20,455	120	22,129	119	-1,675	4,977	29	931
501(c)(13).....	*54	*2,334	*54	*2,027	*54	*308	*-70	*10	*121
501(c)(14).....	*160	*11,216	*160	*13,431	*160	*-2,215	*2,710	*80	*86
501(c)(15).....	**	**	**	**	**	**	**	**	**
501(c)(16).....	--	--	--	--	--	--	--	--	--
501(c)(17).....	**	**	**	**	**	**	**	**	**
501(c)(18).....	*6	*763	*6	*724	*6	*39	--	*6	*10
501(c)(19).....	1,644	116,508	1,625	135,898	1,328	-19,390	26,841	534	1,356
501(c)(21) <sup>5</sup> .....	--	--	--	--	--	--	--	--	--
501(c)(22).....	--	--	--	--	--	--	--	--	--
501(c)(23).....	**	**	**	**	**	**	**	**	**
501(c)(24).....	**	**	**	**	**	**	**	**	**
501(c)(25).....	*32	*7,998	*32	*6,481	*31	*1,516	*388	*10	*691

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.9 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$1.8 million.

<sup>5</sup> Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax exempt beginning with tax years after June 30, 1992. Therefore, these organizations are not listed in this table.

NOTES: Detail may not add to totals because of rounding. See the Appendix to this article for a listing of the types of tax-exempt organizations, by the Internal Revenue Code section describing them.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Gross UBI, Tax Year 1996**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total</b> .....	<b>40,621</b>	<b>7,294,504</b>	<b>40,353</b>	<b>8,095,558</b>	<b>35,059</b>	<b>-801,054</b>	<b>1,970,672</b>	<b>19,365</b>	<b>372,603</b>
\$1,000 under \$10,001 <sup>5</sup> .....	19,174	69,798	18,984	111,727	16,080	-41,928	61,123	10,316	3,298
\$10,001 under \$100,000 <sup>5</sup> .....	14,303	545,514	14,240	803,128	12,547	-257,614	353,649	6,088	20,056
\$100,000 under \$500,000.....	5,291	1,143,432	5,281	1,562,434	4,787	-419,003	550,117	2,201	35,789
\$500,000 under \$1,000,000.....	898	623,789	895	774,902	791	-151,113	222,076	378	22,084
\$1,000,000 under \$5,000,000.....	783	1,547,136	782	1,870,778	697	-323,642	520,601	312	67,193
\$5,000,000 or more.....	171	3,364,835	171	2,972,590	157	392,246	263,107	69	224,183

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.9 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$1.8 million.

<sup>5</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Size of Net Income (Taxable Profit) or Deficit, Tax Year 1996**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of net income (taxable profit) or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>40,621</b>	<b>7,294,504</b>	<b>40,353</b>	<b>8,095,558</b>	<b>35,059</b>	<b>-801,054</b>	<b>19,365</b>	<b>372,603</b>
Deficit.....	15,547	3,024,038	15,547	4,994,712	15,547	-1,970,672	178	2,393
Zero <sup>5</sup> .....	5,562	715,892	5,562	715,891	--	--	71	315
\$1 under \$1,000.....	5,396	43,419	5,396	41,153	5,396	2,266	5,312	336
\$1,000 under \$10,000.....	8,538	263,586	8,348	231,720	8,538	31,866	8,294	5,330
\$10,000 under \$100,000.....	4,709	610,515	4,646	466,515	4,709	144,000	4,648	28,575
\$100,000 under \$500,000.....	643	422,411	634	290,206	643	132,205	638	41,868
\$500,000 under \$1,000,000.....	98	193,675	95	125,325	98	68,350	97	22,958
\$1,000,000 or more.....	127	2,020,969	126	1,230,036	127	790,933	126	270,829

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.9 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$1.8 million.

<sup>5</sup> Includes "breakeven" returns with equal amounts of gross unrelated business income and total deductions.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 4.--Returns with Positive Net Income (Taxable Profit): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Taxable Profit), and Total Income Tax, by Type of Organization and Size of Gross UBI, Tax Year 1996**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of organization and size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (taxable profit)	Total income tax <sup>3</sup>	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>ALL ORGANIZATIONS</b>							
<b>Total.....</b>	<b>19,511</b>	<b>3,554,574</b>	<b>19,244</b>	<b>2,384,955</b>	<b>1,169,618</b>	<b>19,115</b>	<b>369,896</b>
\$1,000 under \$10,001 <sup>4</sup> .....	10,501	36,994	10,311	17,799	19,195	10,315	3,298
\$10,001 under \$100,000.....	6,110	225,922	6,047	129,887	96,035	5,944	19,312
\$100,000 under \$500,000.....	2,170	458,955	2,160	327,841	131,114	2,134	34,709
\$500,000 under \$1,000,000.....	373	259,157	370	188,193	70,964	367	21,982
\$1,000,000 under \$5,000,000.....	292	560,994	291	364,036	196,958	290	66,939
\$5,000,000 or more.....	65	2,012,552	65	1,357,200	655,352	65	223,656
<b>TAX-EXEMPT CORPORATIONS</b>							
<b>Total.....</b>	<b>12,632</b>	<b>2,627,735</b>	<b>12,442</b>	<b>2,147,773</b>	<b>479,962</b>	<b>12,276</b>	<b>133,580</b>
\$1,000 under \$10,001 <sup>4</sup> .....	4,796	21,774	4,642	10,271	11,502	4,646	1,702
\$10,001 under \$100,000.....	5,260	198,987	5,229	125,322	73,665	5,095	11,468
\$100,000 under \$500,000.....	1,983	417,357	1,979	320,754	96,603	1,949	22,141
\$500,000 under \$1,000,000.....	330	228,654	329	181,810	46,844	325	13,908
\$1,000,000 under \$5,000,000.....	225	426,759	225	345,744	81,015	223	25,865
\$5,000,000 or more.....	38	1,334,203	38	1,163,871	170,331	38	58,496
<b>TAX-EXEMPT TRUSTS</b>							
<b>Total.....</b>	<b>6,879</b>	<b>926,839</b>	<b>6,802</b>	<b>237,183</b>	<b>689,657</b>	<b>6,840</b>	<b>236,316</b>
\$1,000 under \$10,001 <sup>4</sup> .....	5,706	15,220	5,669	7,527	7,692	5,669	1,596
\$10,001 under \$100,000.....	850	26,935	818	4,565	22,370	850	7,844
\$100,000 under \$500,000.....	187	41,598	181	7,087	34,511	185	12,568
\$500,000 under \$1,000,000.....	43	30,503	41	6,384	24,119	42	8,075
\$1,000,000 under \$5,000,000.....	67	134,235	66	18,291	115,944	67	41,073
\$5,000,000 or more.....	27	678,349	27	193,328	485,021	27	165,160

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting net income (taxable profit), cost of sales and services was \$682.3 million, all of which was attributable to tax-exempt corporations.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive net income, total proxy tax was \$0.4 million, all of which was attributable to tax-exempt corporations.

<sup>4</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Deficit, and Total Income Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 1996**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Deficit	Total income tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All activities and groupings.....</b>	<b>40,621</b>	<b>7,294,504</b>	<b>40,353</b>	<b>8,095,558</b>	<b>35,059</b>	<b>-801,054</b>	<b>1,970,672</b>	<b>19,365</b>	<b>372,603</b>
Agriculture, forestry, and fishing.....	399	31,641	399	72,257	321	-40,617	42,210	122	493
Mining.....	136	17,606	136	19,709	135	-2,103	6,945	119	1,178
Construction.....	*39	*4,368	*39	*10,304	*39	*-5,936	*5,952	*37	*2
Manufacturing.....	874	193,954	837	247,200	611	-53,246	72,383	226	6,633
Transportation and public utilities.....	686	120,059	686	188,068	620	-68,009	74,810	250	2,096
Wholesale trade.....	87	5,614	87	6,386	86	-772	2,082	15	231
Retail trade.....	3,991	621,807	3,972	810,438	3,680	-188,630	267,044	1,525	24,348
Finance, insurance, and real estate, total.....	18,608	3,090,399	18,480	2,618,739	16,364	471,660	390,218	11,270	282,351
Unrelated debt-financed activities, except rental of real estate.....	940	207,833	931	180,501	861	27,333	36,159	698	20,681
Investment activities of Code section 501(c)(7), (9), and (17) organizations.....	3,690	947,488	3,647	509,990	3,066	437,498	22,282	2,790	150,749
Rental of personal property.....	638	47,596	638	70,430	596	-22,834	27,253	250	986
Passive income activities with controlled organizations.....	408	50,052	405	55,096	402	-5,045	13,743	345	2,353
Other finance, insurance, and real estate.....	12,932	1,837,430	12,859	1,802,722	11,439	34,708	290,781	7,187	107,582
Services.....	15,044	3,115,758	14,964	4,027,844	12,572	-912,087	1,080,503	5,441	46,761
Exploited exempt activities.....	370	53,073	370	62,368	247	-9,295	14,996	203	898
Not allocable.....	386	40,225	385	32,243	384	7,982	13,530	156	7,612

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.9 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total income tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total income tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$1.8 million.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 1996**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI) <sup>1</sup>			
			Gross profit (less loss) from sales and services		Capital gain net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>40,621</b>	<b>7,294,504</b>	<b>16,175</b>	<b>3,564,351</b>	<b>884</b>	<b>500,261</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>19,174</b>	<b>69,798</b>	<b>4,112</b>	<b>15,071</b>	<b>*260</b>	<b>*1,141</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>21,446</b>	<b>7,224,706</b>	<b>12,062</b>	<b>3,549,281</b>	<b>624</b>	<b>499,120</b>
\$10,001 under \$100,000 <sup>2</sup> .....	14,303	545,514	7,547	251,207	308	7,352
\$100,000 under \$500,000.....	5,291	1,143,432	3,305	606,342	190	24,772
\$500,000 under \$1,000,000.....	898	623,789	594	327,991	38	13,850
\$1,000,000 under \$5,000,000.....	783	1,547,136	514	813,747	63	70,850
\$5,000,000 or more.....	171	3,364,835	102	1,549,994	25	382,296
	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued					
Size of gross unrelated business income (UBI)	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets <sup>4</sup>		Income (less loss) from partnerships	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total</b> .....	<b>26</b>	<b>1,053</b>	<b>324</b>	<b>4,184</b>	<b>9,170</b>	<b>357,229</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	--	--	<b>*38</b>	<b>*-2</b>	<b>7,900</b>	<b>19,770</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>26</b>	<b>1,053</b>	<b>286</b>	<b>4,186</b>	<b>1,269</b>	<b>337,460</b>
\$10,001 under \$100,000 <sup>2</sup> .....	--	--	130	-5	895	19,728
\$100,000 under \$500,000.....	*15	*534	113	1,360	195	17,406
\$500,000 under \$1,000,000.....	3	26	12	211	60	12,249
\$1,000,000 under \$5,000,000.....	8	493	23	2,566	83	34,705
\$5,000,000 or more.....	--	--	8	54	36	253,372
	Sources of gross unrelated business income (UBI) <sup>1</sup> -- Continued					
Size of gross unrelated business income (UBI)	Rental income <sup>5</sup>		Unrelated debt-financed income		Investment income (less loss) <sup>6</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total</b> .....	<b>3,873</b>	<b>154,376</b>	<b>2,639</b>	<b>371,144</b>	<b>6,025</b>	<b>631,951</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>1,192</b>	<b>5,567</b>	<b>833</b>	<b>3,449</b>	<b>2,577</b>	<b>8,098</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>2,681</b>	<b>148,809</b>	<b>1,807</b>	<b>367,694</b>	<b>3,448</b>	<b>623,853</b>
\$10,001 under \$100,000 <sup>2</sup> .....	1,951	36,660	1,094	29,678	2,300	32,857
\$100,000 under \$500,000.....	547	47,936	505	64,311	897	61,839
\$500,000 under \$1,000,000.....	89	18,749	80	31,679	132	36,923
\$1,000,000 under \$5,000,000.....	80	34,542	105	91,161	96	121,915
\$5,000,000 or more.....	15	10,922	23	150,864	24	370,320

Footnotes at end of table.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 1996  
--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued							
	Income from controlled organizations <sup>7</sup>		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Total.....</b>	<b>1,102</b>	<b>66,844</b>	<b>969</b>	<b>107,230</b>	<b>7,914</b>	<b>1,086,617</b>	<b>5,542</b>	<b>451,371</b>
<b>\$1,000 under \$10,001<sup>2</sup> .....</b>	<b>264</b>	<b>720</b>	<b>*186</b>	<b>*1,066</b>	<b>2,861</b>	<b>11,707</b>	<b>1,459</b>	<b>3,211</b>
<b>\$10,001 or more, total <sup>2,3</sup>.....</b>	<b>838</b>	<b>66,124</b>	<b>783</b>	<b>106,163</b>	<b>5,053</b>	<b>1,074,910</b>	<b>4,083</b>	<b>448,159</b>
\$10,001 under \$100,000 <sup>2</sup> .....	562	9,748	383	8,481	3,185	96,983	2,625	52,824
\$100,000 under \$500,000.....	194	13,745	264	25,428	1,351	200,180	1,084	80,647
\$500,000 under \$1,000,000.....	35	4,615	68	17,960	254	120,811	203	38,776
\$1,000,000 under \$5,000,000.....	37	15,631	56	29,492	213	250,040	140	82,980
\$5,000,000 or more.....	10	22,384	12	24,802	50	406,896	32	192,932

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> For definitions of the sources of gross unrelated business income, see the Explanation of Selected Terms section of this article.

<sup>2</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

<sup>3</sup> All organizations were required to report each income item, as shown in columns 3 through 26. However, only organizations with gross UBI over \$10,000 were required to report each deduction shown in columns 14 through 45, 48, 49, and 54 through 59 of Table 7. Totals for these larger organizations with gross UBI over \$10,000 are shown in order to facilitate comparison with Table 7.

<sup>4</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property, which were capital assets.

<sup>5</sup> Income from real property and personal property leased with real property.

<sup>6</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>7</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 1996**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	All organizations			Organizations with gross unrelated business income (UBI) of \$10,000 or less <sup>3</sup>					
	Total number of returns	Total deductions <sup>1,2</sup>		Total deductions <sup>2,4</sup>		Net operating loss carryover		Specific deduction	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>40,621</b>	<b>40,353</b>	<b>8,095,558</b>	<b>18,984</b>	<b>111,727</b>	<b>3,339</b>	<b>44,828</b>	<b>12,099</b>	<b>11,099</b>
\$1,000 under \$10,001 <sup>3</sup> .....	19,174	18,984	111,727	18,984	111,727	3,339	44,828	12,099	11,099
\$10,001 under \$100,000 <sup>3</sup> .....	14,303	14,240	803,128	--	--	--	--	--	--
\$100,000 under \$500,000.....	5,291	5,281	1,562,434	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	898	895	774,902	--	--	--	--	--	--
\$1,000,000 under \$5,000,000.....	783	782	1,870,778	--	--	--	--	--	--
\$5,000,000 or more.....	171	171	2,972,590	--	--	--	--	--	--

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup>								
	Total deductions <sup>2,5</sup>		Deductions directly connected with UBI						
			Total		Allocable to rental income <sup>6</sup>		Allocable to unrelated debt-financed income <sup>6</sup>		Allocable to investment income <sup>6,7</sup>
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
<b>Total.....</b>	<b>21,369</b>	<b>7,983,832</b>	<b>19,706</b>	<b>7,378,008</b>	<b>1,074</b>	<b>83,427</b>	<b>1,512</b>	<b>362,018</b>	<b>945</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	14,240	803,128	12,793	769,837	712	17,043	864	33,907	470
\$100,000 under \$500,000.....	5,281	1,562,434	5,138	1,492,469	266	32,184	456	66,713	352
\$500,000 under \$1,000,000.....	895	774,902	870	727,499	41	8,876	76	28,091	63
\$1,000,000 under \$5,000,000.....	782	1,870,778	747	1,761,259	45	19,374	95	86,704	52
\$5,000,000 or more.....	171	2,972,590	158	2,626,943	9	5,950	20	146,604	8

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Allocable to investment income <sup>6,7</sup> --Continued	Allocable to income from controlled organizations <sup>6</sup>		Allocable to exploited exempt activity income, except advertising <sup>6</sup>		Direct advertising costs <sup>6</sup>		Compensation of officers, directors, and trustees	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
<b>Total.....</b>	<b>32,826</b>	<b>438</b>	<b>52,017</b>	<b>652</b>	<b>93,204</b>	<b>4,689</b>	<b>815,598</b>	<b>1,958</b>	<b>53,142</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	3,255	309	6,535	306	6,234	2,930	83,892	1,063	18,721
\$100,000 under \$500,000.....	4,386	91	8,786	222	22,603	1,266	151,361	649	15,359
\$500,000 under \$1,000,000.....	4,285	16	3,216	63	14,985	243	88,355	120	5,542
\$1,000,000 under \$5,000,000.....	6,461	18	12,431	50	24,321	205	187,031	102	4,724
\$5,000,000 or more.....	14,439	4	21,048	12	25,061	45	304,959	25	8,796

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Salaries and wages		Repairs		Bad debts		Interest		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)		
<b>Total.....</b>	<b>10,007</b>	<b>1,059,851</b>	<b>6,909</b>	<b>68,253</b>	<b>762</b>	<b>21,076</b>	<b>2,338</b>	<b>58,580</b>	
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	
\$10,001 under \$100,000 <sup>3</sup> .....	5,863	119,712	4,244	13,920	261	180	1,144	4,397	
\$100,000 under \$500,000.....	3,076	272,855	1,989	21,224	298	1,504	884	11,761	
\$500,000 under \$1,000,000.....	525	132,037	351	8,544	74	1,980	152	5,936	
\$1,000,000 under \$5,000,000.....	460	269,821	270	14,410	99	10,013	124	22,291	
\$5,000,000 or more.....	83	265,426	54	10,155	30	7,399	34	14,195	

Footnotes at end of table.



# Unrelated Business Income of Nonprofit Organizations, 1996

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 1996--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes and licenses paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
<b>Total</b> .....	<b>10,670</b>	<b>172,031</b>	<b>7,334</b>	<b>158,277</b>	<b>76</b>	<b>2,446</b>	<b>745</b>	<b>8,574</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	6,941	29,273	4,351	18,489	51	290	348	366
\$100,000 under \$500,000.....	2,864	55,088	2,186	45,063	19	602	274	1,368
\$500,000 under \$1,000,000.....	449	20,511	387	19,674	--	--	62	1,108
\$1,000,000 under \$5,000,000.....	346	28,682	335	42,950	5	1,554	48	1,735
\$5,000,000 or more.....	71	38,478	75	32,101			13	3,997

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued							
	Deductions directly connected with UBI--Continued						Deductions not directly connected with UBI	
	Contributions to employee benefit plans		Net operating loss carryover		Other deductions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
<b>Total</b> .....	<b>4,168</b>	<b>124,622</b>	<b>5,808</b>	<b>1,586,004</b>	<b>13,240</b>	<b>2,626,063</b>	<b>11,181</b>	<b>605,823</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	1,929	5,413	3,445	271,285	8,229	136,925	7,515	33,290
\$100,000 under \$500,000.....	1,525	21,481	1,687	435,608	3,690	324,523	2,704	69,965
\$500,000 under \$1,000,000.....	334	14,497	297	194,943	649	174,920	463	47,403
\$1,000,000 under \$5,000,000.....	315	37,130	319	445,194	557	547,667	403	109,519
\$5,000,000 or more.....	65	46,102	61	238,975	115	1,442,027	96	345,647

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides <sup>7</sup>		Excess exempt expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>Total</b> .....	<b>9,062</b>	<b>8,741</b>	<b>1,561</b>	<b>39,661</b>	<b>384</b>	<b>354,373</b>	<b>2,223</b>	<b>203,048</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	6,287	6,010	1,045	6,347	231	5,691	1,228	15,241
\$100,000 under \$500,000.....	2,083	2,047	383	7,692	70	18,446	672	41,780
\$500,000 under \$1,000,000.....	347	344	61	3,323	36	15,614	152	28,121
\$1,000,000 under \$5,000,000.....	282	278	51	3,304	37	53,841	138	52,096
\$5,000,000 or more.....	63	63	20	18,994	10	260,780	33	65,809

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$1.9 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on attached schedules.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 14 through 45, 48, 49, and 54 through 59.

<sup>4</sup> Excludes \$50.2 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

<sup>5</sup> Excludes \$1.8 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

<sup>6</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>7</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1997

by Margaret Riley

**T**axable profits from “unrelated business income” reported by 39,302 nonprofit organizations on Forms 990-T, *Exempt Organization Business Income Tax Returns*, rose 18 percent between Tax Years 1996 and 1997, amounting to \$1.4 billion for 1997. However, this percentage increase was much smaller than that reported for each of the 2 previous years, 31 percent for 1996 and 39 percent for 1995.

Nonprofits collectively reported unrelated business deficits for 1997 that were larger than positive taxable income, resulting in an overall loss for the year. After applying \$8.5 billion of total deductions against \$7.8 billion of gross unrelated business income (UBI), the overall net income (less deficit) for 1997 was \$-0.7 billion. The \$2.1 billion of aggregate deficits reported for 1997 was one-and-a-half times larger than aggregate taxable profits. The unrelated business income tax (UBIT) liability imposed on taxable profits was \$418.4 million, an increase of 12 percent over 1996. Figure A presents information on these and other selected financial data items for Tax Years 1996 and 1997.

The number of returns filed between 1996 and 1997 declined by 3 percent. As shown in Figure A, the smaller organizations, those with gross UBI of \$10,000 or less, were primarily responsible for this drop. Together, these organizations filed 14 percent fewer returns between 1996 and 1997, while the number of returns filed by larger organizations, those with gross UBI over \$10,000, increased by 7 percent.

## Background

Nonprofit organizations that are granted Federal tax exemption based on their mission-related purposes are allowed, within certain limits, to generate income from unrelated business activities; however, the income from these activities is subject to taxation. In general, income produced from activities that are “regularly carried on” and “are not substantially related” to an organization’s tax-exempt purpose are taxable. There are certain exclusions to this income taxation; some examples are engaging in business activities in which substantially all of the work is

performed by volunteer labor; selling merchandise that the organization received as a gift or contribution; and operating certain games of chance, as specified in the Internal Revenue Code.

Most tax-exempt organizations are required to file an annual Form 990, *Return of Organization Exempt From Income Tax*, or Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax* (used by organizations with annual gross receipts of less than \$100,000 and total end-of-year assets of less than \$250,000) [1]. The Form 990-T is required only for a tax year in which an organization has unrelated business income. While specific tax-

**Figure A**

### Selected Financial Data from Exempt Organization Business Income Tax Returns, Tax Years 1996-1997

[Money amounts are in thousands of dollars]

Item	1996	1997	Percentage increase, 1996 to 1997
	(1)	(2)	(3)
<b>Number of returns, total</b> .....	<b>40,621</b>	<b>39,302</b>	<b>-3.2</b>
With gross unrelated business income of \$10,000 or less <sup>1</sup> .....	19,174	16,468	-14.1
With gross unrelated business income over \$10,000 <sup>1</sup> .....	21,446	22,834	6.5
With net income (taxable profit).....	19,511	20,827	6.7
Without net income (taxable profit) <sup>2</sup> ....	21,109	18,475	-12.5
<b>Gross unrelated business income</b> .....	<b>7,294,504</b>	<b>7,808,558</b>	<b>7.0</b>
<b>Total deductions</b> <sup>3</sup> .....	<b>8,095,558</b>	<b>8,494,930</b>	<b>4.9</b>
<b>Net income (less deficit)</b> .....	<b>-801,054</b>	<b>-686,374</b>	<b>14.3</b>
Net income (taxable profit).....	1,169,618	1,374,757	17.5
Deficit.....	1,970,672	2,061,130	4.6
<b>Unrelated business income tax</b> .....	<b>372,298</b>	<b>418,431</b>	<b>12.4</b>
<b>Total tax</b> .....	<b>372,603</b>	<b>422,740</b>	<b>13.5</b>

<sup>1</sup> Organizations with gross unrelated business income between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately).

<sup>2</sup> Includes returns with deficits and “breakeven” returns with equal amounts of gross unrelated business income and total deductions.

<sup>3</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services (GPSS). GPSS is a component of gross unrelated business income (upon which the filing requirement is based). Total cost of sales and services was \$2.0 billion

NOTES: Detail may not add to totals because of rounding. See the Explanation of Selected Terms section of this article for definitions of gross unrelated business income, total deductions, net income (less deficit), unrelated business income tax, and total tax.

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## Unrelated Business Income of Nonprofit Organizations, 1997

payer information reported on an exempt organization's Form 990/990-EZ "information return" can be disclosed to the public, specific taxpayer information reported on its Form 990-T "tax return" cannot. Under disclosure rules governing the release of taxpayer information, only aggregate totals from Form 990-T can be presented in this article.

Organizations that are recognized as tax-exempt under section 501(a) of the Internal Revenue Code, and described in Code sections 220(e), 401(a), 408(e), and 501(c), must file a Form 990-T if they received \$1,000 or more of gross income from business activities that were considered unrelated to the purposes for which they received tax-exempt status. (The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described by Code section in the Appendix to this article.) Code section 501(d) religious and apostolic organizations, farmers' cooperatives, and section 4941(a)(1) "nonexempt charitable trusts" report taxes on forms other than Form 990-T.

Any returns filed by organizations with gross unrelated business income (UBI) below the \$1,000 filing requirement threshold were excluded from the statistics presented in this article. Some of these returns were filed inadvertently; others were filed for a specific reason, such as to claim a refund of Form 1099 backup withholding of tax that was withheld erroneously on interest or dividend payments because the payer did not realize that the payee was a tax-exempt organization. Organizations with gross UBI between \$1,000 and \$10,000 were required to report only totals for expenses and deductions (except for the "specific deduction" and "net operating loss carryover," which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report more detailed expenses and deductions.

### Statistical Snapshots

#### Form 990-T Filers

The 3-percent decline in Form 990-T filings for 1997 was not attributable to all organizations. An attempt to profile the group of organizations that filed fewer returns revealed two main characteristics: most reported \$10,000 or less of gross UBI; and the largest drop in filers, by type of organization, was for Individual Retirement Arrangement (IRA) trusts,

exempt from tax under Internal Revenue Code section 408(e).

The number of Form 990-T returns filed by section 408(e) IRA trusts decreased 28 percent between 1996 and 1997, dropping from 8,466 to 6,085. (See Table 1 at the end of this article

for major financial items, distributed by Code section describing the various types of nonprofit organizations filing Form 990-T). Organizations exempt under sections 401(a), 501(c)(6), 501(c)(9), and 501(c)(14) also filed fewer returns for 1997, but both the drop in number of returns filed and the percentage decreases were not nearly as large for these groups as for the IRA trusts. Respectively, these latter four Code-section groups of organizations were pension, profit-sharing, and stock bonus plans; business leagues, chambers of commerce, and real estate boards; voluntary employees' beneficiary associations (VEBA's); and State-chartered credit unions, and mutual organizations providing insurance or reserve funds for certain banks or loan associations, respectively.

There is no one reason for the drop in returns filed, but there may be a connection to section 408(e) IRA trusts' involvement in partnerships. IRA trusts with gross UBI of \$10,000 or less reported an overall decrease of 38 percent in income (less loss) received from partnerships between Tax Years 1996 and 1997. This coincided with a 30-percent drop in the number of returns filed by organizations in this group. Partnership income (less loss) reported for 1997 by IRA trusts with gross UBI of more than \$10,000 dropped 91 percent, but these organizations filed only 4 percent fewer returns from 1996 to 1997. IRA trusts that reported \$10,000 or less of gross UBI made up 92 percent of all IRA trusts filing Forms 990-T for 1997; for 1996, the proportion was 94 percent.

Given the large share of the IRA trust population in the smaller-size-organization group, the \$1,000 gross UBI threshold for filing a Form 990-T, and the fact that partnership income (less loss) traditionally is the principal source of income (86 percent for 1997)

**There is no one reason for the drop in Forms 990-T filed, but there may be a connection to Individual Retirement Arrangement trusts' involvement in partnerships.**

## Unrelated Business Income of Nonprofit Organizations, 1997

for IRA trusts reporting gross UBI of \$10,000 or less, it is reasonable to assume that changes in partnership investment activities experienced by organizations in the smaller gross UBI bracket can be tied to the decline in Forms 990-T filed between 1996 and 1997.

A factor that supports this premise is that about three-quarters of all IRA trusts reported gross UBI of \$3,000 or less for 1996. Relatively small partnership net losses or decreases in partnership income could cause these organizations' gross income to fall below the \$1,000 filing threshold, thus exempting them from filing a Form 990-T for 1997. Using Tax Year 1996 Internal Revenue Service (IRS) "Business Returns Transaction File" data and the 1997 Statistics of Income data, it is estimated that 71 percent of the IRA trusts with gross UBI of \$10,000 or less filed a 1996 return, but did not file a 1997 return [2]. For comparison, only about 19 percent of section 501(c)(3) "charitable" organizations (the largest Code section group in terms of the number of Forms 990-T filed) with gross UBI of \$10,000 or less filed a 1996 return, but not a 1997 return [3].

### Sources of Income

As shown in Figure B, the composition of income varies by the income size of organizations filing Form 990-T. (See Table 6 at the end of this article for specific income items required to be reported on Form 990-T). "Large" organizations-- those with gross UBI of \$500,000 or more-- reported 76 percent of their \$6.0 billion of total income under three categories: gross profit (less loss) from sales and services; investment income (less loss) of section 501(c)(7), (9), and (17) organizations; and advertising income. About 5 percent of all Tax Year 1997 Forms 990-T were filed by the large organizations, but they accounted for slightly more than three-quarters of the \$7.8 billion total of gross UBI reported for 1997.

Two primary income sources for "medium"-size organizations-- those with gross UBI of \$10,001 under \$500,000-- accounted for 69 percent of their total income. These sources were gross profit (less loss) from sales and services, and advertising income. The medium-size organizations reported aggregate gross UBI of \$1.8 billion, or 23 percent of the total for 1997, and accounted for 53 percent of all Forms 990-T filed.

Four components were responsible for 78 percent of the \$61.7 million of total income reported by "small" organizations-- those with gross UBI of \$10,000 or less. These were gross profit (less loss) from sales and services; income (less loss) from partnerships; advertising income; and investment income (less loss) of section 501(c)(7), (9), and (17) organizations. These organizations filed 42 percent of all Forms 990-T, but represented less than 1 percent of total gross UBI reported by all organizations for 1997.

The aggregate investment income (less loss) of the large organizations rose 64 percent from 1996 to 1997, from \$529.2 million to \$865.8 million. However, this investment income was limited to that reported by Code section 501(c)(7), (9), and (17) organizations. Generally, other nonprofit organizations' dividend, interest, rental, and annuity income was not taxed, unless it was from a "controlled organization" or was debt-financed. (See the Explanation of Selected Terms section of this article for definitions of Investment Income (Less Loss), Income from Controlled Organizations, and Unrelated Debt-financed Income.) Large organizations' net profit from sales and services and from advertising income rose only 3 percent and 8 percent, respectively.

### Determinants of Annual Deficits

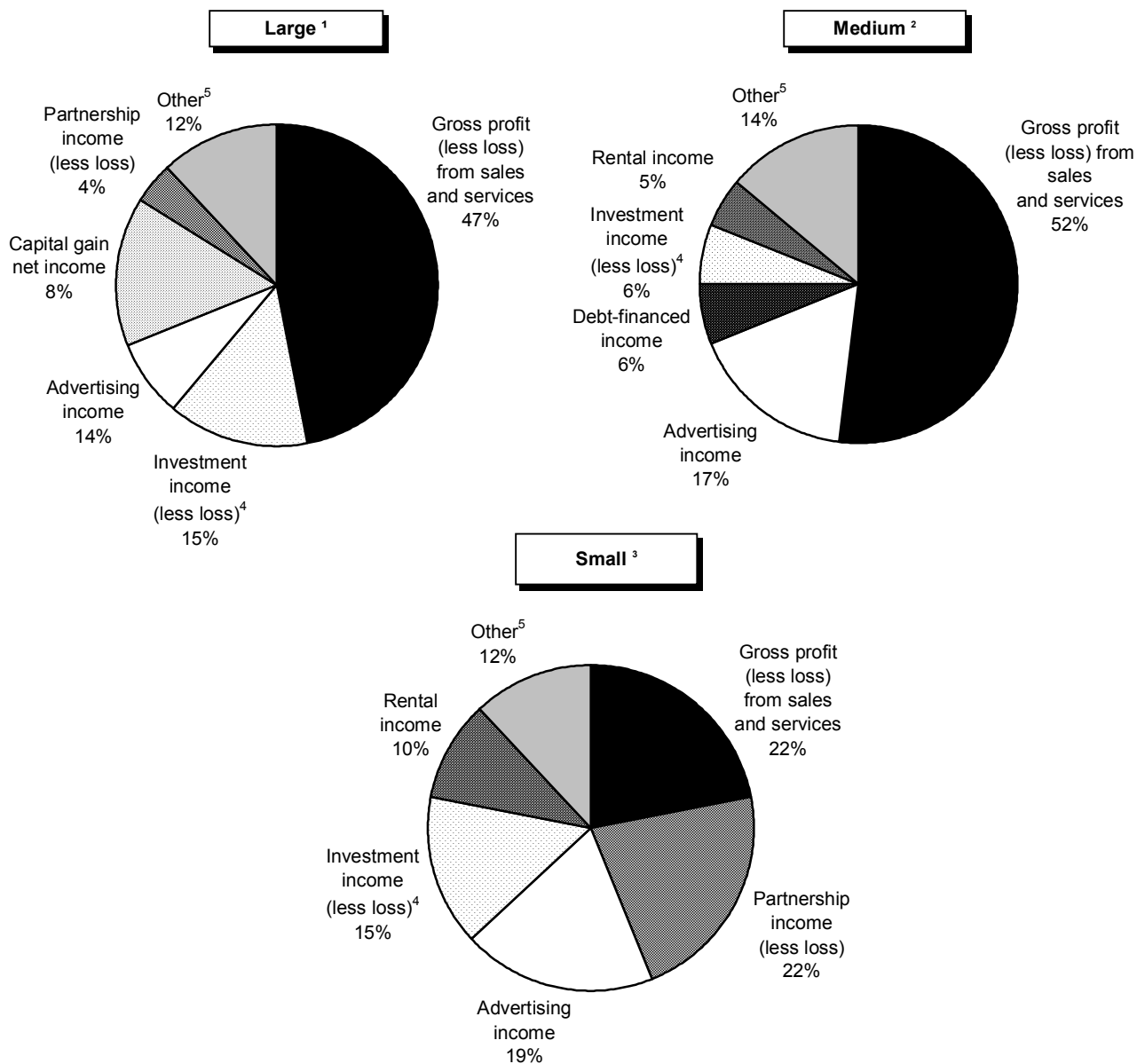
For every year that Statistics of Income data are available from Form 990-T, beginning with Tax Year 1990, nonprofit organizations have reported aggregate net deficits from unrelated business activities. An examination of the various items deducted from income for 1997 by organizations with gross UBI over \$10,000 (smaller organizations report only totals for expenses and deductions, except for the "net operating carryover" and the "specific deduction") shows that net deficits were tied more closely to certain types of expenses and deductions than others. In the aggregate, expenses that were directly allocable to six specific types of unrelated business

**For every year that Statistics of Income data are available from Form 990-T, nonprofit organizations have reported aggregate net deficits from unrelated business activities.**

# Unrelated Business Income of Nonprofit Organizations, 1997

**Figure B**

**Composition of Gross Unrelated Business Income (UBI), by Size of Organization, Tax Year 1997**



<sup>1</sup> Large organizations are those with gross unrelated business income (UBI) of \$500,000 or more.

<sup>2</sup> Medium organizations are those with gross UBI of \$10,001 under \$500,000.

<sup>3</sup> Small organizations are those with gross UBI of \$1,000 under \$10,001. These organizations are required to file only a "partial" return. Organizations with larger amounts of gross UBI are required to file a more detailed, complete return. Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

<sup>4</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>5</sup> See Table 6 at the end of this article for gross UBI components other than those specifically shown in this figure.

**Operational expenses, the "net operating loss carryover," and "deductions not directly connected" with unrelated business income are chiefly responsible for annual unrelated business deficits.**

income on Form 990-T did not exceed the associated amount of income reported, which resulted in positive net income for each income type. (See Table 7, which shows types of deductions

distributed by size of gross UBI, at the end of this article). The six positive net income sources were rental income, unrelated debt-financed income, investment income (less loss) of section 501(c)(7), (9), and (17) organizations, income from controlled organizations, "exploited exempt activity" income (excluding advertising), and advertising income. (These items are defined in the Explanation of Terms section of this article.) Based solely on these six specific types of income, the larger organizations reported positive net income (taxable profit) of \$1.2 billion.

An additional source of income, gross profit (less loss) from sales and services, totaled \$3.7 billion for the larger organizations, those with gross UBI over \$10,000, for 1997. This gross profit (less loss) resulted from subtracting \$2.0 billion of costs of sales and services from \$5.7 billion of gross receipts from sales and services [4]. The aggregate amount of gross profit (less loss) from sales and services, along with the net income (less loss) from the six specifically reported income sources mentioned above, was positive for each of Tax Years 1991 through 1997, except for net losses reported for unrelated debt-financed activities prior to Tax Year 1995. This seems to indicate that the remaining deduction items reported on Form 990-T, which are mainly operational expenses, the net operating loss carryover, and miscellaneous "deductions not directly connected" to producing unrelated business income (all of which are also shown in Table 7), are chiefly responsible for the annual unrelated business deficits reported by nonprofit organizations.

The operating expenses of "salaries and wages" and "other deductions," plus the net operating loss carryover, plus "deductions not directly connected" accounted for 73 percent of total deductions reported

by the larger organizations on Form 990-T for 1997. (Other Deductions, Net Operating Loss Carryover, and Deductions Not Directly Connected are defined in the Explanation of Terms section.) Using generally acceptable accounting practices, nonprofit organizations are allowed to allocate a certain percentage of operational costs to their unrelated business activities, based on a proportion of unrelated income to total income. This can be done even if no supplemental costs above their existing mission-related costs were incurred to conduct the unrelated activities. An analysis of unrelated business income and deductions continues in the section, "Nonprofit Charitable Organizations Classified by National Taxonomy of Exempt Entities."

### **Distribution of Total Tax**

Virtually all of the total tax reported on Form 990-T each year is the unrelated business income tax (UBIT). In addition to \$418.4 million of UBIT, the \$422.7 million of total tax reported for 1997 took into account \$7.2 million of "proxy tax" on certain lobbying and political expenditures, \$1.0 million of "alternative minimum tax," and \$3.9 million of various tax credits [5].

While the proxy tax was required to be reported on Form 990-T, there was no connection between the proxy tax and the taxation of income from an organization's unrelated business activities. (See the definition of Proxy Tax in the Explanation of Terms section.) For this reason, and because returns with gross UBI below the \$1,000 filing threshold were not used for the statistics, Forms 990-T filed solely to report the proxy tax (no UBI reported) were excluded from the study. Based on an unpublished tabulation of data from the IRS Business Returns Transaction File, a total of \$13.9 million of proxy tax was reported on 627 Forms 990-T for Tax Year 1997. It is estimated that about 64 percent of these 627 returns were filed solely to report the proxy tax.

Nonprofit organizations filing Form 990-T are organized as trusts or corporations. Trust UBI is taxed at individual (single status) income tax rates, and corporate UBI is taxed at corporate rates. (Tax Year 1997 rates are provided in the definition of Unrelated Business Income Tax, included in the Explanation of Terms section.) Tax-exempt corporations accounted for 64 percent of returns filed with positive net income (taxable profit), and tax-exempt

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trusts accounted for the remainder. The proportions are reversed when looking at total tax liability. Exempt trusts were responsible for 63 percent of total tax liability, and exempt corporations were responsible for 37 percent.

The primary reason for these differences is that trusts filing Form 990-T traditionally are mostly Code section 401(a) pension funds, section 408(e) IRA's, and section 501(c)(9) voluntary employee beneficiary associations (VEBA's). By the nature of their operations, these trusts generally are more limited than corporations in the types and amount of deductions they can use to offset their incomes [6]. This results in relatively higher amounts of taxable profit for trusts, compared to corporate entities. For 1997, the average deduction reported by nonprofit trusts was less than half the size of the average deduction reported by nonprofit corporations; the average total tax liability of nonprofit trusts was over three times larger than that of nonprofit corporations.

Together, section 501(c)(9) VEBA's and section 501(c)(3) charitable organizations were responsible for 72 percent of total tax liability reported. Another 23 percent of tax liability was attributable to section 401(a) pension trusts; section 501(c)(6) chambers of commerce, business leagues, and real-estate boards; and section 501(c)(7) social and recreational clubs.

### **Nonprofit Charitable Organizations Classified by National Taxonomy of Exempt Entities**

Figure C presents information on the types of section 501(c)(3) nonprofit charitable organizations, based on the National Taxonomy of Exempt Entities (NTEE), a classification system developed by the National Center for Charitable Statistics, with the collaboration of major nonprofit entities. Organizations included in this table filed both a Form 990 "information" return and a Form 990-T "tax" return. The NTEE system classifies organizations by institutional purpose and major programs and activities [7]. It is comprised of 26 major groups, which are then aggregated into 10 categories. The organizations were coded on the basis of information provided on Form 990.

### **Forms 990 and 990-T Integrated Sample**

The organizations classified by NTEE in Figure C were part of an "integrated" sample to gather information on "related" (tax-exempt) and "unrelated" (taxable) income and expenses for organizations that filed both Form 990 and Form

990-T. This integrated sampling program ensured that the Statistics of Income sample of Forms 990-T included unrelated business income tax returns filed by any organizations whose Form 990 information returns were selected for the sample of section 501(c)(3) nonprofit charitable organizations. Forms 990-T filed by section 501(c)(3) organizations that also filed a "short" Form 990-EZ are excluded from the analysis of the data presented in Figure C [8].

The Form 990-T sample included returns that were initially selected based on independent Form 990-T sampling criteria, and additional returns that were not initially selected but were subsequently matched to returns in the Form 990 sample. These matched returns, along with any independently selected Forms 990-T that also had counterparts in the Form 990 sample, formed the "integrated" portion of the Form 990-T sample [9].

Of the total 8,002 tax returns in the combined Form 990-T sample, there were 3,391 that were filed by organizations whose information returns were also included in the section 501(c)(3) Form 990 sample. About one-third of these Forms 990-T were not selected initially, but became part of the sample because they subsequently matched a selected Form 990. Applying Form 990 sample weights to the 3,391 integrated sample records produced an estimated population of 7,543 joint Forms 990/990-T filers [10]. Data from these organizations' Form 990-T tax returns were combined with data from their Form 990 information returns for the Figure C analysis.

To clarify, this population is estimated based on Form 990 and Form 990-T records in the two samples that were filed by the same section 501(c)(3) charitable organizations; it is not the estimated total population of all charitable organizations filing Forms 990-T. The estimated total number of Forms 990-T filed for Tax Year 1997 by section 501(c)(3) charities is shown in Table 1 at the end of this article. In addition to the exclusion of Form 990-EZ filers, other factors pertaining to Form 990 filing requirements affected the estimated population of organizations shown in Figure C and used for analysis in this section [11, 12]. The matched records provide the means for consistency in analyzing exempt-function and nonexempt-function income of organizations that are involved in unrelated business activities.

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## Figure C

### Selected Items for Nonprofit Charitable Organizations Filing Forms 990 and 990-T, Classified by National Taxonomy of Exempt Entities (NTEE) Major Category, Tax Year 1997

[Money amounts are in thousands of dollars]

NTEE major category <sup>1</sup>	Number of returns	Selected items, as reported on Forms 990 and 990-T						UBGI as a percentage of total revenue
		Reported on Form 990			Reported on Form 990-T			
		Total revenue	Total expenses	Total revenue minus expenses	Unrelated business gross income (UBGI)	Unrelated business total deductions	Unrelated business gross income minus deductions	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
<b>Total.....</b>	<b>7,543</b>	<b>332,831,638</b>	<b>296,798,392</b>	<b>36,033,246</b>	<b>3,717,792</b>	<b>4,616,825</b>	<b>-899,033</b>	<b>1.1</b>
Arts, culture, and humanities.....	777	6,510,644	4,985,419	1,525,225	238,858	280,893	-42,035	3.7
Education <sup>2</sup> .....	1,225	73,976,089	53,921,951	20,054,138	403,439	473,312	-69,873	0.5
Environment, animals.....	340	1,939,697	1,612,209	327,488	62,183	148,309	-86,126	3.2
Health.....	2,424	214,685,738	202,820,326	11,865,412	1,603,097	2,258,016	-654,919	0.7
Human services.....	1,982	9,342,906	8,675,719	667,187	240,773	319,091	-78,318	2.6
International, foreign affairs.....	34	1,032,147	943,193	88,954	3,522	5,887	-2,365	0.3
Mutual, membership benefit.....	3	16,648,499	16,615,077	33,422	788,285	728,197	60,088	4.7
Public, societal benefit.....	454	7,548,176	6,281,008	1,267,168	315,894	325,507	-9,613	4.2
Religion-related.....	304	1,147,742	943,490	204,252	61,741	77,613	-15,872	5.4
Unknown, unclassified.....	--	--	--	--	--	--	--	--

NTEE major category <sup>1</sup>	Number of returns	Selected items, as derived from Forms 990 and 990-T <sup>3</sup>						UBGR as a percentage of total receipts
		Derived from Form 990			Derived from Form 990-T			
		Total receipts	Total expenditures	Total receipts minus expenditures	Unrelated business gross receipts (UBGR)	Unrelated business total expenditures	Unrelated business receipts minus expenditures	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
<b>Total.....</b>	<b>7,543</b>	<b>304,079,007</b>	<b>289,303,033</b>	<b>14,775,974</b>	<b>4,481,238</b>	<b>4,437,136</b>	<b>44,102</b>	<b>1.5</b>
Arts, culture, and humanities.....	777	4,381,401	5,044,412	-663,011	268,050	263,704	4,346	6.1
Education <sup>2</sup> .....	1,225	58,411,615	48,719,710	9,691,905	492,102	442,048	50,054	0.8
Environment, animals.....	340	1,293,962	1,578,487	-284,525	87,859	95,550	-7,691	6.8
Health.....	2,424	210,064,214	201,587,739	8,476,475	1,882,140	1,972,317	-90,177	0.9
Human services.....	1,982	7,289,601	8,527,965	-1,238,364	507,262	523,245	-15,983	7.0
International, foreign affairs.....	34	123,958	832,854	-708,896	4,012	4,296	-284	3.2
Mutual, membership benefit.....	3	16,945,685	16,910,303	35,382	788,575	728,476	60,099	4.7
Public, societal benefit.....	454	4,952,242	5,218,757	-266,515	373,585	325,554	48,031	7.5
Religion-related.....	304	616,329	882,808	-266,479	77,653	81,946	-4,293	12.6
Unknown, unclassified.....	--	--	--	--	--	--	--	--

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system using 26 major field areas that can be aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The classifications describe the purposes and activities of nonprofit organizations. See Notes and References, footnote 7.

<sup>2</sup> Excludes most colleges and universities operated by State and local Governments.

<sup>3</sup> For derivations, see Figure D.

NOTES: Data are from Forms 990 and 990-T filed by nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations. Detail may not add to totals because of rounding.

The 7,543 section 501(c)(3) charitable organizations for which statistics are shown in Figure C represent about 5 percent of the 155,330 population of section 501(c)(3) organizations filing Form 990 for

1997, based on the Form 990 sample (excluding Form 990-EZ). Figure C illustrates, to a large degree, the extent to which the section 501(c)(3) organizations engaged in unrelated business activities. This is



measured in two ways: by using actual income and expense items reported on the returns (top panel of the table) and by using derived amounts of gross receipts and expenditures (bottom panel of the table). The derived amounts take into account certain adjustments made to income and expense items reported on Forms 990 and 990-T to make them more analogous for comparing total financial activity with unrelated business activity and to include only those components that are considered to be current tax year (1997) gross receipts and associated expenditures. The formulas used to derive Forms 990 and 990-T gross receipts and associated expenditures are shown in Figure D.

### **Analysis of Income and Expenses by Major NTEE Categories, As Reported on Forms 990 and 990-T**

In the top panel of Figure C, total revenue and total expenses reported on Form 990 include both exempt-function (related) and nonexempt-function (unrelated) income and expenses. These Form 990 totals, in addition to unrelated business gross income (UBGI) and total deductions reported on Form 990-T, are tabulated directly from the amounts required to be reported on the respective returns for tax administration purposes. Therefore, the data shown in the top panel represent a tax concept of exempt organizations' income and expenses. While these data may be useful from a tax administration perspective, they do not provide a truly accurate representation of a business "receipts and expenditures" concept of actual financial activity. An attempt has been made in the lower panel of Figure C to present amounts actually generated and expended by nonprofit charitable organizations, by NTEE major category. This is discussed in the next section of this article, which analyzes Forms 990 and 990-T adjusted, or "derived," income and expense data.

The charitable organizations described under section 501(c)(3) cover a broad range of tax-exempt missions. Myriad organizations with a large number of different nonprofit purposes are included in the nine specific aggregated NTEE major categories (excluding "unknown, unclassified") listed in Figure C. As can be seen from the top part of Figure C, "health" was by far the largest category in terms of returns filed and income reported on Form 990 and Form 990-T. Organizations in this category accounted for 43 percent of the \$4.6 billion of total

## **Figure D**

### **Formulas Used To Derive Total Receipts, Total Expenditures, Unrelated Business Gross Receipts, and Unrelated Business Total Expenditures, from Forms 990 and 990-T, as Shown in Figure C**

#### **Form 990 Total Receipts =**

- Total revenue (Part I, line 12)
- + Rental expenses<sup>1</sup> (Part I, line 6b)
- + Direct expenses from special events, other than fundraising<sup>1</sup> (Part I, line 9b)
- + Cost of sales and services<sup>2</sup> (Part I, line 10b)
- Contributions, gifts, and grants received (Part I, line 1d)

#### **Form 990 Total Expenditures =**

- Total expenses (Part I, line 17)
- + Rental expenses<sup>1</sup> (Part I, line 6b)
- + Direct expenses from special events, other than fundraising<sup>1</sup> (Part I, line 9b)
- + Cost of sales and services<sup>2</sup> (Part I, line 10b)
- Fundraising expenses associated with contributions, gifts, and grants received (Part I, line 15)
- Payments to affiliates (Part I, line 16)
- Grants and allocations (Part II, line 22B)

#### **Form 990-T Unrelated Business Gross Receipts =**

- Unrelated business gross income (Part I, line 13A)
- + Cost of sales and services<sup>2</sup> (Part I, line 2)

#### **Form 990-T Unrelated Business Total Expenditures =**

- Unrelated business total deductions [sum of total expenses (Part I, line 13B) and total deductions (Part II, line 29)]
- + Cost of sales and services<sup>2</sup> (Part I, line 2)
- Charitable contributions paid (Part II, line 20)
- Net operating loss carryover (Part II, line 31)
- Specific deduction<sup>3</sup> (Part II, line 33)

<sup>1</sup> On Form 990, these expenses were deducted from gross income prior to calculating total revenue.

<sup>2</sup> On Forms 990 and 990-T, this expense was deducted from gross income prior to calculating total revenue and unrelated business gross income.

<sup>3</sup> This was a deduction, up to \$1,000, allowed to all organizations reporting net income on Form 990-T.

unrelated business gross income shown in column 5. They were also responsible for 65 percent of total (related and unrelated) income reported on Form 990. The health category includes organizations that promote the wellness of individuals, the general treatment and prevention of disease or illness (including mental health and illness), and the medical rehabilitation of the physically disabled. Examples are hospi-

## Unrelated Business Income of Nonprofit Organizations, 1997

tals; nursing or convalescent facilities; health care financing activities; substance abuse treatment services; organizations that study ethics or promote the practice of ethical behavior in medical care and research; health associations active in the prevention or treatment of diseases; and medical research.

Organizations classified within the NTEE-defined purpose of “mutual, membership benefit” accounted for the second highest amount of UBGI reported, or about 21 percent of the total shown in Figure C.

Some types of organizations that can be included in this category are insurance providers; organizations that manage pension and retirement funds; research institutes and public policy organizations; and organizations whose primary purpose is to raise funds (which may also include fund distribution) for a single institution or multiple organizations.

The major category of “education” ranked third in both the amount of UBGI reported and the number of returns filed. Eleven percent of total UBGI was attributable to organizations with educational purposes or programs. This category includes higher education (excluding most colleges and universities operated by State and local Governments), elementary and secondary schools, correspondence schools, libraries, educational testing services, organizations providing opportunities for continuing education outside the framework of formal education, and student services and organizations.

Following health, the “human services” major category accounted for the second largest number of matched Forms 990 and 990-T filed by nonprofit charitable organizations shown in Figure C, but it was responsible for only 6 percent of total UBGI. This major category was comprised of organizations in several classifications performing a variety of services focused on specific needs within the community: housing and shelter programs, including housing, construction, management, and services to assist in locating, acquiring, or sustaining housing; job training and placement services; public safety, disaster pre-

**“Human services” organizations accounted for the second largest number of matched Forms 990 and 990-T filed (26 percent), but only 6 percent of total unrelated business gross income.**

paredness, and relief services, including activities related to the effects of disasters and the providing of relief to accident victims; recreation and sports programs provided by organizations for camps, parks, and playgrounds, and amateur sports activities; crime prevention and legal services; and multipurpose organizations providing a broad range of social or human services to individuals and families.

### **Analysis of Gross Receipts and Expenditures by Major NTEE Categories, As Derived from Forms 990 and 990-T**

The lower panel of Figure C shows “adjusted” income and expense amounts that were derived from amounts specifically reported on Forms 990 and 990-T (contained in the top panel) to portray an actual business, or operating, “receipts and expenditures” concept of tax-exempt organizations’ financial activities. When comparing exempt organizations’ finances reported on Forms 990 and 990-T, it is important to exclude certain receipts, payments, or deductions--such as contributions, gifts, and grants received or paid; payments to affiliates; and the “net operating loss carryover”--because the receipts were not actively generated by the organizations and the payments or deductions were not considered as current-year operating costs. Also, it is necessary to add back to income the expenses that had been deducted from gross income for tax purposes only (and which, therefore, were excluded from income and deduction totals reported on the IRS forms), so that the Forms 990 and 990-T comparative analysis is based on total, versus “net,” receipts from operations.

As mentioned above, Figure D contains a description of the items used to calculate the adjusted amounts. Conclusions about the relative importance of certain financial items to the various NTEE categories of section 501(c)(3) charitable organizations can be drawn from the data in the lower panel of Figure C.

### **Overall Importance of Forms 990 and 990-T Adjustments Items**

In computing “total receipts,” the largest financial item that was factored out of reported total revenue on Form 990 was contributions, gifts, and grants received (CGGR). Figure E shows CGGR and other selected items as a percentage of certain income, expense, and deduction items specifically reported on

# Unrelated Business Income of Nonprofit Organizations, 1997

**Figure E**

**Selected Adjustment Items Shown in Figure D, as a Percentage of Selected Items Reported on Forms 990 and 990-T, Classified by National Taxonomy of Exempt Entities (NTEE) Major Category, Tax Year 1997**

NTEE major category <sup>1</sup>	Reported on Form 990		Reported on Form 990-T		
	Contributions, gifts, and grants received, as a percentage of total revenue	Grants and allocations, as a percentage of total expenses	Cost of sales and services		Net operating loss carryover, as a percentage of total deductions
			As a percentage of gross income	As a percentage of total deductions	
	(1)	(2)	(3)	(4)	(5)
<b>Total</b> .....	<b>9.4</b>	<b>2.7</b>	<b>13.0</b>	<b>10.5</b>	<b>18.1</b>
Arts, culture, and humanities.....	37.1	1.8	9.7	8.2	13.8
Education <sup>2</sup> .....	22.1	9.5	17.2	14.7	24.1
Environment, animals.....	35.1	2.3	31.2	13.1	36.0
Health.....	2.5	0.7	17.2	12.2	24.7
Human services.....	26.4	4.0	14.9	11.2	12.0
International, foreign affairs.....	87.1	4.8	13.9	8.3	30.1
Mutual, membership benefit.....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Public, societal benefit.....	31.1	15.5	17.2	16.7	7.7
Religion related.....	48.0	4.9	7.7	6.1	7.8
Unknown, unclassified.....	--	--	--	--	--

<sup>1</sup> The National Taxonomy of Exempt Entities (NTEE) is a classification system using 26 major field areas that can be aggregated into 10 categories, shown above. It was developed by the National Center for Charitable Statistics. The classifications describe the purposes and activities of nonprofit organizations. See Notes and References, footnote 7.

<sup>2</sup> Excludes most colleges and universities operated by State and local Governments.

<sup>3</sup> Less than 0.05 percent.

NOTES: Data are from Forms 990 and 990-T filed by nonprofit charitable organizations that are tax-exempt under Code section 501(c)(3) and exclude private foundations, most churches, and certain other types of religious organizations.

Forms 990 and 990-T. In aggregate, CGGR was close to 10 percent of the total revenue of nonprofit charitable organizations included in Figure C.

Included in CGGR were contributions, gifts, grants, and bequests received directly from the public; indirect public support in the form of contributions received from other fundraising organizations, such as the United Way; and contributions or grants received from a governmental unit. As a counterpart to subtracting CGGR from total revenue, fundraising expenses associated with CGGR were also factored out of total expenses. The three items shown in Figure D other than CGGR that were factored into the derivation of “total receipts” were each less than 1 percent of aggregate total revenue reported on Form 990.

The largest item that affected the computation of aggregate Form 990 “total expenditures” was grants

and allocations made to individuals and organizations, which were 2.7 percent of reported total expenses. All other items used to derive the adjusted amount of aggregate total expenditures shown in Figure D were each less than 1 percent of total expenses reported on Form 990.

The “net operating loss carryover” (NOLC) is a deduction allowed in computing unrelated business taxable income on Form 990-T. Generally, unrelated business losses incurred in prior tax years can be used to reduce taxable income in a later tax year. (See the definition of Net Operating Loss Carryover in the Explanation of Terms section of this article.) Factoring NOLC out of unrelated business total deductions significantly affects the computation of adjusted unrelated business total expenditures. The aggregate NOLC reported by organizations included in Figure C was 18 percent of total deductions reported on Form 990-T.

## Unrelated Business Income of Nonprofit Organizations, 1997

“Cost of sales and services” was also an important factor in the computation of adjustments to both UBGI and unrelated business total deductions. Cost of sales and services is allowed as a deduction from gross receipts from sales and services prior to computing total unrelated business gross income (which is the determining factor for whether no return, a partial return, or a complete return is required). Therefore, cost of sales and services is reported in the gross income section of Form 990-T, rather than the deductions section, and it is not included in unrelated business total deductions shown in column 6 of Figure C. The \$483.0 million of cost of sales and services used in the Form 990-T computations shown in Figure D were 13 percent of UBGI and 11 percent of unrelated business total deductions reported by section 501(c)(3) charitable organizations in all NTEE categories, combined. Charitable deductions paid and the “specific deduction” (defined in the Explanation of Terms section) were each less than 1 percent of unrelated business total deductions and had little effect on the computation of the adjusted amounts.

### *Effect of Adjustments on Reported Income, Expenses, and Deductions*

As can be seen in Figure E, the results obtained from adjusting reported income and expense amounts vary by NTEE major category. The major NTEE categories most affected by the subtraction of contributions, gifts, and grants (CGGR) from total revenue were “international, foreign affairs,” “religion-related,” “arts, culture, and humanities,” and “environment, animals.” Organizations in the “health” category (which includes hospitals) were least affected by the adjustment, with CGGR being only 3 percent of their total revenue. Traditionally, organizations classified within the health category rely much more heavily on revenue from program services, rather than receipts from CGGR, as a major source of income.

Adjustments made to Form 990 total expenses primarily affected organizations in the “public, societal benefit” category. Grants and allocations, which were subtracted from total expenses, were 16 percent of the

expenses reported by organizations in this category. For each of the other NTEE major categories shown in Figure E, the ratio of grants and allocations to total expenses was less than 10 percent.

Of all the items used to adjust Form 990-T gross income and deductions, the net operating loss carryover (NOLC) was by far the most important, indicating that these filers had significant business losses in the immediately preceding years. Factoring the NOLC out of Form 990-T unrelated business total deductions had the greatest impact on the NTEE categories of environment, animals; international, foreign affairs; health; and arts, culture, and humanities. Cost of sales and services (CSS) from unrelated business activities was added to both gross income and total deductions in the computation of unrelated business receipts and expenditures. Therefore, the CSS adjustment did not impact the amount of receipts over expenses shown in column 15 of Figure C, but it significantly increased unrelated business gross income reported by organizations in each of the NTEE major categories of environment, animals; “education”; health; and public, societal benefit.

### *Measuring Unrelated Business Involvement Using Derived Amounts*

As stated earlier, adjustments to Forms 990 and 990-T reported amounts were made for the purpose of comparing the related and unrelated financial activities of nonprofit charitable organizations, which required an attempt to make both types of receipts and expenditures more analogous. The lower panel of Figure C was designed to allow for a more accurate analysis of related and unrelated finances by treating both types of receipts and expenditures as consistently as possible. It is not intended for any other types of analysis.

A comparison of Form 990 total revenue minus expenses (column 4) and total receipts minus expenses (column 12) illustrates the importance of the receipt of contributions, gifts, and grants to the programs of nonprofit charitable organizations. After adjustments, receipts minus expenses were significantly reduced for all NTEE major categories, except for health, where the reduction were small relative to the others, and for the category of “mutual, membership benefit,” where receipts minus expenses increased slightly.

**Of all items used to adjust Form 990-T gross income and deductions, the “net operating loss carryover” by far had the greatest impact.**

## Unrelated Business Income of Nonprofit Organizations, 1997

Adjustments to income and deductions resulted in significantly higher derived amounts of unrelated business gross receipts minus expenditures shown in column 15, compared to their counterpart amounts shown in column 7, which were specifically reported on Form 990-T. Unrelated business net income (less loss) changed from negative to positive for NTEE categories as a whole and for three specific categories: arts, culture, and humanities; education; and public, societal benefit. Factoring the net operating loss carryover out of unrelated business total deductions was the primary reason for this result. However, organizations in the NTEE categories of environment, animals; health; "human services"; international, foreign affairs; and religion-related still had negative net income (less loss), or apparently unprofitable unrelated business operations, after subtracting out the NOLC from their respective unrelated business total deductions. The section, Income and Deductions, above, contains a discussion of the types of deductions reported on Form 990-T and their connection with annual overall deficits reported by nonprofit organizations since Tax Year 1990.

The percentages shown in columns 8 and 16 of Figure C are indicators of the extent to which section 501(c)(3) charitable organizations engage in unrelated business activities. They represent the ratio of unrelated income to total (related and unrelated) income. The percentages shown in column 8, based on actual amounts reported on the returns, are generally smaller than those shown in column 16, based on derived amounts. Also, the NTEE major categories fall into a different order of dominance, in terms of unrelated business activity, as measured by the percentages in the two columns.

The column 16 percentages, which take into account the adjustments shown in Figure D, indicate that a small proportion, 1.5 percent, of the total receipts of all section 501(c)(3) charitable organizations shown in Figure C was generated from unrelated business activities. Based on derived Forms 990 and 990-T receipts, the percentages in column 16 increased over those in column 8 for all of the NTEE major categories, except mutual, membership benefit, which remained the same. As a group, organizations classified in Figure C as religion-related, which excludes most churches (see footnote 2 at the end of this article), were more extensively involved in generating income from unrelated business activities than

those included in other NTEE categories, with more than 12 percent of total receipts coming from unrelated business receipts.

The religion-related NTEE major category includes organizations whose primary purpose is worship, religious training or study, governance or administration of organized religions, or the promotion of religious activities. As already mentioned, most churches were excluded from the Form 990-T integrated sample because they are not required to file Form 990. In addition to churches and other organized places of worship, the religion-related category could include religious associations; church auxiliaries; religious orders; missions; and religious organizations involved in advocacy, research, fundraising, management support, media, or publishing activities. Less than 1 percent of total receipts was attributable to unrelated business activities within the education and health classifications. The remaining major NTEE categories shown in Figure C had UBGR-to-total-receipts ratios of 6 percent to 8 percent.

### Summary

After applying \$8.5 billion of total deductions against \$7.8 billion of gross unrelated business income (UBI), nonprofit organizations reported an overall net income (less deficit) of \$-0.7 billion for Tax Year 1997. The \$1.4 billion of taxable profits from unrelated business income reported on Forms 990-T, *Exempt Organizations Business Income Tax Returns*, represented an 18-percent increase over 1996--much smaller than the 31-percent and 39-percent increases, respectively, associated with Tax Years 1995 and 1996. The unrelated business income tax (UBIT) liability associated with taxable profits was \$418.4 million. In addition to UBIT, the \$422.7 million of total tax took into account \$7.2 million of "proxy tax" on certain lobbying and political expenditures, \$1.0 million of "alternative minimum tax," and \$3.9 million of tax credits. Seventy-two percent of reported total tax was attributable to Internal Revenue Code section 501(c)(9) voluntary employee beneficiary associations and section 501(c)(3) charitable organizations.

The number of returns filed between 1996 and 1997 declined, overall, by 3 percent, from 40,621 to 39,302. Organizations with gross UBI of \$10,000 or less filed 14 percent fewer Forms 990-T from 1996 to 1997, while the number of returns filed by organi-

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zations with larger amounts of gross UBI increased by 7 percent. The largest drop in filers, by type of organization, was for Individual Retirement Arrangement (IRA) trusts, tax-exempt under Code section 408(e), which filed 28 percent fewer Forms 990-T, compared to 1996.

Using the National Taxonomy of Exempt Entities (NTEE) classification system, an “integrated” sample of Form 990 (*Return of Organization Exempt From Income Tax*) and 990-T returns filed for 1997 by the same section 501(c)(3) charitable organizations was classified by institutional purpose and major programs. “Health” was by far the largest NTEE major category in terms of returns filed and income reported on Forms 990 and 990-T that were part of the integrated sample. Organizations in this category filed 32 percent of the population of 7,543 returns estimated from the integrated sample, 65 percent of Form 990 total income, and 43 percent of Form 990-T gross UBI. Organizations with an NTEE classification of “mutual, membership benefit” were small in number, based on the integrated sample, but accounted for the second highest amount of gross UBI reported, or 21 percent of the total. “Human services” organizations filed the second highest number of “matched” Forms 990 and 990-T, 26 percent, but were responsible for only 6 percent of gross UBI reported. “Education” ranked third in both the amount of gross UBI reported (11 percent of the total) and the number of Forms 990-T filed (16 percent of the total).

Based on adjusted income amounts derived from returns in the integrated sample, the group of organizations classified as “religion-related” were more extensively involved in unrelated business activities than organizations within other NTEE major categories. These organizations generated a little more than 12 percent of total receipts (related plus unrelated) from unrelated business gross receipts (UBGR). Six out of the eight other NTEE major groups of organizations had UBGR-to-total-receipts ratios ranging from 6 percent to 8 percent. These six groups were classified as “arts, culture, and humanities”; “environment, animals”; human services; “international, foreign affairs”; mutual, membership benefit; and “public, societal benefit”. For the remaining two major NTEE groups, education and health, less than 1 percent of total receipts was attributable to unrelated business activities.

### Data Sources and Limitations

The statistics in this article are based on a sample of Tax Year 1997 Forms 990-T, *Exempt Organization Business Income Tax Return*. The Internal Revenue Service required organizations having accounting periods beginning in 1997 (and, therefore, ending between December 1997 and November 1998) to file a 1997 Form 990-T to report any unrelated business income. The associated required filing period for Tax Year 1997 Forms 990-T generally was May 1998 to April 1999 (April 1998 to March 1999 for Internal Revenue Code section 220(e), 401(a), and 408(e) trusts), but extensions of time to file beyond this period were granted to many organizations. Returns filed after Calendar Year 1999 were not included in the sample. Because the accounting periods of the organizations filing a 1997 return vary, the financial activities covered in this article span the period January 1997 through November 1998 (although the majority of activities occurred during Calendar Year 1997).

The data analyzed in the section titled Nonprofit Charitable Organizations Classified by National Taxonomy of Exempt Entities (and presented in Figures C and E) were from matched Forms 990 and 990-T returns filed by Internal Revenue Code section 501(c)(3) charitable organizations. As explained earlier, this matching procedure ensured that the Form 990-T sample included unrelated business income tax returns filed by any tax-exempt organizations whose information returns were selected for the Form 990 sample of section 501(c)(3) organizations [13]. (The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described by Code section in the Appendix to this article.) The Form 990-T sample is described below.

The population from which the 1997 Form 990-T sample was drawn consisted of Form 990-T records posted to the IRS Business Master File system during 1998 and 1999. The returns in the sample were stratified based on the size of gross unrelated business income (UBI). A sample of 8,052 returns was selected from a population of 39,521. After excluding returns that were selected for the sample but later rejected, the sample size was 8,002, and the estimated population size was 39,302. Rejected returns included those which had gross UBI below the

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\$1,000 filing threshold, were filed only to claim a refund or report the "proxy tax," or were filed for a part-year accounting period that began in a year other than 1997. For example, a final return filed for the short period of January 1998-- June 1998 may have been selected for the 1997 sample based on the criterion of an accounting period that ended between December 1997 and November 1998, but it was rejected because, in actuality, it was a Tax Year 1998 return.

Sampling rates ranged from a minimum of 5 percent (Form 990-T gross UBI less than \$20,000, with either no Form 990 match or a Form 990 match to a Code section 501(c)(3) return with assets under \$2,500,000) to a maximum of 100 percent (either Form 990-T gross UBI of \$300,000 or more, or Form 990-T with any amount of gross UBI and a match to a section 501(c)(3) Form 990 with assets of \$10,000,000 or more). Other Forms 990/990-T matches within various ranges of gross UBI, assets, and Internal Revenue Code sections were selected at rates ranging from 10 percent to 40 percent.

The information presented in this article was obtained from returns as originally filed with the IRS. The data were subjected to comprehensive testing and correction procedures in order to improve statistical reliability and validity. In most cases, changes made to the original return as a result of administrative processing, audit procedures, or a taxpayer amendment were not incorporated into the data base.

Because the data are based on a sample, they are subject to sampling error. In order to use these statistics properly, the magnitude of the sampling error, measured by the coefficient of variation (CV), should be taken into account. Figure F shows CV's for selected financial data. CV's are not shown for returns with gross UBI of \$500,000 or more because they were sampled at a 100-percent rate and, therefore, are not subject to sampling variability. A discussion of the reliability of estimates based on samples and methods for evaluating both the magnitude of sampling and nonsampling error and the precision of sample estimates can be found in the general Appendix, located near the back of this issue of the *Bulletin*.

## Explanation of Selected Terms

In some of the following explanations, tax-exempt organizations are cited by the Internal Revenue Code

**Figure F**

### Coefficients of Variation for Selected Items, by Size of Gross Unrelated Business Income, Tax Year 1997

Size of gross unrelated business income (UBI)	Gross unrelated business income	Total deductions	Net income (taxable profit)	Total tax
	Coefficient of variation (percentages)			
	(1)	(2)	(3)	(4)
<b>Total</b> .....	<b>0.26</b>	<b>0.66</b>	<b>0.49</b>	<b>0.99</b>
\$1,000 under \$10,001 <sup>1</sup> .....	2.75	8.21	5.24	7.41
\$10,001 under \$100,000 <sup>1</sup> .....	1.38	4.26	4.16	5.06
\$100,000 under \$500,000.....	0.84	2.50	2.65	2.78
\$500,000 or more.....	N/A	N/A	N/A	N/A

<sup>1</sup>The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

N/A - Not applicable.

section under which they are described. The various types of tax-exempt organizations subject to the unrelated business income tax provisions are described by Code section in the Appendix to this article.

**Advertising Income.**—Gross income realized by a tax-exempt organization from the sale of advertising in a periodical was gross income from an unrelated trade or business activity involving the "exploitation of an exempt activity," namely, the circulation and readership of the periodical developed by producing and distributing the readership content of that periodical. Advertising income was reported separately from other types of "exploited exempt activity income." (See the explanation of Exploited Exempt Activity Income.) Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported gross advertising income, as well as other types of "exploited exempt activity income," as gross receipts from sales and services. All other organizations reported this income separately.

**Capital Gain Net Income.**—Generally, organizations required to file Form 990-T (except organizations tax-exempt under Internal Revenue Code sections 501(c)(7), (9), and (17)) were not taxed on net gains from the sale, exchange, or other disposition of

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property. However, net capital gains on sales of debt-financed property, certain gains on the cutting of timber (section 1231), and gains on sales of certain depreciable property (described in sections 1245, 1250, 1252, 1254, and 1255) were taken into account in computing capital gain net income. (See the explanation of Investment Income (Less Loss) for information regarding investment income of section 501(c)(7), (9), and (17) organizations.)

*Contributions.*—To the extent permissible under the Internal Revenue Code, a deduction was allowed for contributions or gifts actually paid within the tax year to, or for the use of, another entity that was a charitable or governmental organization described in Code section 170(c). Any unused contributions carried over from earlier years were also allowed. The contributions deduction was allowed whether or not directly connected with the carrying on of a trade or business.

*Deductions Directly Connected With Unrelated Business Income.*—These were deductions allowed in computing net income, if they otherwise qualified as income tax deductions under the Internal Revenue Code and if they had a “proximate and primary” relationship to carrying on an unrelated trade or business. Allowable deductions included those directly connected with rental of personal property; those allocable to unrelated debt-financed income; those directly connected with investment income of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; those allocable to interest, annuities, royalties, and rents received from “controlled organizations” (see definition of Income from Controlled Organizations); those allocable to “exploited exempt activity income” other than advertising; direct advertising costs; compensation of officers, directors, and trustees; salaries and wages; repairs; bad debts; interest; taxes; depreciation (unless deducted elsewhere); depletion; contributions to deferred compensation plans; contributions to employee benefit plans; the “net operating loss carryover”; and “other deductions.” Tax-exempt organizations with gross unrelated business income (UBI) above \$10,000 were required to report each deduction component separately. Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 reported a single total of the first five types of directly-connected expenses listed above (those described as “allocable to”) and a single total for all

other types of deductions (both deductions directly connected with UBI and those not directly connected, each defined below), except for two items that were required to be reported separately: the “net operating loss carryover” and the “specific deduction,” also defined below.

*Deductions Not Directly Connected With Unrelated Business Income.*—The component deductions were “set-asides,” “excess exempt expenses,” charitable contributions, and the “specific deduction.” The specific deduction was reported, when applicable, by all organizations with positive taxable income; the other types of deductions not directly connected with UBI were reported separately, when applicable, only by tax-exempt organizations with gross UBI above \$10,000. (See, also, the explanations of Set-asides, Excess Exempt Expenses, and the Specific Deduction.)

*Excess Exempt Expenses.*—The two types of “excess” expenses allowed as deductions from unrelated business income were (1) excess exempt expenses attributable to commercial exploitation of exempt activities, and (2) excess exempt expenses attributable to advertising income. In the case of “exploited” exempt activity income (see the explanation of Exploited Exempt Activity Income, Except Advertising, below), if the expenses of the organization’s exempt activity exceeded the income from the exempt activity, then the excess of exempt expenses over exempt income could be used to offset any positive net unrelated business income produced from exploiting the exempt activity, to the extent that it did not result in a loss. Excess expenses of a commercially exploited exempt activity could not be used to offset income from another type of unrelated business activity if the unrelated activity did not exploit that particular exempt activity. In the case of excess exempt expenses attributable to advertising income, if the expenses attributable to producing and distributing the readership content of a periodical exceeded the circulation income, then the excess of readership costs over circulation income could be used to offset any net gain from advertising (gross advertising income less direct advertising costs), to the extent that it did not result in a loss.

*Exploited Exempt Activity Income, Except Advertising.*—In some cases, exempt activities create goodwill or other intangibles that are capable of being exploited in a commercial manner. When an



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organization exploited such an intangible in commercial activities that did not contribute importantly to the accomplishment of an exempt purpose, the income it produced was gross income from an unrelated trade or business. An example of this type of activity would be an exempt scientific organization with an excellent reputation in the field of biological research that exploits its reputation regularly by selling endorsements of laboratory equipment to manufacturers. Endorsing laboratory equipment would not have contributed importantly to the accomplishment of any purpose for which tax exemption was granted to the organization. Accordingly, the income from selling such endorsements is gross unrelated business income. Exploited exempt activity income from advertising was reported separately from other types of exploited exempt activity income (see the explanation of Advertising Income). Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported income from exploited exempt activities as gross receipts from sales and services. All other organizations reported this income separately.

*Gross Profit (Less Loss) from Sales and Services.*—This was the gross profit (less loss) from any unrelated trade or business regularly carried on that involved the sale of goods or performance of services. It did not include income from unrelated business activities that were required to be reported separately on any of the tax form's supporting schedules. For example, an Internal Revenue Code section 501(c)(7) social club would include gross restaurant and bar receipts from nonmembers in the calculation of gross profit (less loss) from sales and services, but would report its investment income from sales of securities on the required supporting schedule. Gross profit (less loss) from sales and services is computed as gross receipts from sales or services, less returns and allowances, minus cost of sales and services.

*Gross Unrelated Business Income (UBI).*—This was the total gross unrelated business income (see the explanation of Unrelated Business Income), prior to reduction by allowable deductions used in computing unrelated business taxable income. All organizations were required to report detailed sources of gross UBI. The components of gross UBI, as shown on the tax return, were gross profit (less loss) from sales and services; capital gain net income; net gain (less loss), sales of noncapital assets; net capital loss deduction (trusts only); income (less loss) from

partnerships; rental income; unrelated debt-financed income; investment income (less loss) of Internal Revenue Code section 501(c)(7), (9), and (17) organizations; annuities, interest, rents, and royalties from controlled organizations; "exploited exempt activity" income; advertising income; and "other" income (less loss). (For an explanation of these sources of income, see the separate explanations of each component.)

*Income from Controlled Organizations.*—A new definition of "controlled organization" was effective for tax years beginning after August 5, 1997. However, there was a 2-year grace period for organizations that had a written, binding contract with a controlled organization that was in effect on June 8, 1997. Organizations qualifying for the grace period reported income under the old law. (A very small number of Tax Year 1997 Forms 990-T included controlled-organization income that was calculated under new rules.) Under both the old and new tax law provisions, all deductions "directly connected" with a Form 990-T filer's gross controlled-organization income were allowed. The rules for debt-financed property did not apply to passive income (generally, investment income) from controlled organizations. (See the definition of Unrelated Debt-financed Income.)

For organizations that had tax years beginning *on or before August 5, 1997*, or were covered by the 2-year grace period: When an exempt organization controls another organization the gross annuities, interest, rents, and royalties from the controlled organization are included in the gross UBI of the controlling organization at a specified ratio, depending on whether the controlled organization is tax-exempt or not. "Control" meant: (a) for a stock corporation, the ownership of stock possessing at least 80 percent of the total combined voting power of all classes of stock entitled to vote, and ownership of at least 80 percent of the total number of shares of all other classes of stock of the corporation; or (b) for a nonstock organization, at least 80 percent of the directors or trustees of the organization were either representatives of, or directly or indirectly controlled by, a tax-exempt organization.

For organizations that had tax years beginning *after August 5, 1997*, and were not covered by the 2-year grace period: When an exempt organization controls another organization, the entire amount of gross annuities, interest, rents, and royalties (termed

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“specified payments” under the new law) from the controlled organization are included in the gross UBI of the controlling organization, to the extent that the specified payments reduced the net unrelated income (or increased the net unrelated loss) of the controlled organization. “Net unrelated income (or loss)” for an exempt controlled organization was its unrelated business taxable income (or loss). For a nonexempt controlled organization, it was the part of its taxable income (or loss) that would be unrelated business taxable income (or loss) if it were exempt and had the same exempt purpose as the controlling organization. “Control” meant: (a) for a stock corporation, the ownership (by vote or value) of more than 50 percent of the stock; (b) for a partnership, ownership of more than 50 percent of the profits or capital interests; or (c) for any other organization, ownership of more than 50 percent of the beneficial interests.

*Income (Less Loss) from Partnerships.*—If an organization was a partner in any partnership that carried on an unrelated trade or business, this was the organization’s share of partnership gross unrelated business income less its share of partnership deductions that were directly connected with the unrelated income.

*Investment Income (Less Loss).*— This income was reported only by organizations exempt under Internal Revenue Code sections 501(c)(7), (9), and (17) and included such income as gross unrelated debt-financed income, gross income from the ownership or sale of securities, and set-asides deducted from investment income in previous years that were subsequently used for a purpose other than that for which a deduction was allowed. (See, also, the explanation of Set-asides.) All gross rents (except those that were exempt-function income) of section 501(c)(7), (9), and (17) organizations were treated as unrelated business income and were reported as “rental income.” Organizations exempt under sections other than 501(c)(7), (9), and (17) did not report “investment income (less loss).” Generally, these organizations’ investment income (dividends, interest, rents, and annuities) and royalty income were not taxed as unrelated business income, unless it was income, other than dividends, from a controlled organization or debt-financed income, or the rents were of the type described in the explanation of rental income. (See explanations of Income from Controlled

Organizations, Rental Income, and Unrelated Debt-financed Income.)

*Net Capital Loss (Trusts Only).*—If a trust had a net loss from sales or exchanges of capital assets, it was allowed a deduction for the amount of the net loss or \$3,000, whichever was lower. (Tax-exempt corporations were not allowed to deduct any excesses of capital losses over capital gains.) Tax-exempt trusts reported the net capital loss deduction on Form 990-T as a negative component of gross unrelated business income.

*Net Gain (Less Loss), Sales of Noncapital Assets.*—This was the gain or loss from the sale or exchange of business property, as reported on Form 4797, Sales of Business Property. Property other than capital assets generally included property of a business nature, in contrast to personal and investment properties, which were capital assets.

*Net Income (Less Deficit).*—This was gross income derived from any unrelated trade or business regularly carried on by an exempt organization, less deductions directly connected with carrying on the trade or business and less other allowable deductions not directly connected. On a return-by-return basis, the result of this computation was either positive (net income), negative (deficit), or zero. Net income represented taxable profit, which was subject to the unrelated business income tax. (See, also, explanations of Deductions Directly Connected With Unrelated Business Income and Deductions Not Directly Connected With Unrelated Business Income.)

*Net Operating Loss Carryover.*—The net operating loss carryover (as described in Internal Revenue Code section 172) was allowed as a deduction in computing unrelated business taxable income. However, the net operating loss carryback or carryover (allowed only to or from a tax year for which the organization was subject to tax on unrelated business income) was determined without taking into account any amount of exempt-function income or deductions that had been excluded from the computation of unrelated business taxable income. A “net operating loss” represented the excess of deductions over receipts for a specified year for which an organization reported an overall deficit from its unrelated trade or business activities. The statistics in this article represent only the net operating loss carryover because carrybacks from future years

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would be reported in a later year on an amended return, not on the return as initially filed (which served as the basis for the statistics).

*Other Deductions.*—This included all types of unrelated business deductions that were not specifically required to be reported elsewhere on the tax return. Examples are fees for accounting, legal, consulting, or financial management services; insurance costs (if not for employee-related benefits); equipment costs; mailing costs; office expenses, such as janitorial services, supplies, or security services; rent; travel expenses; educational expenses; and utilities.

*Other Income (Less Loss).*—This included all types of unrelated business income that were not specifically required to be reported elsewhere on the tax return. Examples are insurance benefit fees; member support fees; commissions; returned contributions that were deducted in prior years; income from insurance activities that was not properly set aside in prior years; recoveries of bad debts; and refunds of State or local tax payments, if the payments were previously reported as a deduction.

*Proxy Tax.*—This was a tax on certain nondeductible lobbying and political expenditures paid or incurred after December 31, 1993, by organizations that were tax-exempt under Internal Revenue Code sections 501(c)(4), 501(c)(5), and 501(c)(6). If the organization failed to notify its members regarding their shares of dues to which nondeductible lobbying and political expenditures were allocable, or if the notice did not include the entire amount of dues that were allocable, then the proxy tax was imposed on the organization. It was computed as the aggregate amount of nondeductible lobbying expenditures that was not included in the notices sent to the organization's members, multiplied by 35 percent. The proxy tax was required to be reported on Form 990-T and was included in total tax; however, there was no connection between the proxy tax and the taxation of income from an organization's unrelated business activities.

*Rental Income.*—For organizations tax-exempt under Internal Revenue Code sections other than 501(c)(7), (9), and (17), this was the amount of (1) gross rents from personal property (e.g., computer equipment or furniture) leased with real property, if the rental income from the personal property was more than 10 percent, but not more than 50 percent,

of the total rents from all leased property; or (2) gross rents from both real property and personal property leased with real property if the personal property was more than 50 percent of the total rents from all leased property. Except for the second situation covered above, gross rents from real property generally were excluded in computing unrelated business taxable income. In addition, gross rents from personal property that did not exceed 10 percent of the total rents from all leased property were excluded. Any rents excluded from the explanation of "rental income" had to be considered in terms of their taxability as unrelated business income from controlled organizations or unrelated debt-financed income, in that order. For organizations tax-exempt under sections 501(c)(7), (9), and (17), rental income included all gross rents (except those that were exempt-function income), with no exclusions. (See explanations of Income from Controlled Organizations and Unrelated Debt-financed Income.)

*Set-asides.*—These amounts were allowed to social clubs (Internal Revenue Code section 501(c)(7)), voluntary employees' beneficiary associations (section 501(c)(9)), and supplemental unemployment benefit trusts (section 501(c)(17)) as a deduction from investment income. The deduction was equal to the amount of passive income (generally, investment income) that these organizations set aside (1) to be used for charitable purposes or (2) to provide payment of life, health, accident, or other insurance benefits (section 501(c)(9) and (17) organizations only). However, any amounts set aside that exceeded the "qualified asset account" limit, as figured under section 419A, were not allowed as a deduction from unrelated business investment income; they were treated as taxable investment income. A section 419A qualified asset account is any account consisting of assets set aside to provide for the payment of disability benefits, medical benefits, severance pay benefits, or life insurance benefits.

*Specific Deduction.*—The specific deduction was \$1,000 or the amount of positive taxable income, whichever was less. The amount deducted was considered "not directly connected" with gross unrelated business income and was allowed to all organizations that had positive taxable income after all other types of deductions were taken. This deduction provided the equivalent benefit of the \$1,000 gross unrelated business income filing threshold under

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which some organizations were exempted from filing a return and paying the unrelated business income tax.

**Total Deductions.**—Total Deductions included both deductions reported on the main part of Form 990-T and expense items reported on any of six supporting schedules, which were also part of the tax form. It excluded cost of sales and services (\$2.0 billion for 1997), which was subtracted from gross receipts from sales and services in computing gross profit (less loss) from sales and services. Gross profit (less loss) from sales and services was a component of gross unrelated business income (UBI). Because Form 990-T filing requirements are based on gross UBI, and cost of sales and services is factored into the computation of gross income, the deduction for cost of sales and services is reported in the gross income section of Form 990-T, not the deductions section. Cost of sales and services was reported as a lump-sum total, but may have included depreciation, salaries and wages, and certain other types of deductible items. For this reason, the total amount shown for some of the separately reported components of total deductions, such as “salaries and wages,” may be understated.

**Total Tax.**—Total tax was unrelated business income tax less the foreign tax credit, general business credit, credit for prior-year minimum tax, and other allowable credits, plus the “proxy tax” on certain lobbying expenditures, the tax from recomputing certain prior-year credits (“recapture taxes”), and the “alternative minimum tax.”

**Unrelated Business Income.**—This was income of a tax-exempt organization that was from a trade or business which was regularly carried on by the organization and which was not substantially related to the performance of the organization’s exempt purpose or function (other than that the organization needed the profits derived from the unrelated activity). The term “trade or business” generally comprised any activity carried on for the production of income from selling goods or performing services. Activities of producing or distributing goods or performing services from which gross income was derived did not lose their identity as trades or businesses merely because they were carried on within a larger aggregate of similar activities or within a larger complex of other endeavors that may, or may not, have been related to the exempt purposes of the organization.

**Unrelated Business Income Tax.**—This was the tax imposed on unrelated business net income (taxable profit). It was determined based on the regular corporate or trust income tax rates that were in effect for the 1997 Tax Year, as shown in the following schedules.

### Tax Rates for Corporations

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$50,000	15%	\$0
50,000	75,000	\$7,500+25%	50,000
75,000	100,000	13,750+34%	75,000
100,000	335,000	22,250+39%	100,000
335,000	10,000,000	113,900+34%	335,000
10,000,000	15,000,000	3,400,000+35%	10,000,000
15,000,000	18,333,333	5,150,000+38%	15,000,000
18,333,333	—	35%	0

### Tax Rates for Trusts

Amount of unrelated business taxable income is:

Over—	But not over—	Tax is:	Of the amount over—
\$ 0	\$1,600	15%	\$0
1,650	3,900	\$247.50+28%	1,650
3,900	5,950	877.50+31%	3,900
5,950	8,100	1,513.00+36%	5,950
8,100	—	2,287.00+39.6%	8,100

**Unrelated Debt-financed Income.**—Gross income from investment property for which there was acquisition indebtedness outstanding at any time during the tax year was subject to the unrelated business income (UBI) tax. The percentage of investment income to be included as gross UBI was proportional to the ratio of average acquisition indebtedness to the average adjusted basis of the property. Various types of passive income (generally, investment income) were considered to be unrelated debt-

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financed income, but only if the income arose from property acquired or improved with borrowed funds and if the production of income was unrelated to the organization's tax-exempt purpose. When any property held for the production of income by an organization was disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding at any time during the 12-month period prior to the date of disposition, the property was considered debt-financed property, and the gain was treated as unrelated debt-financed income. Income from debt-financed property did not include rents from personal property (e.g., computers or furniture) leased with real property, certain passive income (generally, investment income) from controlled organizations, and other amounts that were otherwise included in computing unrelated business taxable income. Internal Revenue Code section 501(c)(7), (9), and (17) organizations reported all debt-financed income as "Investment Income (Less Loss)." All other organizations reported debt-financed income separately.

### Notes and References

- [1] Churches, which are tax-exempt under section 501(c)(3), are not required to apply for exemption unless they desire to obtain an Internal Revenue Service ruling, and they do not have to file a Form 990 information return. Private foundations and certain charitable trusts file an information return on Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*. For the most recent Form 990 annual data on organizations tax-exempt under Internal Revenue Code sections 501(c)(3) (excluding private foundations and most religious organizations) through 501(c)(9), see Arnsberger, Paul, "Charities and Other Nonprofit Organizations, 1997," *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2. For the most recent annual data on private foundations, see Whitten, Melissa, "Domestic Private Foundations and Charitable Trusts, 1996-1997," *Statistics of Income Bulletin*, Fall 2000, Volume 20, Number 2. Internal Revenue Code section 4947(a)(1) "nonexempt charitable trusts" and section 4947(a)(2) "split-interest trusts" are required to report unrelated business income on Form 1041, *Estate and Trust Income Tax Return*, rather than Form 990-T. Information on nonexempt charitable trusts can be found in Whitten, cited above. For results of a new SOI study of certain types of split-interest trusts, which file Form 5227, *Return of Split-interest Trust*, see Belvedere, Melissa J., "Charitable Remainder Trusts, 1998," *Statistics of Income Bulletin*, Winter 2000-2001, Volume 21, Number 3.
- [2] While most tax-exempt organizations are required to file a Form 990/990EZ information return each year, Form 990-T is required to be filed only for a year in which a tax-exempt organization has unrelated business income.
- [3] The term "charitable" refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature, or organizations that test for public safety or prevent cruelty to children or animals. The term also covers organizations that otherwise qualified for tax-exempt status under the Income Tax Regulations issued for Internal Revenue Code section 501(c)(3).
- [4] The \$2.0 billion in costs of sales and services are not included in total deductions. These costs are subtracted from gross receipts from sales and services prior to computing gross unrelated business income on Form 990-T.
- [5] Taxes other than UBIT can also include "recapture taxes" (such as from recomputation of prior-year investment or low-income housing credits), but none were reported on Forms 990-T for 1997. Credits against tax included the foreign tax credit, general business credit, prior-year minimum tax credit, and other credits (such as the U.S. possessions tax credit, nonconventional source fuel credit, and qualified electric vehicle credit).
- [6] For example, the investment portfolios of nonprofit trusts are usually overseen by only one or two trust managers, so deductions for salaries and wages, a significant deduction item for many corporate nonprofit entities, are relatively small, resulting in higher taxable income.
- [7] For information on the National Taxonomy of Exempt Entities classification system, see Hodgkinson, Virginia A.; Weitzman, Murray S.;

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et.al., *Nonprofit Almanac, 1996-1997: Dimensions of the Independent Sector*, Jossey-Bass, Inc., 1996; Stevenson, David R.; Pollak, Thomas H.; and Lampkin, Linda M.; et.al., *State Nonprofit Almanac 1997: Profiles of Charitable Organizations*, The Urban Institute, 1997; and *The National Taxonomy of Exempt Entities Manual*, The Urban Institute, 1997.

- [8] In addition to Forms 990, the section 501(c)(3) sample included Forms 990-EZ (*Short Form Return of Organization Exempt From Income Tax*) which could be filed by smaller organizations (those with annual gross receipts of less than \$100,000 and total end-of-year assets of less than \$250,000). A small number of these returns matched Forms 990-T in the integrated sample, but they were excluded from the analysis because they did not contain all of the detailed financial data items reported on Form 990 that are needed for comparison with Form 990-T financial data. (Some items that were required to be reported separately on Form 990 were allowed to be lumped together in an "other" category on the Form 990-EZ, such as "other income.")
- [9] For additional information on the Form 990 and Form 990-T integrated sample design, see Harte, James M. and Hilgert, Cecelia H., "Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations," *Statistics of Income: Turning Administrative Systems Into Information Systems*, 1993.
- [10] The Form 990 sample weights, rather than the Form 990-T sample weights, were used to produce matched Forms 990/990-T population estimates presented in this section of the article. The matched data represent Form 990-T information reported only by the organizations whose returns were selected for the section 501(c)(3) Form 990 sample. Some tax-exempt organizations file Form 990-T but do not file Form 990. See footnote 11, items (2), (3), and (4), for a description of these organizations.

Form 990-T sample weights were used to produce the estimates presented elsewhere in this article. Because Figure C is based on Form 990 sample weights, and the statistics presented in all other sections of this article are based on Form 990-T sample weights, data in Figure C are not comparable to the data shown in Figure A or Tables 1 through 7. For detailed information on Statistics of Income sampling methodology for producing population estimates, see the general appendix, located near the back of this issue of the *Bulletin*, particularly the Sample Criteria and Selection of Returns section and the Method of Estimation section. See, also, the Data Sources and Limitations section of this article.

- [11] Some reasons why the estimates of matched Form 990-T filings shown in Figure C (produced using Form 990 sample weights) are lower than the estimates of overall Form 990-T filings shown in Table 1 (produced using Form 990-T sample weights) are (1) Forms 990-T and matching "short" Forms 990-EZ that were part of the integrated samples were excluded from the matched-return analysis (see footnote 8); (2) some organizations filed a Form 990-T, but did not file a Form 990 because their gross receipts were below the \$25,000 Form 990 filing threshold; (3) churches, which are tax-exempt under Internal Revenue Code section 501(c)(3), are not required to file Form 990 or Form 990-EZ, but are required to file Form 990-T if they had unrelated business income; and (4) private foundations, which are tax-exempt under section 501(c)(3), file Form 990-PF, not Form 990; therefore, a Form 990-T filed by a private foundation would not have a matching record in the Form 990 sample.
- [12] For more information on the NTEE classification of all section 501(c)(3) organizations filing Forms 990, see Arnsberger, cited in footnote 1.
- [13] For an explanation of the Form 990 section 501(c)(3) sample, see the Data Sources and Limitations section in Arnsberger, cited in footnote 1.

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### Appendix

#### Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section

Code section	Description of organization	General nature of activities
220(e)	Medical Savings Accounts (MSA's)	Fiduciary agent for accounts used in conjunction with high-deductible health plans to save funds for future medical expenses.
401(a)	Qualified pension, profit-sharing, or stock bonus plans	Fiduciary agent for pension, profit-sharing, or stock bonus plans
408(e)	Individual Retirement Arrangements (IRA's)	Fiduciary agent for retirement funds
501(c)(2)	Title-holding corporations for exempt organizations	Holding title to property for exempt organizations
(3)	Religious, educational, charitable, scientific, or literary organizations; testing for public safety organizations. Also, organizations preventing cruelty to children or animals, or fostering national or international amateur sports competition	Activities of a nature implied by the description of the class of organization
(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare and activities from which net earnings are devoted to charitable, educational, or recreational purposes
(5)	Labor, agricultural, and horticultural organizations	Educational or instructive groups whose purpose is to improve conditions of work, products, and efficiency
(6)	Business leagues, chambers of commerce, real estate boards, and like organizations	Improving conditions in one or more lines of business
(7)	Social and recreational clubs	Pleasure, recreation, and social activities
(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, health, accident, or other insurance benefits to members
(9)	Voluntary employees' beneficiary associations (including Federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10))	Providing for payment of life, health, accident, or other insurance benefits to members
(10)	Domestic fraternal societies and associations	Lodges, societies, or associations devoting their net earnings to charitable, fraternal, and other specified purposes, without life, health, accident, or other insurance benefits to members
(11)	Teachers' retirement fund associations	Fiduciary association providing for payment of retirement benefits
(12)	Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, and like organizations	Activities of a mutually beneficial nature implied by the description of the class of organization
(13)	Cemetery companies	Arranging for burials and incidental related activities

# Unrelated Business Income of Nonprofit Organizations, 1997

## Appendix Types of Tax-Exempt Organizations Subject to the Unrelated Business Income Tax Provisions, by Internal Revenue Code Section--Continued

Code section	Description of organization	General nature of activities
501(c)(14)	State-chartered credit unions and mutual insurance or reserve funds	Providing loans to members or providing insurance of, or reserve funds for, shares or deposits in certain banks or loan associations
(15)	Mutual insurance companies or associations other than life, if written premiums for the year do not exceed \$350,000	Providing insurance to members, substantially at cost
(16)	Corporations organized to finance crop operations	Financing crop operations in conjunction with activities of a marketing or purchasing association
(17)	Supplemental unemployment benefit trusts	Fiduciary agent for payment of supplemental unemployment compensation benefits
(18)	Employee-funded pension trusts (created before June 25, 1959)	Providing for payments of benefits under a pension plan funded by employees
(19)	Posts or organizations of past or present members of the armed forces	Activities implied by the nature of the organization
(21)	Black Lung Benefit Trusts	Created by coal mine operators to satisfy their liability for disability or death due to black lung disease
(22)	Withdrawal liability payment funds	Providing funds to meet the liability of employers withdrawing from a multiemployer pension fund
(23)	Associations of past and present members of the armed forces founded before 1880	Providing insurance and other benefits to veterans or their dependents
(24)	Trusts described in section 4049 of the Employee Retirement Income Security Act of 1974	Providing funds for employee retirement income
(25)	Title-holding corporations or trusts with no more than 35 shareholders or beneficiaries and only one class of stock or beneficial interest	Acquiring real property and remitting all income earned from such property to one or more exempt organizations; pension, profit-sharing, or stock bonus plans; or governmental units

NOTE: Prepaid legal service funds, described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt effective with tax years beginning after June 30, 1992.



# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 1.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Net Income (Taxable Profit), and Total Tax, by Internal Revenue Code Section Describing Type of Tax-Exempt Organization, Tax Year 1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Internal Revenue Code section	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Net income (taxable profit)	Total tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All sections.....</b>	<b>39,302</b>	<b>7,808,558</b>	<b>39,070</b>	<b>8,494,930</b>	<b>34,537</b>	<b>-686,374</b>	<b>1,374,757</b>	<b>20,724</b>	<b>422,740</b>
220(e).....	--	--	--	--	--	--	--	--	--
401(a).....	835	178,636	812	112,786	812	65,850	141,512	700	46,751
408(e).....	6,085	32,803	6,049	10,448	6,044	22,354	22,354	6,023	6,527
501(c)(2).....	274	58,104	274	73,576	225	-15,472	6,790	128	2,314
501(c)(3).....	10,614	4,179,076	10,521	5,246,023	9,319	-1,066,947	337,023	4,008	103,321
501(c)(4).....	1,485	272,962	1,484	326,845	1,278	-53,884	12,073	414	2,908
501(c)(5).....	2,610	214,293	2,609	258,046	2,042	-43,753	24,173	866	6,328
501(c)(6).....	6,315	836,414	6,315	1,005,997	5,154	-169,584	76,139	2,082	27,649
501(c)(7).....	7,004	465,283	6,963	456,851	6,183	8,432	96,559	4,838	21,568
501(c)(8).....	979	68,287	979	94,977	904	-26,690	5,817	438	970
501(c)(9).....	687	1,302,482	681	688,445	400	614,037	629,447	311	199,492
501(c)(10).....	300	14,719	300	19,898	300	-5,178	992	103	154
501(c)(11).....	--	--	--	--	--	--	--	--	--
501(c)(12).....	143	25,567	143	25,303	109	264	4,943	51	1,499
501(c)(13).....	*57	*3,082	*36	*3,643	*57	*-561	*1,087	*10	*266
501(c)(14).....	96	11,541	95	13,689	96	-2,148	1,054	*70	*250
501(c)(15).....	--	--	--	--	--	--	--	--	--
501(c)(16).....	--	--	--	--	--	--	--	--	--
501(c)(17).....	**	**	**	**	**	**	**	**	**
501(c)(18).....	--	--	--	--	--	--	--	--	--
501(c)(19).....	1,811	135,645	1,800	152,854	1,606	-17,209	10,268	679	1,486
501(c)(21) <sup>5</sup> .....	--	--	--	--	--	--	--	--	--
501(c)(22).....	--	--	--	--	--	--	--	--	--
501(c)(23).....	--	--	--	--	--	--	--	--	--
501(c)(24).....	--	--	--	--	--	--	--	--	--
501(c)(25).....	**	**	**	**	**	**	**	**	**

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data deleted to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.0 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on supporting schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$7.2 million.

<sup>5</sup> Prepaid legal service funds, previously described in section 501(c)(20) of the Internal Revenue Code, were no longer tax-exempt beginning with tax years after June 30, 1992. Therefore, these organizations are not listed in this table.

NOTES: Detail may not add to totals because of rounding. See the Appendix to this article for a listing of the types of tax-exempt organizations, by the Internal Revenue Code section describing them.

# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 2.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Net Income (Taxable Profit), and Total Tax, by Size of Gross UBI, Tax Year 1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Net income (taxable profit)	Total tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total.....</b>	<b>39,302</b>	<b>7,808,558</b>	<b>39,070</b>	<b>8,494,930</b>	<b>34,537</b>	<b>-686,374</b>	<b>1,374,757</b>	<b>20,724</b>	<b>422,740</b>
\$1,000 under \$10,001 <sup>5</sup> .....	16,468	61,678	16,342	94,498	14,492	-32,820	20,250	10,725	3,678
\$10,001 under \$100,000 <sup>5</sup> .....	15,142	555,131	15,063	831,609	13,180	-276,478	100,035	6,717	23,308
\$100,000 under \$500,000.....	5,698	1,229,886	5,675	1,667,120	5,080	-437,234	158,336	2,444	43,358
\$500,000 under \$1,000,000.....	961	670,903	960	863,778	854	-192,875	80,411	391	24,338
\$1,000,000 under \$5,000,000.....	842	1,719,188	839	1,892,906	761	-173,718	264,243	364	86,979
\$5,000,000 or more.....	190	3,571,771	190	3,145,019	169	426,752	751,482	82	241,079

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.0 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on supporting schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$7.2 million.

<sup>5</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 3.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), and Total Tax, by Size of Net Income (Taxable Profit) or Deficit, Tax Year 1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of net income (taxable profit) or deficit	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Total tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>39,302</b>	<b>7,808,558</b>	<b>39,070</b>	<b>8,494,930</b>	<b>34,537</b>	<b>-686,374</b>	<b>20,724</b>	<b>422,740</b>
Deficit.....	13,710	2,964,013	13,710	5,025,143	13,710	-2,061,130	239	6,063
Zero <sup>5</sup> .....	4,765	770,049	4,765	770,049	--	--	41	371
\$1 under \$1,000.....	5,680	40,712	5,680	38,134	5,680	2,578	5,607	387
\$1,000 under \$10,000.....	9,114	456,569	8,988	420,718	9,114	35,850	8,899	5,989
\$10,000 under \$100,000.....	4,992	681,824	4,913	529,645	4,992	152,179	4,904	28,654
\$100,000 under \$500,000.....	773	605,770	750	442,208	773	163,562	769	52,050
\$500,000 under \$1,000,000.....	120	178,028	119	93,859	120	84,169	117	27,807
\$1,000,000 or more.....	148	2,111,592	145	1,175,174	148	936,418	147	301,420

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.0 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on supporting schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$7.2 million.

<sup>5</sup> Includes "breakeven" returns with equal amounts of gross unrelated business income and total deductions.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 4.--Returns with Positive Net Income (Taxable Profit): Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Taxable Profit), and Total Tax, by Type of Organization and Size of Gross UBI, Tax Year 1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Type of organization and size of gross unrelated business income (UBI)	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (taxable profit)	Total tax <sup>3</sup>	
			Number of returns	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>ALL ORGANIZATIONS</b>							
<b>Total</b> .....	<b>20,827</b>	<b>4,074,496</b>	<b>20,594</b>	<b>2,699,738</b>	<b>1,374,757</b>	<b>20,443</b>	<b>416,306</b>
\$1,000 under \$10,001 <sup>4</sup> .....	10,911	35,762	10,785	15,512	20,250	10,684	3,438
\$10,001 under \$100,000 <sup>4</sup> .....	6,699	235,858	6,620	135,822	100,035	6,597	18,630
\$100,000 under \$500,000.....	2,416	524,405	2,393	366,069	158,336	2,372	42,979
\$500,000 under \$1,000,000.....	385	267,499	384	187,088	80,411	378	24,205
\$1,000,000 under \$5,000,000.....	343	691,013	340	426,771	264,243	341	86,226
\$5,000,000 or more.....	72	2,319,958	72	1,568,476	751,482	71	240,827
<b>TAX-EXEMPT CORPORATIONS</b>							
<b>Total</b> .....	<b>13,420</b>	<b>2,723,522</b>	<b>13,252</b>	<b>2,172,989</b>	<b>550,532</b>	<b>13,078</b>	<b>152,614</b>
\$1,000 under \$10,001 <sup>4</sup> .....	4,677	20,175	4,571	8,326	11,849	4,470	1,751
\$10,001 under \$100,000 <sup>4</sup> .....	5,885	210,082	5,836	128,211	81,871	5,803	12,826
\$100,000 under \$500,000.....	2,212	478,337	2,201	356,323	122,014	2,168	30,318
\$500,000 under \$1,000,000.....	339	234,939	338	182,253	52,686	332	14,413
\$1,000,000 under \$5,000,000.....	268	532,697	267	399,080	133,617	267	43,671
\$5,000,000 or more.....	38	1,247,292	38	1,098,796	148,496	37	49,636
<b>TAX-EXEMPT TRUSTS</b>							
<b>Total</b> .....	<b>7,407</b>	<b>1,350,974</b>	<b>7,342</b>	<b>526,749</b>	<b>824,224</b>	<b>7,365</b>	<b>263,692</b>
\$1,000 under \$10,001 <sup>4</sup> .....	6,234	15,587	6,214	7,186	8,401	6,214	1,687
\$10,001 under \$100,000 <sup>4</sup> .....	814	25,775	783	7,611	18,164	794	5,805
\$100,000 under \$500,000.....	204	46,068	192	9,746	36,322	204	12,661
\$500,000 under \$1,000,000.....	46	32,560	46	4,835	27,725	46	9,793
\$1,000,000 under \$5,000,000.....	75	158,317	73	27,691	130,626	74	42,556
\$5,000,000 or more.....	34	1,072,666	34	469,680	602,986	34	191,192

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For exempt organizations reporting net income (taxable profit), cost of sales and services was \$742.6 million, all of which was attributable to tax-exempt corporations.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on supporting schedules.

<sup>3</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting positive net income (taxable profit), total proxy tax was \$2.0 million, all of which was attributable to tax-exempt corporations.

<sup>4</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 5.--Number of Returns, Gross Unrelated Business Income (UBI), Total Deductions, Net Income (Less Deficit), Net Income (Taxable Profit), and Total Tax, by Primary Unrelated Business Activity or Industrial Grouping, Tax Year 1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Primary unrelated business activity or industrial grouping	Number of returns	Gross unrelated business income (UBI)	Total deductions <sup>1,2</sup>		Net income (less deficit)		Net income (taxable profit)	Total tax <sup>4</sup>	
			Number of returns	Amount	Number of returns <sup>3</sup>	Amount		Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All activities and groupings.....</b>	<b>39,302</b>	<b>7,808,558</b>	<b>39,070</b>	<b>8,494,930</b>	<b>34,537</b>	<b>-686,374</b>	<b>1,374,757</b>	<b>20,724</b>	<b>422,740</b>
Agriculture, forestry, and fishing.....	346	25,557	346	51,925	320	-26,367	3,788	161	1,217
Mining.....	209	19,899	209	16,436	204	3,463	6,473	150	1,877
Construction.....	*11	*5,388	*11	*12,742	*11	*-7,354	--	--	--
Manufacturing.....	884	189,993	878	241,504	593	-51,511	19,737	175	6,929
Transportation and public utilities.....	446	145,708	446	201,289	395	-55,581	10,359	202	2,947
Wholesale trade.....	149	5,709	149	9,109	146	-3,400	1,618	*88	*374
Retail trade.....	3,986	588,346	3,976	832,131	3,726	-243,785	52,967	1,489	14,637
Finance, insurance, and real estate, total.....	17,433	3,298,025	17,276	2,580,985	15,789	717,039	1,071,508	12,687	331,274
Unrelated debt-financed activities, except rental of real estate.....	1,047	166,065	1,046	84,021	1,041	82,044	98,250	842	31,477
Investment activities of Code section 501(c)(7), (9), and (17) organizations.....	4,092	1,447,073	4,044	799,671	3,384	647,403	659,191	3,131	203,788
Rental of personal property.....	885	66,064	865	88,379	823	-22,315	4,608	414	924
Passive income activities with controlled organizations.....	349	37,416	348	45,158	316	-7,742	7,614	257	2,174
Other finance, insurance, and real estate.....	11,060	1,581,407	10,974	1,563,757	10,225	17,650	301,845	8,043	92,912
Services.....	15,255	3,447,739	15,196	4,463,954	12,888	-1,016,215	194,550	5,485	59,480
Exploited exempt activities.....	303	60,333	303	67,592	213	-7,260	5,153	144	1,202
Not allocable.....	279	21,860	279	17,263	252	4,598	8,604	144	2,802

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.0 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on supporting schedules.

<sup>3</sup> Excludes returns with net income (less deficit) equal to zero.

<sup>4</sup> Total tax is the regular unrelated business income tax after reduction by any tax credits (foreign tax credit, general business credit, prior-year minimum tax credit, and other allowable credits), plus taxes from recapture of certain prior-year credits, the "alternative minimum tax," and the "proxy" tax on nondeductible lobbying and political expenditures. The proxy tax was reported on Form 990-T and was included in total tax; however, it had no connection to the tax on unrelated business income or an organization's involvement in unrelated business activities. For exempt organizations reporting gross UBI, total proxy tax was \$7.2 million.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Gross unrelated business income (UBI)		Sources of gross unrelated business income (UBI) <sup>1</sup>			
			Gross profit (less loss) from sales and services		Capital gain net income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Total</b> .....	<b>39,302</b>	<b>7,808,558</b>	<b>16,256</b>	<b>3,718,354</b>	<b>1,018</b>	<b>548,639</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>16,468</b>	<b>61,678</b>	<b>3,406</b>	<b>13,587</b>	<b>288</b>	<b>1,089</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>22,834</b>	<b>7,746,879</b>	<b>12,850</b>	<b>3,704,767</b>	<b>730</b>	<b>547,550</b>
\$10,001 under \$100,000 <sup>2</sup> .....	15,142	555,131	7,866	261,038	374	10,585
\$100,000 under \$500,000.....	5,698	1,229,886	3,691	658,924	202	30,389
\$500,000 under \$1,000,000.....	961	670,903	627	348,263	40	17,480
\$1,000,000 under \$5,000,000.....	842	1,719,188	548	867,863	82	100,434
\$5,000,000 or more.....	190	3,571,771	117	1,568,679	32	388,664

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued					
	Net capital loss (trusts only)		Net gain (less loss), sales of noncapital assets <sup>4</sup>		Income (less loss) from partnerships	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Total</b> .....	<b>41</b>	<b>139</b>	<b>401</b>	<b>11,995</b>	<b>7,229</b>	<b>286,078</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>*21</b>	<b>*62</b>	<b>*124</b>	<b>*80</b>	<b>5,804</b>	<b>13,347</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>21</b>	<b>77</b>	<b>277</b>	<b>11,915</b>	<b>1,425</b>	<b>272,731</b>
\$10,001 under \$100,000 <sup>2</sup> .....	*5	*15	134	576	944	19,741
\$100,000 under \$500,000.....	*7	*21	92	2,131	270	23,667
\$500,000 under \$1,000,000.....	3	24	17	213	65	13,913
\$1,000,000 under \$5,000,000.....	6	18	28	10,071	108	57,405
\$5,000,000 or more.....	--	--	6	-1,077	38	158,006

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> -- Continued					
	Rental income <sup>5</sup>		Unrelated debt-financed income		Investment income (less loss) <sup>6</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(13)	(14)	(15)	(16)	(17)	(18)
<b>Total</b> .....	<b>4,057</b>	<b>158,696</b>	<b>2,852</b>	<b>300,684</b>	<b>6,360</b>	<b>976,929</b>
<b>\$1,000 under \$10,001</b> <sup>2</sup> .....	<b>1,288</b>	<b>5,957</b>	<b>876</b>	<b>3,152</b>	<b>2,899</b>	<b>9,326</b>
<b>\$10,001 or more, total</b> <sup>2,3</sup> .....	<b>2,770</b>	<b>152,739</b>	<b>1,976</b>	<b>297,532</b>	<b>3,461</b>	<b>967,604</b>
\$10,001 under \$100,000 <sup>2</sup> .....	1,992	39,152	1,227	37,112	2,094	31,241
\$100,000 under \$500,000.....	569	45,572	526	66,797	1,088	70,563
\$500,000 under \$1,000,000.....	109	23,218	98	33,391	141	43,514
\$1,000,000 under \$5,000,000.....	88	36,047	103	100,099	107	120,024
\$5,000,000 or more.....	12	8,749	22	60,132	32	702,261

Footnotes at end of table.

# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 6.--Sources of Gross Unrelated Business Income (UBI), by Size of Gross UBI, Tax Year 1997  
--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Sources of gross unrelated business income (UBI) <sup>1</sup> --Continued							
	Income from controlled organizations <sup>7</sup>		Exploited exempt activity income, except advertising		Advertising income		Other income (less loss)	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
<b>Total.....</b>	<b>1,241</b>	<b>75,052</b>	<b>1,014</b>	<b>124,203</b>	<b>8,178</b>	<b>1,159,773</b>	<b>5,168</b>	<b>448,292</b>
<b>\$1,000 under \$10,001 <sup>2</sup>.....</b>	<b>298</b>	<b>548</b>	<b>152</b>	<b>601</b>	<b>2,713</b>	<b>11,730</b>	<b>1,063</b>	<b>2,324</b>
<b>\$10,001 or more, total <sup>2,3</sup>.....</b>	<b>943</b>	<b>74,504</b>	<b>863</b>	<b>123,603</b>	<b>5,465</b>	<b>1,148,043</b>	<b>4,104</b>	<b>445,969</b>
\$10,001 under \$100,000 <sup>2</sup> .....	605	9,712	456	8,958	3,475	94,100	2,601	42,932
\$100,000 under \$500,000.....	238	15,686	257	25,557	1,453	213,894	1,109	76,727
\$500,000 under \$1,000,000.....	43	6,389	76	22,042	263	121,193	203	41,309
\$1,000,000 under \$5,000,000.....	43	20,669	62	41,924	222	270,422	157	94,248
\$5,000,000 or more.....	13	22,048	11	25,122	52	448,434	33	190,752

<sup>\*</sup>Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> For definitions of the sources of gross unrelated business income, see the Explanation of Selected Terms section of this article.

<sup>2</sup> The gross unrelated business income (UBI) brackets of "\$1,000 under \$10,001" and "\$10,001 under \$100,000" reflect the different filing requirements for organizations with gross UBI of \$10,000 or less (only a "partial" return was required) and all other Form 990-T filers (a more detailed "complete" return was required). Organizations with gross UBI below \$1,000 were not required to file Form 990-T.

<sup>3</sup> All organizations were required to report each income item, as shown in columns 3 through 26. However, only organizations with gross UBI over \$10,000 were required to report each deduction shown in columns 14 through 45, 48, 49, and 54 through 59 of Table 7. Income totals for these larger organizations with gross UBI over \$10,000 are shown in order to facilitate comparison with Table 7.

<sup>4</sup> Property other than capital assets generally included property of a business nature, in contrast to personal and investment property, which were capital assets.

<sup>5</sup> Income from real property and personal property leased with real property.

<sup>6</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

<sup>7</sup> Annuities, interest, rents, and royalties.

NOTE: Detail may not add to totals because of rounding.

# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 1997**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	All organizations			Organizations with gross unrelated business income (UBI) of \$10,000 or less <sup>3</sup>					
	Total number of returns	Total deductions <sup>1,2</sup>		Total deductions <sup>2,4</sup>		Net operating loss carryover		Specific deduction	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Total</b> .....	<b>39,302</b>	<b>39,070</b>	<b>8,494,930</b>	<b>16,342</b>	<b>94,498</b>	<b>1,663</b>	<b>36,703</b>	<b>11,658</b>	<b>11,150</b>
\$1,000 under \$10,001 <sup>3</sup> .....	16,468	16,342	94,498	16,342	94,498	1,663	36,703	11,658	11,150
\$10,001 under \$100,000 <sup>3</sup> .....	15,142	15,063	831,609	--	--	--	--	--	--
\$100,000 under \$500,000.....	5,698	5,675	1,667,120	--	--	--	--	--	--
\$500,000 under \$1,000,000.....	961	960	863,778	--	--	--	--	--	--
\$1,000,000 under \$5,000,000.....	842	839	1,892,906	--	--	--	--	--	--
\$5,000,000 or more.....	190	190	3,145,019	--	--	--	--	--	--

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup>								
	Total deductions <sup>2,5</sup>		Deductions directly connected with UBI						
			Total		Allocable to rental income <sup>6</sup>		Allocable to unrelated debt-financed income <sup>6</sup>		Allocable to investment income <sup>6,7</sup>
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
<b>Total</b> .....	<b>22,728</b>	<b>8,400,432</b>	<b>21,168</b>	<b>7,663,150</b>	<b>1,135</b>	<b>91,699</b>	<b>1,769</b>	<b>279,892</b>	<b>1,011</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	15,063	831,609	13,777	800,374	773	19,047	1,084	38,368	447
\$100,000 under \$500,000.....	5,675	1,667,120	5,492	1,590,450	248	33,603	474	65,527	428
\$500,000 under \$1,000,000.....	960	863,778	917	811,479	56	14,783	94	31,113	65
\$1,000,000 under \$5,000,000.....	839	1,892,906	803	1,767,338	49	19,651	96	87,806	62
\$5,000,000 or more.....	190	3,145,019	177	2,693,509	9	4,615	20	57,078	9

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Allocable to investment income <sup>6,7</sup> --Continued	Allocable to income from controlled organizations <sup>6</sup>		Allocable to exploited exempt activity income, except advertising <sup>6</sup>		Direct advertising costs <sup>6</sup>		Compensation of officers, directors, and trustees	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	
<b>Total</b> .....	<b>233,228</b>	<b>397</b>	<b>55,642</b>	<b>759</b>	<b>113,305</b>	<b>5,063</b>	<b>844,289</b>	<b>2,057</b>	<b>47,109</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	2,357	230	5,974	396	7,306	3,196	80,411	1,174	11,410
\$100,000 under \$500,000.....	4,620	113	9,097	228	23,850	1,353	167,250	639	13,721
\$500,000 under \$1,000,000.....	2,297	19	3,498	70	20,001	253	87,911	111	4,747
\$1,000,000 under \$5,000,000.....	9,176	27	15,816	56	36,521	212	193,915	105	5,980
\$5,000,000 or more.....	214,777	8	21,257	10	25,628	49	314,802	28	11,252

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>3</sup> --Continued								
	Deductions directly connected with UBI--Continued								
	Salaries and wages		Repairs		Bad debts		Interest		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	
(28)	(29)	(30)	(31)	(32)	(33)	(34)	(35)		
<b>Total</b> .....	<b>10,263</b>	<b>1,127,514</b>	<b>7,219</b>	<b>75,106</b>	<b>769</b>	<b>27,897</b>	<b>2,743</b>	<b>67,894</b>	
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--	
\$10,001 under \$100,000 <sup>3</sup> .....	5,882	107,702	4,295	12,675	220	330	1,418	5,660	
\$100,000 under \$500,000.....	3,238	284,485	2,161	23,567	335	2,432	969	13,193	
\$500,000 under \$1,000,000.....	554	130,254	393	9,064	83	2,552	177	6,843	
\$1,000,000 under \$5,000,000.....	488	304,247	304	17,365	96	11,221	142	23,440	
\$5,000,000 or more.....	101	300,826	66	12,436	35	11,362	37	18,758	

Footnotes at end of table.



# Unrelated Business Income of Nonprofit Organizations, 1997

**Table 7.--Types of Deductions, by Size of Gross Unrelated Business Income, Tax Year 1997--Continued**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued							
	Taxes and licenses paid deduction		Depreciation		Depletion		Contributions to deferred compensation plans	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)
<b>Total.....</b>	<b>11,146</b>	<b>173,560</b>	<b>7,627</b>	<b>154,442</b>	<b>76</b>	<b>4,128</b>	<b>819</b>	<b>9,016</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	7,106	24,751	4,552	18,983	*39	*238	359	341
\$100,000 under \$500,000.....	3,125	62,202	2,234	43,938	34	2,519	312	1,452
\$500,000 under \$1,000,000.....	466	24,589	396	18,571	--	--	78	1,071
\$1,000,000 under \$5,000,000.....	366	26,596	360	37,824	} 4	1,371 {	57	1,897
\$5,000,000 or more.....	83	35,422	84	35,126			13	4,254

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions directly connected with UBI--Continued						Deductions not directly connected with UBI	
	Contributions to employee benefit plans		Net operating loss carryover		Other deductions		Total	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(44)	(45)	(46)	(47)	(48)	(49)	(50)	(51)
<b>Total.....</b>	<b>4,453</b>	<b>131,340</b>	<b>6,102</b>	<b>1,695,144</b>	<b>14,108</b>	<b>2,531,944</b>	<b>12,528</b>	<b>737,281</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	2,002	6,304	3,618	308,512	8,739	150,004	8,392	31,234
\$100,000 under \$500,000.....	1,677	22,718	1,779	502,607	3,965	313,671	3,068	76,670
\$500,000 under \$1,000,000.....	356	15,368	305	236,306	682	202,510	521	52,298
\$1,000,000 under \$5,000,000.....	343	38,217	329	381,600	591	555,859	444	125,568
\$5,000,000 or more.....	75	48,732	70	266,119	131	1,309,900	103	451,511

Size of gross unrelated business income (UBI)	Organizations with gross unrelated business income (UBI) over \$10,000 <sup>2</sup> --Continued							
	Deductions not directly connected with UBI--Continued							
	Specific deduction		Contributions		Set-asides <sup>7</sup>		Excess exempt expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)
<b>Total.....</b>	<b>10,123</b>	<b>9,736</b>	<b>1,697</b>	<b>42,694</b>	<b>452</b>	<b>436,733</b>	<b>2,301</b>	<b>248,118</b>
\$1,000 under \$10,001 <sup>3</sup> .....	--	--	--	--	--	--	--	--
\$10,001 under \$100,000 <sup>3</sup> .....	6,935	6,602	1,078	4,616	239	4,476	1,284	15,540
\$100,000 under \$500,000.....	2,421	2,373	454	7,828	128	24,544	680	41,924
\$500,000 under \$1,000,000.....	367	364	75	2,107	41	21,048	159	28,779
\$1,000,000 under \$5,000,000.....	330	327	68	3,833	29	53,370	142	68,037
\$5,000,000 or more.....	69	69	22	24,309	15	333,295	36	93,838

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Excludes cost of sales and services, which was subtracted from gross receipts from sales and services in computing gross profit from sales and services. Gross profit from sales and services was a component of gross unrelated business income (UBI). Cost of sales and services can include amounts attributable to depreciation, salaries and wages, and certain other deductible items. For all exempt organizations reporting gross UBI, cost of sales and services was \$2.0 billion.

<sup>2</sup> Includes both deductions reported on the main part of the tax return and expense items reported on supporting schedules.

<sup>3</sup> Organizations with gross UBI between \$1,000 (the filing threshold) and \$10,000 were required to report only totals for expenses and deductions (except for the specific deduction and net operating loss carryover, which all organizations reported separately). Organizations with gross UBI over \$10,000 were required to report each expense and deduction item separately, as shown in columns 14 through 45, 48, 49, and 54 through 59.

<sup>4</sup> Excludes \$56.9 million of cost of sales and services reported by organizations with gross UBI of \$10,000 or less. See footnote 1 for explanation.

<sup>5</sup> Excludes \$1.9 billion of cost of sales and services reported by organizations with gross UBI over \$10,000. See footnote 1 for explanation.

<sup>6</sup> This deduction was required to be reported as a lump-sum total only and may have included component deductions that were of the same type shown elsewhere in this table. For example, if deductions "allocable to rental income" included depreciation, then that amount of depreciation would not be included in the separately reported item, "depreciation." Therefore, the total amount shown for some of the separately reported deductions may be understated.

<sup>7</sup> Reported by Internal Revenue Code section 501(c)(7), (9), and (17) organizations only.

NOTE: Detail may not add to totals because of rounding.



# Charitable Remainder Trusts

## Introduction

All split interest trusts described in Section 4947(a)(2) of the Internal Revenue Code must file Form 5227, *Split Interest Trust Information Return*, annually to report their financial activities. A split interest trust is one that has both charitable and non-charitable beneficiaries. These non-exempt trusts function as hybrids that retain characteristics of both tax-exempt charitable organizations and private trusts. There are three main types of split interest trusts: charitable lead trusts, pooled income funds, and charitable remainder trusts (CRTs). A charitable lead trust pays a fixed annuity to a charitable organization over a given period of time, after which the remaining interest is transferred to a non-charitable beneficiary. A pooled income fund, created and maintained by a charitable organization, pays lifetime interest income to its donors, while the remaining interest is kept by the charitable organization. Charitable remainder trusts pay a fixed dollar amount or a percentage of their assets annually to one or more non-charitable beneficiaries. These payments may be for a specified number of years or for the life of the beneficiary. Upon termination of the payments, the remaining interest is transferred to a charitable organization.

There are two primary types of charitable remainder trusts: charitable remainder annuity trusts and charitable remainder unitrusts. Annuity trusts pay their non-charitable beneficiaries a fixed amount annually. This amount is specified when the trust is established, based on the value of the assets initially placed in the trust. In comparison, unitrusts distribute to their non-charitable beneficiaries an amount determined by applying a percentage to the net fair market value of its assets each year. When both types of trusts are terminated, the remaining assets are transferred to a charitable beneficiary of the donor's choice.

In recent years, the number of charitable remainder trusts has increased rapidly. Between 1996 and 1998, the number of CRTs filing Form 5227 rose 19 percent, from 71,251 to 85,060. As the economy and the stock market experienced unprecedented growth during the 1990's, many investors sought ways to shelter record earnings from applicable taxes. CRTs

are just such a vehicle, popular in recent years because the donor receives a tax deduction applicable to the current year's income, based on the amount eventually to be given to the charitable organization.

Beginning in 1999, the Statistics of Income (SOI) Division conducted the first in what is to be a series of studies of charitable remainder trusts. Data were collected for Reporting Year 1998 from Form 5227. Returns were selected for the study based on the fair market value of the assets of the trusts. Annuity trusts whose total assets were greater than \$1.5 million, and unitrusts with more than \$3.0 million in total assets were sampled at 100 percent. Returns for both kinds of trusts whose assets were below the 100-percent sampling threshold were selected using a stratified random sample.

This section presents an article and tables from the first year of the CRT study. For 1998, approximately 85,000 returns were filed by charitable remainder trusts. Unitrusts filed 76.3 percent of the total number of returns, reporting \$8.2 billion in net capital gains (both short- and long-term), and distributing over \$4.4 billion to recipients. The remaining 23.7 percent of returns were filed by annuity trusts, which reported net capital gains of \$0.9 billion and distributions of \$0.7 billion.

### Program Developments

Data from 1998 were edited using a Graphical User Interface (GUI) environment. This system, known as a "point-and-click" environment, allowed for a great deal of flexibility within the program. The study's "editors" who input return data and resolve taxpayer reporting inconsistencies were able to take advantage of the system's easily navigated layout, automated features, and quality controls. Beginning with Reporting Year 2000, the study will include data available from all types of trusts filing Form 5227—charitable remainder trusts, pooled income funds, and charitable lead trusts. Also beginning with Reporting Year 2000, the sample will be redesigned to select returns based on the end-of-year book value of total assets, which has been found to be more accurately and consistently reported by Form 5227 filers.

# Charitable Remainder Trusts, 1998

by Melissa J. Belvedere

In 1999, the Statistics of Income Division conducted the first of what will be an annual series of studies of charitable remainder trusts [1]. This study collected data from Reporting Year 1998, using Form 5227, *Split Interest Trust Information Return*. For 1998, a total of 85,060 information returns were filed by charitable remainder trusts. Of that total, 23.7 percent were filed by charitable remainder annuity trusts, which reported net ordinary income of \$0.3 billion, total net capital gains of \$0.9 billion, and distributions of \$0.7 billion. The remaining 76.3 percent of returns were filed by charitable remainder unitrusts. Unitrusts, which reported total assets at fair market value of over \$64.3 billion, earned \$1.8 billion in ordinary income, received \$8.2 billion in total net capital gains, and distributed over \$4.4 billion to beneficiaries (Figure A).

**Figure A**

## Selected Data Items of Charitable Remainder Trusts, by Type of Trust, 1998

[Money amounts are in thousands of dollars]

Item	Total	Annuity trusts	Unitrusts
	(1)	(2)	(3)
<b>Number of returns</b> .....	<b>85,060</b>	<b>20,137</b>	<b>64,923</b>
Net ordinary income <sup>1</sup> .....	2,125,974	315,951	1,810,023
Total net capital gains (losses) <sup>2</sup> .....	9,058,904	876,021	8,182,883
Distributions <sup>3</sup> .....	5,180,277	748,448	4,431,828
Total assets at end of year:			
Book value.....	62,932,182	8,648,497	54,283,685
Fair market value.....	64,304,568	N/A	64,304,568

N/A--Not applicable.

<sup>1</sup> "Net ordinary income" is taken from Form 5227, line 13.

<sup>2</sup> "Total net capital gains (losses)" is calculated as "net short-term capital gains" (line 16) plus "net long-term capital gains" (line 19).

<sup>3</sup> "Distributions" has been calculated as the difference between "total accumulations" (sum of columns (a) through (d), line 22) and "undistributed at end of tax year" (sum of columns (a) through (d), line 23).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

## Split Interest Trust Background Information

All split interest trusts must file Form 5227, *Split Interest Trust Information Return*, annually to

report their financial activities and to determine if the trust is to be treated as a private foundation. A split interest trust is a trust that:

"is not exempt from tax under section 501(a)...has some unexpired interests that are devoted to purposes other than religious, charitable, or similar purposes described in section 170(c)(2)(B)...and has an amount transferred in trust after May 26, 1969, for which a deduction was allowed under one of the Code sections listed in section 4947(a)(2)" [2].

These trusts are *not formally recognized as tax-exempt* by the Internal Revenue Service, but retain many of the characteristics of tax-exempt entities. In short, they are hybrids that combine many of the features of 501(c)(3) "charitable" tax-exempt organizations with the features of simple (private) trusts [3].

There are three main types of split interest trusts: pooled income funds, charitable lead trusts, and charitable remainder trusts. A pooled income fund, created and maintained by a charitable organization, pays lifetime interest income to its donors, while the remaining interest is kept by the charitable organization. A charitable lead trust pays a fixed annuity to a charitable organization over a certain period of time, after which the remaining interest is transferred to a noncharitable beneficiary. For the purposes of this study, data were collected only for charitable remainder trusts, of which there are two types—charitable remainder annuity trusts (CRAT's) and charitable remainder unitrusts (CRUT's).

A CRAT pays a recipient a fixed amount annually, which is specified when the trust is established. The fixed amount is determined by applying a percentage to the fair market value of the net assets initially placed in the trust. The percentage that is applied must be between 5 percent and 50 percent of the initial value of the trusts. Upon the death of the beneficiary, or at the end of the term specified in the trust instrument, the assets remaining in the trust are transferred to a specified charity. Additional regulations require that the amount transferred to the charity must be at least 10 percent of the fair market value of the net assets initially placed in trust.

A CRUT is similar to an annuity trust in that the payments to a beneficiary are determined as a

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## Charitable Remainder Trusts, 1998

percentage of net assets. Unlike an annuity trust, however, annual payments are based on applying a fixed percentage (specified when the trust is established) to the fair market value of the net assets of the trust, *as they are valued each*

*year*. As with annuity trusts, the percentage applied to the fair market value of the net assets must be between 5 percent and 50 percent. The remaining assets that are donated to charity upon the death of the beneficiary must be at least 10 percent of the net fair market value of all assets initially placed in the trust.

There are two variations on the standard unitrust, both of which affect how the annual payment amount is calculated. One type of unitrust is a net income charitable remainder unitrust (NI-CRUT). A NI-CRUT is one that pays the lesser of either a fixed percentage of the fair market value of assets or the trust's actual income for the year. Under this arrangement, distribution deficiencies (when the actual income is less than the percentage amount) are not made up in future years.

The other type of unitrust is the net income with makeup charitable remainder unitrust (NIM-CRUT). This trust is identical to the NI-CRUT, except distribution deficiencies may be made up when, in future years, the percentage amount exceeds the trust's income [4, 5, 6].

### **Annuity Trusts**

In this article, both annuity trusts and unitrusts are classified as small, medium, or large, based on the end-of-year fair market value of the trust's total assets [7]. A small trust is one whose reported fair market value of assets is less than \$500,000. This class includes those trusts that did not report the fair market value of their assets, or those that reported holding assets with zero fair market value. Medium-sized trusts are those holding assets of at least \$500,000 and less than \$3,000,000. A large trust is any trust having assets valued at \$3.0 million or more.

For 1998, some 20,137 annuity trusts filed information returns; small trusts comprised 81.8 percent, mid-sized trusts accounted for 16.0 percent, and large

**For 1998, some 20,137 annuity trusts reported total net income of almost \$1.2 billion, and distributed \$748.4 million to non-charitable recipients.**

trusts made up only 2.3 percent of the total. Annuity trusts reported total net income from all sources of almost \$1.2 billion. Small trusts earned 28.3 percent of this total net income, medium trusts 31.7 percent, and large trusts 39.9 percent. In the aggregate, annuity trusts distributed about 60 percent of their net income for 1998. Distributions during Reporting Year 1998 were \$748.4 million; at the end of the year, \$4.6 billion of accumulated income were left undistributed [8].

Annuity trusts report all income accumulated (undistributed) from prior years. Current net income is added to these prior-year accumulations and reported as "total accumulations." After current-year distributions are subtracted, undistributed accumulations for the end of the year are reported.

### **Income and Accumulations**

Of the almost \$1.2 billion in total net income reported by annuity trusts for 1998, some \$316.1 million were net ordinary income, \$12.9 million were net short-term capital gains, and \$863.0 million came from net long-term capital gains. About \$357.5 million of gross ordinary income were reported, or about 28.8 percent of total gross income. Interest income was the greatest single source of gross ordinary income for all annuity trust asset-sized groupings (as shown in Table 1 at the end of this article), except for those whose assets were between \$500,000 and \$1,500,000. Trusts in this asset category reported dividend income as their greatest source of gross ordinary income. Total accumulations of ordinary income amounted to \$592.8 million. Forty-six percent of this total was distributed in 1998 (\$270.9 million). (See Figure B for selected income and deduction items and Figure C for information on accumulations.)

By a considerable margin, the greatest source of income for annuity trusts came from net long-term capital gains. For trusts of all sizes combined, net long-term capital gains comprised 72.3 percent of total net income. After taking \$8.6 million of allowed deductions from \$871.7 million of gross long-term capital gains, net income from long-term capital gains amounted to \$863.0 million. The amounts of long-term capital gain income earned by small and medium trusts were roughly equal (\$245.2 million, or 28.4 percent of the total, and \$262.7 million, or 30.4

# Charitable Remainder Trusts, 1998

## Figure B

### Selected Income and Deduction Information for Annuity Trusts, by Size of Fair Market Value of Total Assets, 1998

[Money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets		
		Under \$500,000 <sup>1</sup>	\$500,000 under \$3,000,000	\$3,000,000 or more
		(2)	(3)	(4)
(1)	(2)	(3)	(4)	
<b>Number of returns</b> .....	<b>20,137</b>	<b>16,464</b>	<b>3,219</b>	<b>454</b>
<b>Total gross income</b> .....	<b>1,242,546</b>	<b>350,824</b>	<b>399,512</b>	<b>492,209</b>
Gross ordinary income <sup>2</sup> .....	357,509	101,406	132,406	123,696
Gross short-term capital gain income (loss) <sup>3</sup> .....	13,359	1,214	884	11,261
Gross long-term capital gain income (loss) <sup>4</sup> .....	871,678	248,204	266,223	357,251
<b>Total deductions</b> .....	<b>50,509</b>	<b>13,678</b>	<b>20,435</b>	<b>16,397</b>
Deductions allocable to ordinary income.....	41,389	10,648	16,614	14,127
Deductions allocable to short-term capital gain income (loss).....	473	29	262	182
Deductions allocable to long-term capital gain income (loss).....	8,648	3,000	3,559	2,089

Ratio expressed as a percentage	Total	Size of fair market value of total assets		
		Under \$500,000 <sup>1</sup>	\$500,000 under \$3,000,000	\$3,000,000 or more
		(2)	(3)	(4)
(1)	(2)	(3)	(4)	
Net ordinary income/total net income <sup>5</sup> .....	26.9	26.9	30.5	23.0
Net short-term capital gain/total net income <sup>5</sup> .....	1.1	0.4	0.2	2.3
Net long-term capital gain/total net income <sup>5</sup> .....	72.3	72.7	69.3	74.6

<sup>1</sup> Includes returns with zero (including unreported) fair market value assets.

<sup>2</sup> "Gross ordinary income" is taken from Form 5227, line 8.

<sup>3</sup> "Gross short-term capital gain income (loss)" is taken from Form 5227, line 14.

<sup>4</sup> "Gross long-term capital gain income (loss)" is taken from Form 5227, line 17c.

<sup>5</sup> "Total net income" is calculated as the sum of "net ordinary income" (line 13), "net short-term capital gain" (line 16), and "net long-term capital gain" (line 19).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

## Figure C

### Accumulation Information for Annuity Trusts, by Type of Income, 1998

[Money amounts are in thousands of dollars]

Item	Total	Net ordinary income	Type of income <sup>1</sup>		Nontaxable income
			Capital gains (losses)		
			Net short-term	Net long-term	
(1)	(2)	(3)	(4)	(5)	
<b>Total accumulations</b> <sup>2</sup> .....	<b>5,307,646</b>	<b>592,799</b>	<b>155,237</b>	<b>4,330,668</b>	<b>228,942</b>
Prior year undistributed income <sup>3</sup> .....	4,055,407	276,873	142,345	3,467,539	168,650
Current year net income <sup>4</sup> .....	1,252,264	315,951	12,892	863,130	60,292
<b>Current year distributions</b> <sup>5</sup> .....	<b>748,448</b>	<b>270,895</b>	<b>22,286</b>	<b>411,339</b>	<b>43,929</b>
<b>Undistributed at end of tax year</b> <sup>6</sup> .....	<b>4,559,198</b>	<b>321,904</b>	<b>132,951</b>	<b>3,919,329</b>	<b>185,013</b>

<sup>1</sup> All income information (ordinary income, net short-term and long-term capital gain income, and nontaxable income) is taken from Form 5227, columns (a) through (d) of the Accumulation Schedule.

<sup>2</sup> "Total accumulations" is taken from Form 5227, line 22.

<sup>3</sup> "Prior year undistributed income" is taken from Form 5227, line 20.

<sup>4</sup> "Current year net income" is taken from Form 5227, line 21.

<sup>5</sup> "Current year distributions" is calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

<sup>6</sup> "Undistributed at end of tax year" is taken from Form 5227, line 23.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

## Charitable Remainder Trusts, 1998

percent of the total, respectively). Large trusts received \$355.2 million in net long-term capital gains, or 41.1 percent of the total. Less, percentage wise, was distributed from long-term capital gain accumulations than from any other income source; only 9.5 percent, or \$411.3 million, were distributed [9]. The \$12.9 million of net short-term capital gains represented only 1.1 percent of total net income for annuity trusts; 14.4 percent of annuity trust accumulations of short-term capital gain income were distributed.

Nontaxable income is reported by split-interest trusts only in the accumulation schedule. For 1998, annuity trusts reported gaining nontaxable income of \$60.3 million. Total accumulations of nontaxable income from 1998 and prior years were \$228.9 million, or only 4.3 percent of accumulations from all sources. Approximately \$43.9 million were distributed from nontaxable income (Figure C).

### Distribution Detail

Figure D presents detailed distribution information of charitable remainder annuity trusts. From the figure, it becomes clear that, on the whole, distributions came primarily from long-term capital gains, although distributions from ordinary income were also significant, particularly for medium and large trusts. An overwhelming portion of the distributions of small trusts was funded from long-term capital gain income, a feature that set it apart from trusts in other size categories. Over 68 percent of the total distributions from small trusts were made from long-term capital gain income; distributions made from ordinary income were a distant second, comprising 24.9 percent of the small trusts' distributions. This is not surprising, as small trusts distributed almost 20 percent of their total long-term capital gain accumulations.

Distributions from long-term capital gain were a much smaller percentage of total distributions for trusts of other sizes. The total distributions of medium-sized trusts were primarily from ordinary income (47.9 percent)

**Annuity trusts' distributions came primarily from long-term capital gains and ordinary income.**

and long-term capital gains (40.7 percent). Medium-sized trusts distributed over 60 percent of their total accumulations of ordinary income, whereas they distributed only 6.0

percent of long-term total accumulations.

The percentage of distributions of large trusts which came from ordinary income and long-term capital gain income were roughly similar (43.9 percent and 45.5 percent, respectively). It is important to note, however, that the distributions from ordinary income represented 33.8 percent of the total ordinary income accumulations, whereas the distributions from long-term capital gains represented only 5.2 percent of the large trusts' total accumulations of long-term capital gains.

### Balance Sheet Information

As previously discussed, the payments of annuity trusts are a fixed amount, based on the value of the assets when initially placed in the trusts. Because of this payment structure, there is no compelling need to calculate the fair market value of assets annually. For this reason, annuity trusts are not required to report the fair market value of their assets and liabilities. Some annuity trusts choose to provide fair market value information regarding their assets, while others do not. For purposes of consistency in this study, data on the fair market values of assets and liabilities of annuity trusts are not collected at all. For this reason, all statistics in this section pertaining to assets, investments, and liabilities reported are book value amounts.

Annuity trusts held assets in the book value amount of \$8.6 billion in 1998. Of that amount, approximately \$7.3 billion were classified as investments [10]. Small trusts were responsible for 26.1 percent of all assets (\$2.3 billion), and roughly 26.3 percent of all investments (\$1.9 billion). Mid-sized trusts held approximately \$3 billion in assets, of which \$2.5 billion were investments; these trusts held 34.4 percent of all assets and 35.1 percent of the aggregate investments amount. In 1998, some 39.5 percent of all assets and 38.6 percent of all investments were owned by large trusts (\$3.4 billion and \$2.8 billion, respectively). The composition of assets for trusts in each size category, as well as for all annuity trusts, can be seen in Figure E.

Charitable remainder annuity trusts reported \$155.5 million (book value) in liabilities for 1998. Of this amount, small trusts accounted for \$107.6 million, medium-sized trusts accounted for \$26.4 million, and large trusts accounted for only \$21.5 million. When the liabilities of each size class are expressed as a

# Charitable Remainder Trusts, 1998

## Figure D

### Distribution Information for Annuity Trusts, by Source of Distribution Funds and Size of Trust, 1998

[Money amounts are in thousands of dollars]

Source of funds	Size of trust							
	Total		Small <sup>1</sup>		Medium <sup>2</sup>		Large <sup>3</sup>	
	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> <sup>4</sup>	<b>748,448</b>	<b>100.0</b>	<b>346,450</b>	<b>100.0</b>	<b>204,388</b>	<b>100.0</b>	<b>197,610</b>	<b>100.0</b>
Ordinary income <sup>5</sup>	270,895	36.2	86,271	24.9	97,870	47.9	86,754	43.9
Net short-term capital gain (loss) <sup>6</sup>	22,286	3.0	9,199	2.7	3,399	1.7	9,687	4.9
Net long-term capital gain (loss) <sup>7</sup>	411,339	55.0	238,321	68.8	83,136	40.7	89,883	45.5
Nontaxable income <sup>8</sup>	43,929	5.9	12,659	3.7	19,984	9.8	11,286	5.7

Source of funds	Size of trust			
	Total	Small <sup>1</sup>	Medium <sup>2</sup>	Large <sup>3</sup>
	(1)	(2)	(3)	(4)
<b>Total</b>				
Distributions.....	748.448	346.450	204.388	197.610
Total accumulations <sup>9</sup> .....	5,307.646	1,510.810	1,661.505	2,135.332
Distributions/accumulations <sup>10</sup> .....	14.1	22.9	12.3	9.3
<b>Ordinary income<sup>5</sup></b>				
Distributions.....	270.895	86.271	97.870	86.754
Total accumulations <sup>9</sup> .....	592.799	174.837	160.972	256.991
Distributions/accumulations <sup>10</sup> .....	45.7	49.3	60.8	33.8
<b>Net short-term capital gain (loss)<sup>6</sup></b>				
Distributions.....	22.286	9.199	3.399	9.687
Total accumulations <sup>9</sup> .....	155.237	37.819	41.119	76.299
Distributions/accumulations <sup>10</sup> .....	14.4	24.3	8.3	12.7
<b>Net long-term capital gain (loss)<sup>7</sup></b>				
Distributions.....	411.339	238.321	83.136	89.883
Total accumulations <sup>9</sup> .....	4,330.668	1,219.531	1,376.716	1,734.421
Distributions/accumulations <sup>10</sup> .....	9.5	19.5	6.0	5.2
<b>Nontaxable income<sup>8</sup></b>				
Distributions.....	43.929	12.659	19.984	11.286
Total accumulations <sup>9</sup> .....	228.942	78.623	82.698	67.621
Distributions/accumulations <sup>10</sup> .....	19.2	16.1	24.3	16.7

<sup>1</sup> Small annuity trusts are those having from zero (including unreported) to less than \$500,000 in fair market value of total assets.

<sup>2</sup> Medium annuity trusts are those having from \$500,000 to less than \$3,000,000 in fair market value of total assets.

<sup>3</sup> Large annuity trusts are those having \$3,000,000 or more in fair market value of total assets.

<sup>4</sup> All distribution amounts are calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

<sup>5</sup> All ordinary income information is taken from Form 5227, column (a) of the Accumulation Schedule.

<sup>6</sup> All short-term capital gain information is taken from Form 5227, column (b) of the Accumulation Schedule.

<sup>7</sup> All long-term capital gain information is taken from Form 5227, column (c) of the Accumulation Schedule.

<sup>8</sup> All nontaxable income information is taken from Form 5227, column (d) of the Accumulation Schedule.

<sup>9</sup> Total accumulations is taken from Form 5227, line 22.

<sup>10</sup> This ratio is expressed as a percentage within the figure.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

percentage of total assets, small trusts showed the highest percentage. Small trusts reported liabilities that were 4.8 percent of their assets; large trusts reported liabilities that were only 0.6 percent of their assets [11].

### Charitable Remainder Unitrusts

As stated previously, charitable remainder unitrusts are classified as small, medium, or large in this article. The same system of size classification that was used with annuity trusts is also used with unitrusts.



# Charitable Remainder Trusts, 1998

**Figure E**

**Selected Balance Sheet Information for Annuity Trusts, by Size of Trust, 1998**

[Money amounts in thousands of dollars]

Item	Size of trust			
	Total	Small <sup>1</sup>	Medium <sup>2</sup>	Large <sup>3</sup>
	(1)	(2)	(3)	(4)
Total assets (book value).....	8,648,497	2,259,589	2,975,801	3,413,107
Total investments <sup>4</sup> .....	7,338,255	1,927,438	2,578,105	2,832,711
Securities <sup>5</sup> .....	6,122,501	1,644,422	2,099,957	2,368,112
Total liabilities.....	155,514	107,601	26,426	21,487

Ratio expressed as a percentage	Size of trust			
	Total	Small <sup>1</sup>	Medium <sup>2</sup>	Large <sup>3</sup>
	(1)	(2)	(3)	(4)
Total investments/total assets.....	84.9	85.3	86.6	83.0
Securities/total investments.....	83.4	85.3	81.5	83.6
Total liabilities/total assets.....	1.8	4.8	0.9	0.6

<sup>1</sup> Small annuity trusts are those having from zero (including unreported) to less than \$500,000 in fair market value of total assets.

<sup>2</sup> Medium annuity trusts are those having from \$500,000 to less than \$3,000,000 in fair market value of total assets.

<sup>3</sup> Large annuity trusts are those holding \$3,000,000 or more in fair market value of total assets.

<sup>4</sup> Represents "government obligations," "corporate stock," "corporate bonds," "investments--land, buildings, and equipment," and "other investments."

<sup>5</sup> Represents "government obligations," "corporate stock," and "corporate bonds."

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

For 1998, some 64,923 unitrusts filed information returns. Small unitrusts accounted for 63.8 percent of all unitrusts; medium trusts made up 31.3 percent of the total, while large trusts were 4.9 percent of the 64,923 unitrusts filing Form 5227 for 1998. Unitrusts reported \$10.0 billion of total net income in 1998. Small unitrusts earned \$1.3 billion, or 12.8 percent of this total net income; medium trusts earned \$3.2 billion (32.3 percent); large trusts earned \$5.5 billion (54.9 percent). Distributions during Reporting Year 1998 were \$4.4 billion; at the end of the year, \$34.3 billion were left undistributed.

**Income and Accumulations**

Unitrusts reported earning approximately \$10.0 billion in total net income in 1998. The \$10.0 billion comprise \$1.8 billion of net ordinary income, \$0.3 billion of net short-term capital gain income, and \$7.9 billion of net long-term capital gain income. For trusts of all sizes, dividends were the biggest single source of ordinary income, closely followed by interest income. Itemized data on ordinary income (losses) and net short- and long-term capital gains (losses) of unitrusts can be found in Table 4. Dividend income and interest income averaged 46.4 percent and 40.9 percent of gross ordinary income, respectively. Net

ordinary income accounted for 18.1 percent of total net income. Unitrusts accumulated \$2.7 billion, total, in 1998. Over 60 percent of ordinary income accumulations were distributed, amounting to \$1.7 billion. (See Figure F for selected income and deduction items and Figure G for information on accumulations.)

Net long-term capital gain was the largest component of total net income, ranging from 77.1 percent of total net income (for small trusts) to 80.9 percent for (medium trusts). Net long-term capital gains of \$7.9 billion were reported; gross long-term capital gain income was \$8.0 billion, and deductions allocable to those gains totaled approximately \$0.1 billion. Larger unitrusts reported much greater amounts of net long-term capital gain income than did smaller trusts. Whereas small trusts earned only \$986.5 million of net long-term capital gains (12.4 percent of the total), medium trusts earned \$2.6 billion (32.9 percent of the total), and the large trusts earned \$4.3 billion (54.6 percent of the total). Unitrusts distributed \$2.6 billion (7.5 percent) from long-term capital gain accumulations. Short-term capital gain income represented only 2.5 percent of total net income; unitrusts distributed only 6.8 percent of their accumulations of net short-term capital gains.

In 1998, unitrusts reported \$53.1 million of

# Charitable Remainder Trusts, 1998

## Figure F

### Selected Income and Deduction Information for Unitrusts, by Size of Fair Market Value of Total Assets, 1998

[Money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets		
		Under \$500,000 <sup>1</sup>	\$500,000 under \$3,000,000	\$3,000,000 or more
		(2)	(3)	(4)
(1)	(2)	(3)	(4)	
<b>Number of returns</b> .....	<b>64,923</b>	<b>41,425</b>	<b>20,311</b>	<b>3,187</b>
<b>Total gross income</b> .....	<b>10,385,342</b>	<b>1,338,954</b>	<b>3,359,683</b>	<b>5,686,705</b>
Gross ordinary income <sup>2</sup> .....	2,100,662	328,933	740,580	1,031,150
Gross short-term capital gain income (loss) <sup>3</sup> .....	262,583	16,019	-17,915	264,480
Gross long-term capital gain income (loss) <sup>4</sup> .....	8,022,097	994,002	2,637,019	4,391,076
<b>Total deductions</b> .....	<b>393,087</b>	<b>58,774</b>	<b>129,352</b>	<b>204,961</b>
Deductions allocable to ordinary income.....	288,130	50,554	100,298	137,279
Deductions allocable to short-term capital gain income (loss).....	10,058	706	3,211	6,141
Deductions allocable to long-term capital gain income (loss).....	94,899	7,514	25,843	61,542

Ratio expressed as a percentage	Total	Size of fair market value of total assets		
		Under \$500,000 <sup>1</sup>	\$500,000 under \$3,000,000	\$3,000,000 or more
		(2)	(3)	(4)
(1)	(2)	(3)	(4)	
Net ordinary income/total net income <sup>5</sup> .....	18.1	21.7	19.8	16.2
Net short-term capital gain/total net income <sup>5</sup> .....	2.5	1.2	-0.7	4.7
Net long-term capital gain/total net income <sup>5</sup> .....	79.4	77.1	80.9	79.0

<sup>1</sup> Includes returns with zero (including unreported) fair market value assets.

<sup>2</sup> "Gross ordinary income" is taken from Form 5227, line 8.

<sup>3</sup> "Gross short-term capital gain income (loss)" is taken from Form 5227, line 14.

<sup>4</sup> "Gross long-term capital gain income (loss)" is taken from Form 5227, line 17c.

<sup>5</sup> "Total net income" is calculated as the sum of "net ordinary income" (line 13), "net short-term capital gain" (line 16), and "net long-term capital gain" (line 19).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

## Figure G

### Accumulation Information for Unitrusts, by Type of Income, 1998

[Money amounts are in thousands of dollars]

Item	Total	Net ordinary income	Type of income <sup>1</sup>		Nontaxable income
			Capital gains (losses)		
			Net short-term	Net long-term	
(1)	(2)	(3)	(4)	(5)	
<b>Total accumulations</b> <sup>2</sup> .....	<b>38,753,854</b>	<b>2,738,848</b>	<b>975,734</b>	<b>34,817,285</b>	<b>221,986</b>
Prior year undistributed income <sup>3</sup> .....	28,708,204	928,826	723,200	26,887,244	168,934
Current year net income <sup>4</sup> .....	10,045,956	1,810,022	252,524	7,930,359	53,052
<b>Current year distributions</b> <sup>5</sup> .....	<b>4,431,828</b>	<b>1,715,597</b>	<b>66,720</b>	<b>2,621,317</b>	<b>28,195</b>
<b>Undistributed at end of tax year</b> <sup>6</sup> .....	<b>34,322,025</b>	<b>1,023,251</b>	<b>909,014</b>	<b>32,195,969</b>	<b>193,792</b>

<sup>1</sup> All income information (ordinary income, net short-term and long-term capital gain income, and nontaxable income) is taken from Form 5227, columns (a) through (d) of the Accumulation Schedule.

<sup>2</sup> "Total accumulations" is taken from Form 5227, line 22.

<sup>3</sup> "Prior year undistributed income" is taken from Form 5227, line 20.

<sup>4</sup> "Current year net income" is taken from Form 5227, line 21.

<sup>5</sup> "Current year distributions" is calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

<sup>6</sup> "Undistributed at end of tax year" is taken from Form 5227, line 23.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Charitable Remainder Trusts, 1998

nontaxable income. When added to their prior-year un-distributed income (\$168.9 million), their total accumulations in 1998 were \$222.0 million. About \$28.2 million were distributed, or 12.7 percent of their accumulations.

## Distribution Detail

One thing that is apparent from Figure H is the similarity in the composition of aggregate distributions made by small and medium trusts. The percentages of distributions that came from ordinary income were

**Figure H**

### Distribution Information for Unitrusts, by Source of Distribution Funds and Size of Trust, 1998

[Money amounts are in thousands of dollars]

Source of funds	Size of trust							
	Total		Small <sup>1</sup>		Medium <sup>2</sup>		Large <sup>3</sup>	
	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total	Amount distributed	Percent of total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total</b> <sup>4</sup>	<b>4,431,828</b>	<b>100.0</b>	<b>730,154</b>	<b>100.0</b>	<b>1,405,193</b>	<b>100.0</b>	<b>2,296,481</b>	<b>100.0</b>
Ordinary income <sup>5</sup>	1,715,597	38.7	310,504	42.5	614,355	43.7	790,739	34.4
Net short-term capital gain (loss) <sup>6</sup>	66,720	1.5	18,004	2.5	14,365	1.0	34,350	1.5
Net long-term capital gain (loss) <sup>7</sup>	2,621,317	59.1	395,488	54.2	764,890	54.4	1,460,939	63.6
Nontaxable income <sup>8</sup>	28,195	0.6	6,158	0.8	11,583	0.8	10,453	0.5

Source of funds	Size of trust			
	Total	Small <sup>1</sup>	Medium <sup>2</sup>	Large <sup>3</sup>
	(1)	(2)	(3)	(4)
<b>Total</b>				
Distributions.....	4,431,828	730,154	1,405,193	2,296,481
Total accumulations <sup>9</sup> .....	38,753,854	4,191,582	12,540,443	22,021,829
Distributions/accumulations <sup>10</sup> .....	11.4	17.4	11.2	10.4
<b>Ordinary income<sup>5</sup></b>				
Distributions.....	1,715,597	310,504	614,355	790,739
Total accumulations <sup>9</sup> .....	2,738,848	398,599	789,748	1,550,502
Distributions/accumulations <sup>10</sup> .....	62.6	77.9	77.8	51.0
<b>Net short-term capital gain (loss)<sup>6</sup></b>				
Distributions.....	66,720	18,004	14,365	34,350
Total accumulations <sup>9</sup> .....	975,734	101,058	160,616	714,060
Distributions/accumulations <sup>10</sup> .....	6.8	17.8	8.9	4.8
<b>Net long-term capital gain (loss)<sup>7</sup></b>				
Distributions.....	2,621,617	395,488	764,890	1,460,939
Total accumulations <sup>9</sup> .....	34,817,285	3,650,697	11,505,222	19,661,366
Distributions/accumulations <sup>10</sup> .....	7.5	10.8	6.6	7.4
<b>Nontaxable income<sup>8</sup></b>				
Distributions.....	28,195	6,158	11,583	10,453
Total accumulations <sup>9</sup> .....	221,986	41,228	84,857	95,902
Distributions/accumulations <sup>10</sup> .....	12.7	15.2	13.7	10.9

<sup>1</sup> Small unitrusts are those having from zero (including unreported) to less than \$500,000 in fair market value of total assets.

<sup>2</sup> Medium unitrusts are those having from \$500,000 to less than \$3,000,000 in fair market value of total assets.

<sup>3</sup> Large unitrusts are those having \$3,000,000 or more in fair market value of total assets.

<sup>4</sup> All distribution amounts are calculated as "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

<sup>5</sup> All ordinary income information is taken from Form 5227, column (a) of the Accumulation Schedule.

<sup>6</sup> All short-term capital gain information is taken from Form 5227, column (b) of the Accumulation Schedule.

<sup>7</sup> All long-term capital gain information is taken from Form 5227, column (c) of the Accumulation Schedule.

<sup>8</sup> All nontaxable income information is taken from Form 5227 column (d) of the Accumulation Schedule.

<sup>9</sup> "Total accumulations" is taken from Form 5227, line 22.

<sup>10</sup> This ratio is expressed as a percentage within the figure.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Charitable Remainder Trusts, 1998

**Figure I**

**Selected Balance Sheet Information for Unitrusts, by Size of Trust, 1998**

[Money amounts in thousands of dollars]

Item	Size of trust					
	Small <sup>1</sup>		Medium <sup>2</sup>		Large <sup>3</sup>	
	Book value	FMV	Book value	FMV	Book value	FMV
	(1)	(2)	(3)	(4)	(5)	(6)
Total assets.....	7,266,502	7,809,161	18,502,627	22,539,180	28,514,555	33,956,228
Total investments <sup>4</sup> .....	5,572,690	6,088,023	14,719,915	17,968,342	24,445,362	29,882,876
Securities <sup>5</sup> .....	3,936,664	4,494,584	11,337,131	14,143,927	16,001,578	20,883,077
Total liabilities.....	53,403	36,630	229,622	146,267	369,029	462,737

Ratio expressed as a percentage	Size of trust					
	Small <sup>1</sup>		Medium <sup>2</sup>		Large <sup>3</sup>	
	Book value	FMV	Book value	FMV	Book value	FMV
	(1)	(2)	(3)	(4)	(5)	(6)
Total investments/total assets.....	76.7	78.0	79.6	70.3	75.7	88.0
Securities/total investments.....	70.6	73.8	77.0	78.7	65.5	69.9
Total liabilities/total assets.....	0.7	0.5	1.2	0.6	1.3	1.4

<sup>1</sup> Small unitrusts are those having from zero (including unreported) to less than \$500,000.

<sup>2</sup> Medium unitrusts are those having from \$500,000 to less than \$3,000,000.

<sup>3</sup> Large unitrusts are those holding \$3,000,000 or more.

<sup>4</sup> Represents "government obligations," "corporate stock," "corporate bonds," "investments--land, buildings, equipment," and "other investments."

<sup>5</sup> Represents "government obligations," "corporate stock," and "corporate bonds."

NOTE: "FMV" is the abbreviation for fair market value.

very similar (42.5 percent for small trusts, 43.7 percent for medium trusts). Likewise, the percentages of distributions that came from net long-term capital gain income were nearly identical (54.2 percent for small trusts, 54.4 percent for medium trusts). Large trusts' distributions came primarily from net long-term capital gain accumulations (63.6 percent), while accumulations of ordinary income were also significant (34.4 percent).

As with annuity trusts, unitrusts distributed a proportion of their aggregate ordinary income accumulations that was far greater than the proportion distributed from any other source. The small and medium trust groups each distributed approximately 78 percent of their ordinary income accumulations during 1998. Large trusts collectively distributed 51.0 percent of their ordinary income accumulations. In comparison, the second largest distributions/accumulations percentage (shown in Figure H) for sources of funds within each of the asset-seized grouping other than ordinary income were only 17.8 percent for short-term capital gains of small organizations, 13.7 percent for nontaxable income of medium organizations, and 10.9 percent of nontaxable income by large trusts.

**Balance Sheet Information**

Charitable remainder unitrusts, unlike annuity trusts, are required to provide information on both the book value and fair market value of their assets and liabilities. As shown in Figure I, the book value of total assets held by unitrusts ranged from \$7.3 billion for small trusts to \$28.5 billion for large trusts. The fair market value of total assets was \$7.8 billion for small trusts, \$25.5 billion for medium trusts, and \$34.0 billion for large trusts. Using book values, the ratio of total investments to total assets ranged from 75.7 for large unitrusts, to 76.7 for small trusts. When the same ratio is calculated using fair market values, the range was from 70.3 for medium trusts to 88.0 for large trusts.

The percentage of a trust's investments that were held as securities was greatest for medium-sized trusts. Charitable remainder unitrusts having assets between \$500,000 and \$3,000,000 held the greatest percentage of their investments in securities (77.0 percent in book value and 78.7 percent in fair market value). Trusts with assets over \$3 million held only 65.6 percent (book value), or 69.9 percent (fair market value), of their investments in securities.

**Figure J**

**Coefficients of Variation for Selected Items,  
by Type of Trust, 1998**

Item	Annuity trusts	Unitrusts
Coefficients of variation (percentages)		
Gross ordinary income.....	5.48	2.21
Total deductions to ordinary income.....	4.35	3.41
Net ordinary income.....	6.05	2.50
Net short-term capital gains (losses).....	55.51	8.48
Net long-term capital gains (losses).....	10.55	3.70
End-of-year total assets (book value).....	4.19	0.89
End-of-year total assets (FMV).....	N/A	0.76
End-of-year total liabilities (book value).....	32.47	9.27
End-of-year total liabilities (FMV).....	N/A	5.48

N/A--Not applicable.

NOTE: "FMV" is the abbreviation for fair market value.

The amount of total liabilities reported by trusts in each size category increased as the size of the trust increased. Small unitrusts reported book value of total liabilities in the amount of \$53.4 million, medium trusts reported \$229.6 million, and large trusts reported \$369.0 million. It is interesting that, for small trusts, the fair market value of total liabilities (\$36.6 million) was less than the book value. The liability-to-asset ratio (total liabilities divided by total assets), measured using book value, was 0.007 for small trusts, 0.012 for medium trusts, and 0.013 for large trusts. When measured using fair market value, the liability-to-asset ratio for medium trusts was less than the corresponding book value ratio.

**Data Sources and Limitations**

All statistics in this article are based on a sample of Forms 5227, the *Split Interest Trust Information Return*, from Reporting Year 1998. All charitable remainder trusts that are described in Internal Revenue Code section 664 and had operations during Calendar Year 1998 were required to file the form. Trusts for which 1998 was either an initial or a final year also filed Form 5227, so the sample does contain some part-year returns. The returns of charitable remainder trusts that were to be edited for this Statistics of Income study were computer-designated at the IRS Ogden Submission Processing Center after posting to the IRS Master File. The study year 1998 sample was stratified based on both the type of organization (either an annuity trust or a unitrust), as

well as the reported size of fair market value of total assets.

Charitable remainder annuity trusts were sampled at rates ranging from approximately 2.8 percent for trusts with assets of less than \$500,000 to 100 percent for trusts with assets of \$1.5 million or more. Unitrusts were sampled at rates from 1.8 percent for trusts with less than \$1.0 million in assets to 100 percent for trusts holding \$3.0 million or more in assets. After excluding returns that were selected for the sample but later rejected, the sample size was 6,471 (1,724 annuity trusts plus 4,747 unitrusts). The estimated population size was 85,060, of which 20,137 were annuity trusts and 64,923 were unitrusts. Rejected returns included those which were filed with no money amounts reported and those that were filed by a type of trust that was not an annuity trust or a unitrust. The magnitude of sampling error, measured by coefficients of variation, for selected items is shown in Figure J.

Although information from Parts III (the Current Distributions Schedule), V-A (Charitable Remainder Annuity Trust Information), and V-B (Charitable Remainder Unitrust Information) of Form 5227 was collected, it is not discussed or reported in this article due to issues of reliability. The Distribution Schedule is the portion of the return where the trust shows the accounts from which its annual distribution amounts are taken. Taxpayers report each income recipient and the amount they received from ordinary income, long- and short-term capital gains, nontaxable income, and corpus. Because of the nature of the form, it is impossible to verify the amounts reported by taxpayers in this schedule. Therefore, all distribution amounts discussed in the article, or presented in the figures represent amounts calculated from Part II (the Accumulation Schedule). Similarly, there is no method to confirm the information reported in Part V-A (Charitable Remainder Annuity Trust Information). For this reason, the data from these two sections have not been reported at this time. Part V-B (Charitable Remainder Unitrust Information) is different from the other two sections in that it is a "worksheet" of sorts, where the taxpayer is to show how the annual percentage amount to be distributed was determined. Due to the extremely poor nature of taxpayer reporting in this section, the data are considered extremely unreliable.

The samples were designed to provide reliable

## Charitable Remainder Trusts, 1998

estimates of total revenue. The data presented were collected from returns as they were originally filed. The data were subject to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. In most cases, changes made to the original return resulting from either administrative processing or a taxpayer amendment were not incorporated into the data. A discussion of the reliability of estimates based on samples, methods for evaluating the magnitude of both sampling and nonsampling error, and the precision of sample estimates can be found in the general Appendix in this issue of the *SOI Bulletin*.

### Notes and References

- [1] Data were collected from Reporting Year 1998 for charitable remainder trusts (annuity trusts and unitrusts) only. The same is true for the current study of returns from Reporting Year 1999 (an article will appear in the Winter 2001/2002 *Bulletin*). The Reporting Year 2000 study will include additional data from the other types of split-interest trusts (charitable lead trusts and pooled income funds). Data and an article containing information from all types of split-interest trusts filing Form 5227 for Reporting Year 2000 will be available in the Winter 2002/2003 *Bulletin*.
- [2] The definition of split-interest trusts was taken from the “Instructions for Form 5227,” page 1.
- [3] The term “charitable” refers to tax-exempt organizations with purposes that are charitable, educational, scientific, literary, or religious in nature.
- [4] For an indepth discussion of the types of charitable remainder trusts and their uses, see “Charitable Remainder Trust Strategies... including the Full Monty CRUT,” text from a presentation given by Conrad Teitell at the Washington Non-Profit Legal and Tax Conference in Spring of 2000. (Washington Non-Profit Legal and Tax Conference, Conference Proceedings Manual, Organization Management, Inc., Fairfax, VA, March 2000.)
- [5] For a detailed presentation of historical information on all split-interest trusts (including charitable lead trusts and pooled income funds) and charitable trusts, see “Charitable Trusts: An IRS Examination of Nonexempt Charitable Organizations,” by Thomas B. Petska in *1983 Proceedings of the American Statistical Association, Section on Survey Research Methods, 1984* also published in *Statistics of Income and Related Administrative Research: 1983*, Statistics of Income Division, Internal Revenue Service, 1983.
- [6] Regardless of the type of trust that filed Form 5227, the filing of Form 1041, *U.S. Income Tax Return for Estates and Trusts*, may also have been required. Form 1041 must be filed annually by the fiduciaries of all estates and non-exempt trusts, provided the entity meets given filing thresholds. This study contains information on charitable remainder trusts only, both those that report unrelated business income as well as those that do not; the fiduciary study, however, reports data from split-interest trusts that have unrelated business income only. Statistics from Form 1041 are also presented in this issue of the *SOI Bulletin*. (See Mikow, Jacob, “Fiduciary Income Tax Returns, 1997.”)
- [7] Both annuity trusts and unitrusts are discussed in terms of the size of fair market value of end-of-year assets. When discussing the size of trusts, the fair market value of assets used is the value reported on Line C of the first page of Form 5227; the size of the trust is *not* taken from the balance sheet. This is significant because annuity trusts do not have to provide information on the fair market value of their assets on the balance sheet (unitrusts, however, are required to provide book value, as well as fair market value information). When looking at the tables at the end of this article, it appears that a higher number of annuity trusts than unitrusts have either zero or unreported assets. Often taxpayers will inadvertently leave Line C on the front page blank—if the trust in question is a unitrust, however, then the requisite information can be

## Charitable Remainder Trusts, 1998

gleaned from the balance sheet. No such correction is possible when an annuity trust leaves Line C blank. The tables include information from trusts whose value of assets are zero at the end of the year (both from the front page and from the balance sheet)—these trusts may be final-year filers. Final-year filers often report income, and the values of their assets at the beginning of the year.

[8] Total distributions for Reporting Year 1998 were calculated as the difference between “Total accumulations” (Line 22) from all sources (undistributed prior-year income plus current-year net income) less “Income undistributed at end of tax year” (Line 23) from all sources. The sources of income and distributions are ordinary income, net short-term capital gain income, net long-term capital gain income, and nontaxable income.

[9] Amounts in Figure C for “Current Year Income” may not match the amounts from Figure B because the information is taken from a different section of the return. All data re-

ported in Figure B came from Part I of Form 5227; information presented in Figure C is taken from Part II of Form 5227, the Accumulation Schedule. The discrepancies are the result of taxpayer reporting error.

[10] “Investments” refer to government obligations; corporate stock; corporate bonds; land, buildings, and equipment that is not held for charitable purposes; and other assets. “Securities” include government obligations, corporate stock, and corporate bonds. When “Receivables Due” are included in tables, they encompass net accounts receivable, receivables due from disqualified persons, and net other notes receivable. “Other assets” refer to cash; savings and temporary cash investments; inventories for sale or use; prepaid expenses; charitable-purpose land, buildings, and equipment; and other assets.

[11] Data for book-valued liabilities for annuity trusts should be used with caution because of the high coefficient of variation (CV) associated with aggregate total liabilities for annuity trusts. For CV’s on other data items, see Figure J.

# Charitable Remainder Trusts, 1998

**Table 1.--Charitable Remainder Annuity Trusts: Selected Income Information, by Size of Fair Market Value of Total Assets, 1998**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported <sup>1</sup>	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>20,137</b>	<b>1,552</b>	<b>14,912</b>	<b>2,598</b>	<b>621</b>	<b>364</b>	<b>90</b>
<b>Total net income.....</b>	<b>1,191,972</b>	<b>178,678</b>	<b>158,468</b>	<b>231,048</b>	<b>147,960</b>	<b>200,852</b>	<b>274,965</b>
<b>Ordinary income:</b>							
<b>Gross ordinary income.....</b>	<b>357,509</b>	<b>38,841</b>	<b>62,565</b>	<b>89,504</b>	<b>42,902</b>	<b>58,454</b>	<b>65,242</b>
Interest income.....	178,023	13,273	35,507	33,225	24,012	32,097	39,908
Dividends.....	132,542	11,374	21,668	35,691	15,933	22,526	25,351
Business income (loss).....	-30	--	--	--	-30	--	--
Rents, royalties, partnerships, other estates and trusts.....	22,458	13,396	860	3,402	2,123	2,703	-26
Farm income (loss).....	59	--	--	--	46	13	--
Ordinary gain (loss).....	78	--	67	-3	-1	17	-2
Other income.....	24,257	798	4,342	17,190	820	1,097	11
<b>Total allocable deductions.....</b>	<b>41,389</b>	<b>4,347</b>	<b>6,302</b>	<b>10,744</b>	<b>5,870</b>	<b>7,339</b>	<b>6,788</b>
Interest.....	939	119	4	671	78	61	6
Taxes.....	832	86	71	278	97	155	144
Other deductions.....	39,625	4,142	6,227	9,797	5,699	7,123	6,638
<b>Net ordinary income <sup>2</sup>.....</b>	<b>315,951</b>	<b>34,494</b>	<b>56,263</b>	<b>78,652</b>	<b>36,972</b>	<b>51,115</b>	<b>58,454</b>
<b>Capital gain (loss):</b>							
<b>Short-term capital gain (loss):</b>							
Gross gain (loss).....	13,359	-3,588	4,802	34	850	3,348	7,913
Allocable deductions.....	473	4	26	188	74	80	101
Net gain (loss) <sup>3</sup> .....	12,892	-3,592	4,777	-154	776	3,273	7,812
<b>Long-term capital gain (loss):</b>							
Gross gain (loss).....	871,678	149,581	98,623	154,935	111,288	148,103	209,149
Allocable deductions.....	8,648	1,806	1,194	2,484	1,076	1,639	450
Net gain (loss) <sup>4</sup> .....	863,129	147,775	97,429	152,550	110,212	146,464	208,699

<sup>1</sup> Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

<sup>2</sup> Taken from "ordinary income less deductions" on line 13 of Form 5227. This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting error.

<sup>3</sup> Taken from Form 5227, line 16.

<sup>4</sup> Taken from Form 5227, line 19.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.



# Charitable Remainder Trusts, 1998

**Table 2.--Charitable Remainder Annuity Trusts: Accumulation Information, by Size of Fair Market Value of Total Assets, 1998<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported <sup>2</sup>	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>20,137</b>	<b>1,552</b>	<b>14,912</b>	<b>2,598</b>	<b>621</b>	<b>364</b>	<b>90</b>
<b>Total accumulations.....</b>	<b>5,307,646</b>	<b>747,571</b>	<b>763,238</b>	<b>1,044,229</b>	<b>617,276</b>	<b>965,749</b>	<b>1,169,581</b>
Ordinary income.....	592,799	87,122	87,714	93,587	67,385	111,300	145,690
Net short-term capital gain income (loss).....	155,237	13,830	23,990	35,627	5,492	24,388	51,910
Net long-term capital gain income (loss).....	4,330,668	626,902	592,629	853,412	523,304	791,496	942,925
Nontaxable income.....	228,942	19,717	58,905	61,603	21,095	38,565	29,056
<b>Prior year undistributed income.....</b>	<b>4,055,407</b>	<b>561,189</b>	<b>591,496</b>	<b>796,713</b>	<b>463,822</b>	<b>756,481</b>	<b>885,705</b>
Ordinary income.....	276,873	52,628	31,477	14,935	30,413	60,185	87,236
Net short-term capital gain income (loss).....	142,345	17,422	19,213	35,781	4,716	21,115	44,099
Net long-term capital gain income (loss).....	3,467,539	479,127	495,199	700,862	413,092	645,032	734,226
Nontaxable income.....	168,650	12,013	45,607	45,136	15,601	30,148	20,145
<b>Current year net income.....</b>	<b>1,252,264</b>	<b>186,382</b>	<b>171,767</b>	<b>247,515</b>	<b>153,455</b>	<b>209,269</b>	<b>283,876</b>
Ordinary income.....	315,951	34,494	56,263	78,652	36,972	51,115	58,454
Net short-term capital gain income (loss).....	12,892	-3,592	4,777	-154	776	3,273	7,812
Net long-term capital gain income (loss).....	863,130	147,775	97,429	152,550	110,212	146,464	208,699
Nontaxable income.....	60,292	7,704	13,298	16,467	5,494	8,417	8,911
<b>Current year distributions <sup>3</sup>.....</b>	<b>748,448</b>	<b>231,536</b>	<b>114,914</b>	<b>140,658</b>	<b>63,730</b>	<b>91,479</b>	<b>106,131</b>
Ordinary income.....	270,875	32,196	54,075	66,733	31,137	44,702	42,052
Net short-term capital gain income (loss).....	22,286	2,986	3,213	3,293	107	1,215	8,472
Net long-term capital gain income (loss).....	411,339	194,031	44,290	55,916	27,220	41,348	48,535
Nontaxable income.....	43,929	2,323	10,336	14,717	5,266	4,214	7,072
<b>Undistributed at end of tax year.....</b>	<b>4,559,198</b>	<b>516,036</b>	<b>648,324</b>	<b>903,570</b>	<b>553,546</b>	<b>874,271</b>	<b>1,063,450</b>
Ordinary income.....	321,904	54,927	33,639	26,854	36,248	66,598	103,638
Net short-term capital gain income (loss).....	132,951	10,844	17,776	32,334	5,385	23,174	43,438
Net long-term capital gain income (loss).....	3,919,329	432,872	548,339	797,497	496,084	750,148	894,390
Nontaxable income.....	185,013	17,394	48,570	46,885	15,829	34,351	21,984

<sup>1</sup> All information presented in this table is taken from the accumulation schedule.

<sup>2</sup> Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

<sup>3</sup> All reported distribution amounts are calculated as the difference of "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Charitable Remainder Trusts, 1998

**Table 3.--Charitable Remainder Annuity Trusts: Book Value Balance Sheet Information, by Size of Fair Market Value of Total Assets, 1998**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported <sup>1</sup>	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	<b>20,137</b>	<b>1,552</b>	<b>14,912</b>	<b>2,598</b>	<b>621</b>	<b>364</b>	<b>90</b>
<b>Total net assets (end of year)<sup>2</sup></b> .....	<b>8,301,734</b>	<b>691,302</b>	<b>1,379,131</b>	<b>1,902,749</b>	<b>981,010</b>	<b>1,403,534</b>	<b>1,944,008</b>
<b>Total liabilities and net assets (end of year)<sup>3</sup></b> .....	<b>8,575,115</b>	<b>728,547</b>	<b>1,500,741</b>	<b>1,948,807</b>	<b>1,008,163</b>	<b>1,419,777</b>	<b>1,969,080</b>
<b>Total assets (end of year)</b> .....	<b>8,648,497</b>	<b>755,103</b>	<b>1,504,486</b>	<b>1,979,542</b>	<b>996,258</b>	<b>1,423,897</b>	<b>1,989,210</b>
Cash.....	118,319	13,148	20,622	41,162	16,178	13,425	13,785
Savings and temporary cash investments.....	636,022	26,820	111,577	108,954	78,838	134,519	175,313
Net accounts receivable.....	39,601	--	941	507	533	1,364	36,256
Receivables from disqualified persons.....	94	48	--	--	--	--	45
Net other notes receivable.....	98,546	6,809	30,111	2,330	22,700	20,526	16,070
Inventories for sale or use.....	--	--	--	--	--	--	--
Prepaid expenses.....	556	--	--	214	48	281	11
<b>Total investments</b> .....	<b>7,338,256</b>	<b>690,070</b>	<b>1,237,368</b>	<b>1,743,889</b>	<b>834,215</b>	<b>1,199,616</b>	<b>1,633,095</b>
<b>Securities</b> .....	<b>6,122,501</b>	<b>665,210</b>	<b>989,221</b>	<b>1,418,700</b>	<b>681,256</b>	<b>989,981</b>	<b>1,378,131</b>
Government obligations.....	1,666,256	126,349	353,326	342,440	189,796	273,809	380,535
Corporate stock.....	3,279,365	384,641	405,038	841,581	372,878	515,331	759,895
Corporate bonds.....	1,176,880	154,220	230,857	234,679	118,582	200,841	237,701
Land, buildings, and equipment.....	55,875	7,134	5,711	18,236	9,522	15,271	--
Other investments.....	1,159,880	17,726	242,436	306,953	143,437	194,364	254,964
Charitable purpose land, buildings, and equipment.....	42,227	7,934	2,464	7,402	9,945	14,396	87
Other assets.....	372,876	10,275	99,221	75,084	33,981	39,770	114,546
<b>Total liabilities (end of year)</b> .....	<b>155,514</b>	<b>37,706</b>	<b>69,896</b>	<b>17,565</b>	<b>8,861</b>	<b>15,047</b>	<b>6,439</b>
Accounts payable, accrued expenses.....	16,536	--	4,980	800	2,392	5,778	2,587
Deferred revenue.....	7,625	--	3,048	--	1,491	700	2,387
Loans from disqualified persons.....	272	--	109	--	164	--	--
Mortgages and notes payable.....	3,968	767	--	--	52	2,928	221
Other liabilities.....	127,084	36,938	61,731	16,765	4,763	5,642	1,245

<sup>1</sup> Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

<sup>2</sup> Taken from "total net assets" (line 46, column (b)) of Form 5227.

<sup>3</sup> Taken from "total liabilities and net assets" (line 47, column (b)) of Form 5227. This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting error.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Charitable Remainder Trusts, 1998

**Table 4.--Charitable Remainder Unitrusts: Selected Income Information, by Size of Fair Market Value of Total Assets, 1998**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported <sup>1</sup>	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>64,923</b>	<b>221</b>	<b>41,204</b>	<b>15,930</b>	<b>4,381</b>	<b>2,555</b>	<b>632</b>
<b>Total net income.....</b>	<b>9,992,956</b>	<b>5,669</b>	<b>1,274,755</b>	<b>1,993,842</b>	<b>1,234,706</b>	<b>2,053,849</b>	<b>3,430,085</b>
<b>Ordinary income:</b>							
<b>Gross ordinary income.....</b>	<b>2,100,662</b>	<b>96</b>	<b>328,837</b>	<b>441,088</b>	<b>299,492</b>	<b>394,590</b>	<b>636,560</b>
Interest income.....	872,047	11	127,698	181,459	111,699	169,973	281,206
Dividends.....	978,763	84	157,501	201,408	131,797	182,912	305,060
Business income (loss).....	294	--	188	--	--	106	--
Rents, royalties, partnerships, other estates and trusts.....	101,391	--	14,268	27,944	8,406	18,718	32,056
Farm income (loss).....	-138	--	--	--	--	-102	-36
Ordinary gain (loss).....	2,174	--	--	1,994	-6	364	-178
Other income.....	146,151	--	29,179	28,281	47,596	22,643	18,452
<b>Total allocable deductions.....</b>	<b>288,130</b>	<b>4</b>	<b>50,550</b>	<b>57,733</b>	<b>42,565</b>	<b>51,122</b>	<b>86,156</b>
Interest.....	22,522	--	495	187	262	1,980	19,598
Taxes.....	8,349	--	1,888	988	1,729	1,632	2,112
Other deductions.....	258,053	4	48,217	56,875	40,574	47,726	64,656
<b>Net ordinary income <sup>2</sup>.....</b>	<b>1,810,023</b>	<b>91</b>	<b>278,167</b>	<b>381,545</b>	<b>256,927</b>	<b>343,115</b>	<b>550,178</b>
<b>Capital gain (loss):</b>							
<b>Short-term capital gain (loss):</b>							
Gross gain (loss).....	262,583	540	15,479	-5,930	-11,986	36,491	227,988
Allocable deductions.....	10,058	--	706	2,232	979	1,949	4,192
Net gain (loss) <sup>3</sup> .....	252,574	540	14,773	-8,162	-12,965	34,543	223,796
<b>Long-term capital gain (loss):</b>							
Gross gain (loss).....	8,022,097	5,037	988,965	1,636,596	1,000,423	1,686,397	2,704,679
Allocable deductions.....	94,899	--	7,514	16,137	9,707	11,611	49,930
Net gain (loss) <sup>4</sup> .....	7,930,358	5,037	981,815	1,620,459	990,744	1,676,191	2,656,111

<sup>1</sup> Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

<sup>2</sup> Taken from "ordinary income less deductions" on line 13 of Form 5227. This amount may not equal "total ordinary income" (line 8) less "total deductions allocable to ordinary income" (line 12) due to taxpayer reporting error.

<sup>3</sup> Taken from Form 5227, line 16.

<sup>4</sup> Taken from Form 5227, line 19.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Charitable Remainder Trusts, 1998

**Table 5.--Charitable Remainder Unitrusts: Accumulation Information, by Size of Fair Market Value of Total Assets, 1998<sup>1</sup>**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported <sup>2</sup>	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns.....</b>	<b>64,923</b>	<b>221</b>	<b>41,204</b>	<b>15,930</b>	<b>4,381</b>	<b>2,555</b>	<b>632</b>
<b>Total accumulations.....</b>	<b>38,753,853</b>	<b>9,614</b>	<b>4,181,966</b>	<b>7,254,358</b>	<b>5,286,085</b>	<b>7,841,130</b>	<b>14,180,698</b>
Ordinary income.....	2,738,848	584	398,014	455,318	334,430	505,086	1,045,415
Net short-term capital gain income (loss).....	975,734	1,040	100,017	41,942	118,674	161,950	552,110
Net long-term capital gain income (loss).....	34,817,285	7,990	3,642,707	6,696,113	4,809,109	7,109,410	12,551,956
Nontaxable income.....	221,986	--	41,228	60,985	23,872	64,684	31,217
<b>Prior year undistributed income.....</b>	<b>28,707,204</b>	<b>3,946</b>	<b>2,898,672</b>	<b>5,242,695</b>	<b>4,045,217</b>	<b>5,995,361</b>	<b>10,742,312</b>
Ordinary income.....	928,826	493	119,847	73,772	77,504	161,973	495,237
Net short-term capital gain income (loss).....	723,200	501	85,243	50,104	131,640	127,398	328,314
Net long-term capital gain income (loss).....	26,887,244	2,953	2,660,891	5,075,654	3,818,365	5,433,219	9,896,164
Nontaxable income.....	168,934	--	32,691	43,165	17,709	52,772	22,597
<b>Current year net income.....</b>	<b>10,045,956</b>	<b>5,669</b>	<b>1,283,292</b>	<b>2,011,662</b>	<b>1,240,868</b>	<b>2,065,760</b>	<b>3,438,706</b>
Ordinary income.....	1,810,022	91	278,167	381,546	256,927	343,113	550,178
Net short-term capital gain income (loss).....	252,524	540	14,773	-8,162	-12,965	34,543	223,796
Net long-term capital gain income (loss).....	7,930,359	5,037	981,816	1,620,459	990,744	1,676,191	2,656,111
Nontaxable income.....	53,052	--	8,536	17,820	6,162	11,913	8,621
<b>Current year distributions <sup>3</sup>.....</b>	<b>4,431,828</b>	<b>9,615</b>	<b>720,539</b>	<b>856,974</b>	<b>548,219</b>	<b>799,798</b>	<b>1,496,714</b>
Ordinary income.....	1,715,597	584	609,919	382,665	231,690	323,321	467,508
Net short-term capital gain income (loss).....	66,720	1,040	16,964	2,196	12,169	14,561	19,789
Net long-term capital gain income (loss).....	2,621,317	7,990	387,498	463,013	301,877	453,846	1,007,092
Nontaxable income.....	28,195	--	6,158	9,100	2,483	8,129	2,325
<b>Undistributed at end of tax year.....</b>	<b>34,322,026</b>	<b>--</b>	<b>3,461,427</b>	<b>6,397,384</b>	<b>4,737,866</b>	<b>7,041,362</b>	<b>12,683,986</b>
Ordinary income.....	1,023,251	--	88,095	72,653	102,740	181,855	577,908
Net short-term capital gain income (loss).....	909,014	--	83,053	39,746	106,505	147,388	532,321
Net long-term capital gain income (loss).....	32,195,969	--	3,255,209	6,233,100	4,507,232	6,655,563	11,544,864
Nontaxable income.....	193,792	--	35,070	51,885	21,389	56,556	28,893

<sup>1</sup> All information presented in this table is taken from the accumulation schedule.

<sup>2</sup> Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

<sup>3</sup> All reported distribution amounts are calculated as the difference of "total accumulations" (line 22) less "undistributed at end of tax year" (line 23).

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Charitable Remainder Trusts, 1998

**Table 6.--Charitable Remainder Unitrusts: Book Value Balance Sheet Information, by Size of Fair Market Value of Total Assets, 1998**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported <sup>1</sup>	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Number of returns</b> .....	<b>64,923</b>	<b>221</b>	<b>41,204</b>	<b>15,930</b>	<b>4,381</b>	<b>2,555</b>	<b>632</b>
<b>Total net assets (end of year)</b> <sup>2</sup> .....	<b>53,309,155</b>	--	<b>7,135,408</b>	<b>10,685,668</b>	<b>7,382,944</b>	<b>9,787,874</b>	<b>18,317,262</b>
<b>Total liabilities and net assets (end of year)</b> <sup>3</sup> .....	<b>54,036,492</b>	--	<b>7,181,789</b>	<b>10,854,991</b>	<b>7,534,947</b>	<b>9,928,470</b>	<b>18,536,295</b>
<b>Total assets (end of year)</b> .....	<b>54,283,685</b>	--	<b>7,266,502</b>	<b>10,938,307</b>	<b>7,564,320</b>	<b>9,967,994</b>	<b>18,546,561</b>
Cash .....	956,649	--	126,602	195,735	175,208	174,999	284,106
Savings and temporary cash investments.....	3,835,431	--	523,196	759,485	465,473	827,135	1,260,143
Net accounts receivable.....	140,681	--	7,589	7,340	58,494	18,808	48,449
Receivables from disqualified persons.....	6,800	--	--	2,868	--	2,516	1,416
Net other notes receivable.....	823,985	--	163,384	219,277	235,785	142,771	62,768
Inventories for sale or use.....	30,135	--	7,030	--	--	--	23,105
Prepaid expenses.....	6,536	--	843	267	79	4,965	383
<b>Total investments</b> .....	<b>44,737,968</b>	--	<b>5,572,690</b>	<b>8,601,499</b>	<b>6,118,416</b>	<b>8,227,528</b>	<b>16,217,834</b>
<b>Securities</b> .....	<b>31,275,382</b>	--	<b>3,936,664</b>	<b>6,715,795</b>	<b>4,621,336</b>	<b>6,373,280</b>	<b>9,628,298</b>
Government obligations.....	4,412,925	--	415,680	948,419	626,823	1,014,071	1,407,930
Corporate stock.....	22,020,295	--	2,717,238	4,704,936	3,323,958	4,457,054	6,817,110
Corporate bonds.....	4,842,152	--	803,746	1,062,440	670,555	902,155	1,403,258
Land, buildings, and equipment.....	438,559	--	111,887	122,408	46,939	90,177	67,146
Other investments.....	13,024,037	--	1,524,139	1,763,296	1,450,141	1,764,071	6,522,390
Charitable purpose land, buildings, and equipment.....	419,807	--	145,644	93,484	63,788	48,534	68,358
Other assets.....	3,344,937	--	748,097	1,058,351	447,077	520,760	570,652
<b>Total liabilities (end of year)</b> .....	<b>652,054</b>	--	<b>53,403</b>	<b>108,436</b>	<b>121,186</b>	<b>147,001</b>	<b>222,028</b>
Accounts payable, accrued expenses.....	180,733	--	27,380	25,526	28,105	43,772	55,950
Deferred revenue.....	59,913	--	477	24,315	613	17,571	16,936
Loans from disqualified persons.....	585	--	188	--	--	343	54
Mortgages and notes payable.....	17,906	--	1,083	124	1,349	13,685	1,665
Other liabilities.....	392,748	--	24,275	58,471	91,119	71,460	147,422

<sup>1</sup> Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

<sup>2</sup> Taken from "total net assets" (line 46, column (b)) of Form 5227.

<sup>3</sup> Taken from "total liabilities and net assets" (line 47, column (b)) of Form 5227. This amount may not equal "total liabilities" (line 43, column (b)) plus "total net assets" (line 46, column (b)) due to taxpayer reporting error.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Charitable Remainder Trusts, 1998

**Table 7.--Charitable Remainder Unitrusts: Fair Market Value Balance Sheet Information, by Size of Fair Market Value of Total Assets, 1998**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Total	Size of fair market value of total assets					
		Zero or not reported <sup>1</sup>	\$1 under \$500,000	\$500,000 under \$1,500,000	\$1,500,000 under \$3,000,000	\$3,000,000 under \$10,000,000	\$10,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)
<b>Number of returns.....</b>	<b>64,923</b>	<b>221</b>	<b>41,204</b>	<b>15,930</b>	<b>4,381</b>	<b>2,555</b>	<b>632</b>
<b>Total assets (end of year).....</b>	<b>64,304,568</b>	--	<b>7,809,161</b>	<b>13,440,559</b>	<b>9,098,622</b>	<b>12,751,539</b>	<b>21,204,689</b>
Cash .....	1,048,570	--	193,577	138,571	256,421	196,146	263,855
Savings and temporary cash investments.....	3,645,609	--	492,006	739,030	614,977	755,949	1,043,647
Net accounts receivable.....	240,700	--	3,507	52,673	117,969	25,127	41,424
Receivables from disqualified persons.....	4,206	--	--	24	310	2,456	1,416
Net other notes receivable.....	775,930	--	157,333	171,086	258,915	137,637	50,958
Inventories for sale or use.....	18,829	--	18,829	--	--	--	--
Prepaid expenses.....	8,609	--	635	287	30	6,625	1,033
Total investments.....	53,939,239	--	6,088,023	10,836,488	7,131,854	10,895,506	18,987,370
Securities.....	39,521,580	--	4,494,584	8,610,937	5,532,990	8,695,729	12,187,341
Government obligations.....	4,947,320	--	437,848	1,090,787	652,733	1,142,023	1,623,929
Corporate stock.....	29,501,697	--	3,260,996	6,467,435	4,161,992	6,582,555	9,028,719
Corporate bonds.....	5,072,563	--	795,740	1,052,715	718,265	971,151	1,534,693
Land, buildings, and equipment.....	889,397	--	175,721	262,025	96,906	229,620	125,125
Other investments.....	13,528,262	--	1,417,718	1,963,526	1,501,958	1,970,157	6,674,904
Charitable purpose land, buildings, and equipment.....	775,206	--	238,548	195,112	158,666	89,858	93,023
Other assets.....	3,824,924	--	612,277	1,307,286	559,480	635,937	709,945
<b>Total liabilities (end of year).....</b>	<b>645,632</b>	--	<b>36,630</b>	<b>87,874</b>	<b>58,393</b>	<b>115,020</b>	<b>347,717</b>
Accounts payable, accrued expenses.....	172,499	--	20,856	14,540	29,316	48,006	59,781
Deferred revenue.....	28,080	--	293	24,315	510	1,518	1,443
Loans from disqualified persons.....	429	--	26	--	--	333	69
Mortgages and notes payable.....	11,258	--	1,083	460	1,177	6,720	1,818
Other liabilities.....	430,695	--	14,370	48,558	26,134	57,027	284,605

<sup>1</sup> Includes returns that do not report the fair market value of their assets on the first page, or that report this amount as zero. Often, this amount is reported as zero for those trusts filing a final return. In these cases, the trusts report having assets at the beginning of the year, but nothing at the end of the year.

NOTE: Detail may not add to totals due to rounding and taxpayer reporting discrepancies.

# Related Papers on Nonprofit Research Using SOI Data

## Introduction

This section of the Compendium contains additional papers related to the study of tax-exempt organizations. The topics examined in these papers are quite diverse, yet all of the authors made use of Statistics of Income data to perform their research. Some of the papers, such as those written by Burton Weisbrod in conjunction with other authors, utilize exempt organization data for their research. Weisbrod used exempt organization data to examine different facets of the commercial activities of non-profit organizations. With Joseph Cordes, he studied the commercialization of non-profits and researched how the prospect of tax-free income influences the behavior of non-profit organizations. Weisbrod and Segal researched the relationship between program service revenue and private donations. Similarly, Weisbrod and Okten examined the factors affecting private donations--especially government assistance and commercial activities.

Other papers do not use exempt organization data, but, instead, present research on topics relating to philanthropy. Robert Carroll and David Joulfaian

investigated the corporate income tax as it relates to corporate philanthropy. Using corporate income tax return data, they were able to judge how corporate taxes affect charitable giving, which is accorded an income tax deduction. Martha Eller examined estate tax returns, filed for decedents, to identify patterns of philanthropic giving among wealthy taxpayers. Sara Nutter presents SOI data from a study of tax-exempt private activity bonds.

The papers by Harte and Hilgert, and Stengel, Lampkin, and Stevenson, discuss methodology and process issues in collecting and improving data collection. James Harte and Cecelia Hilgert discuss the process of linking the Form 990, *Return of Organization Exempt from Income Tax*, with the Form 990T, *Exempt Organization Business Income Tax Return*, and the benefits to each study that arose from the linkage. Nicholas Stengel, Linda Lampkin, and David Stevenson discuss the development of the redesigned NTEE-CC (National Taxonomy of Exempt Entities Core Codes), their validity, and their impact on the Statistics of Income study sample of nonprofit charitable organizations.

## TAXES AND CORPORATE GIVING TO CHARITY

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### Abstract

Corporations contribute about \$10 billion to charity annually. These transfers are accorded an income tax deduction. In sharp contrast to the numerous studies on the effects of taxation on individual philanthropy, very few studies have examined the effect of taxes on corporate giving. The evidence on such effects is scant and at best mixed. In this paper, we employ a sample of corporate income tax returns to examine the potential effects of the corporate income tax. The findings suggest that taxes are an important consideration in corporate philanthropy.

Keywords: Taxes, Firm behavior, Corporate philanthropy  
JEL classification: H25, H32, M14

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## 1. Introduction

Corporations contribute about \$10 billion annually to charity, which primarily benefit educational, health, and cultural organizations. These transfers are tax deductible and are generally limited to 10 percent of a corporation's profits.<sup>1</sup> Because of this deduction, contributions are thought to cost the U.S. Treasury about \$2 billion in foregone corporation income tax revenues.<sup>2</sup> Despite this perceived tax subsidy to giving, however, few studies have examined the effects of the corporate income tax on contributions and the little available evidence is inconclusive, in sharp contrast to the extensive body of literature on individual giving.<sup>3</sup>

Whether taxes influence corporate giving has interesting policy implications. If taxes do not affect charitable contributions, and given the wide variation in giving, such gifts can be viewed as a form of advertising whereby corporations maximize profits. This would suggest that the government should relax some of the present constraints on the deductibility of charitable gifts to minimize potential tax distortions in the choice between advertising and giving, since advertising is expensed. On the other hand, if taxes do influence charitable giving, then shareholders and managers may derive utility, or a "warm glow," from such gifts. In this case, the current limitation on the deductibility of gifts may seem appropriate since giving is simply consumption by a corporation's owners or managers. However, it is not at all

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<sup>1</sup> Corporations are prohibited from contributing to religious institutions.

<sup>2</sup> See U.S. Office of Management and Budget (2001, p. 114).

<sup>3</sup> See Randolph (1995), Steinberg (1990), and Clotfelter (1985) for a review of this literature.

clear that this tax subsidy is the most efficient way to promote this type of consumption or provide assistance to the non-profit sector.

This paper studies the determinants of corporate charitable giving with an emphasis on the effect of the corporation income tax. We employ a sample of about 30,000 income tax returns of profitable C and S corporations for the 1991 tax year, the first year when data on charitable contributions by S corporations became available. The latter account for 40 percent of all corporations and are exempt from corporate level taxes.<sup>4</sup> An interesting aspect of S corporations is that, as pass-through entities, they pay taxes at the personal level, but do not pay corporate level taxes, and, thus, avoid double taxation. In contrast, C corporations are subject to a corporate level tax, with dividends taxed again upon distribution to the shareholders. Our data from administrative records help avoid the aggregation bias, measurement problems, and sample selection bias common to previous studies.

The results presented in this paper show that taxes do influence the level of corporate giving. This influence, however, is much smaller than that suggested by the time series studies but significantly greater than that reported in the cross-sectional studies. In the absence of the deductibility of charitable contribution, gift are likely to decline by 30 percent. On the other hand, if the corporate tax were to be repealed altogether, than gift may decline by about 15 percent.<sup>5</sup>

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<sup>4</sup> See Carroll and Joulfaian (1997) and Mackie-Mason and Gordon (1991).

<sup>5</sup> Because our analysis incorporates corporate and personal taxes, as we discuss below, our findings are not strictly comparable to those in the existing literature which ignore personal level taxes.

In the next section, we review the literature on corporate giving. In section 3 we present the theoretical conditions under which giving violates the profit maximization model of firm behavior. Next we proceed with a description of our data. We present the empirical findings in section 4. Section 5 concludes with a summary of our findings.

## **2. Literature Review**

Empirical studies of corporate charitable giving date back to Schwartz (1968). Using a time-series of contributions by C corporations for the years 1936 through 1961 published by the Statistics of Income Division (SOI) of the Internal Revenue Service (IRS), Schwartz regresses average contributions against the tax price of giving, after-tax income, and other variables. Depending on income definition and model specification, Schwartz reports tax price elasticities ranging from -1.06 to -2.0, and income elasticities from 0.53 to 1.34.

Schwartz's study set the research pattern for the next two decades. Nelson (1970) extends the time-series in Schwartz through 1963 and focuses on profitable firms only. Nelson reports price elasticities ranging from -1.03 to -1.18, and income elasticities from 1.05 to 1.43. In the most recent time-series study, Clotfelter (1985) uses data from 1936 to 1980 and reports price elasticities of -0.16 to -0.4 and income elasticities of 0.11 to 0.57. Using pooled data grouped by industry, Clotfelter also obtains price elasticities ranging from -0.2 to -1.81 and income elasticities from 0.59 to 1.14; his preferred price elasticity is -0.4.

All of the above studies face a number of serious shortcomings that stem from using published SOI group data as the primary source of information. First, all are subject to the econometric problem of aggregation bias. Second, these studies are unable to account for the

upper tail truncation of observed contributions, as the deduction for charitable contributions is limited to a fraction (10 percent under current law and 5 percent prior to 1981) of net income computed before statutory adjustments and the deduction itself. Third, the published tabulations used by the authors do not provide any information on the dispersion of income for these firms. Hence, it is not possible to compute average marginal tax rates because the data aggregate corporations in low and high tax brackets, as well as fail to distinguish between corporations subject to the regular corporate income tax and those subject to the alternative minimum tax (AMT).

Some studies have overcome the aggregation problems of published SOI data by using firm level data obtained from surveys. McElroy and Siegfried (1984) study charitable giving by 229 C corporations. These authors, however, limit their study to firms that contribute to charities and ignore corporate income taxes altogether. Atkinson and Galaskiewicz (1988) focus on the effect of the ownership structure on giving, and ignore taxes as well. Navarro (1988) employs a sample of 249 firms spanning the years 1976-1982, all reporting positive contributions with no firm represented in more than one year. Using the observed effective tax rate, i.e. taxes divided by income and not the marginal tax rate, Navarro finds that taxes do not influence giving. In the latest study, Boatsman and Gupta (1996) employ a panel of 212 firms over the period of 1984 to 1988. They find a negative correlation between giving and tax rates, with an implicit elasticity coefficient of -0.35 for giving with respect to the tax rate evaluated at mean values; the implicit price elasticity is positive.

While the use of firm level data represents a major improvement over the time-series studies, these studies also have other limitations. First, they may suffer from sample selection

and survey non-response biases. Second, they do not account for upper truncation and the changes in the limit on deductibility over time. Finally, a problem common to many of the studies on corporate giving is that some of the explanatory variables, such as after-tax income or the marginal tax rate, are not or cannot be computed with reasonable precision.

### 3. Modeling of Corporate Giving

#### 3.1 Theoretical framework

In modeling the determinants of corporate giving, we consider a shareholder whose utility is determined by dividends, or after-tax profits,  $D$ , and corporate charitable gifts,  $G$ . The shareholder may also view charitable gifts as a form of advertising, as they generate goodwill and provide name recognition, which may lead to higher profits. More formally, we consider a simple one-period model in which the shareholder maximizes utility given by,

$$U = U(D, G) \tag{1}$$

where  $D$  is defined as corporate profits after corporate and personal level taxes, or:

$$D = [PQ(G) - G](1 - \tau_c)(1 - \tau_p) \tag{2}$$

where  $\tau_c$  is the corporate marginal tax rate,  $\tau_p$  is the personal marginal tax rate, and  $PQ$  is total revenue with price  $P$  and  $Q$  units which is determined by gifts,  $G$ , if it is a form of advertising.

Equation (2) may be re-written as:

$$D = PQ(G)(1-\tau_c)(1-\tau_p) - P_G G \quad (3)$$

or after-tax revenues less the cost of charitable gifts, where  $P_G$  is the price of giving defined as:

$$P_G = (1-\tau_c)(1-\tau_p) \quad (4)$$

Differentiating (1) with respect to  $G$ , the first order condition yields:

$$\partial U/\partial G = PQ_G(1-\tau_c)(1-\tau_p)U_D - P_G U_D + U_G = 0 \quad (5)$$

If the shareholder derives utility from giving,  $U_G > 0$ , and after rearranging (5), the corporation will give up to the point where,

$$PQ_G(1-\tau_c)(1-\tau_p) + U_G/U_D = P_G \quad (6)$$

i.e., the point where its after-tax marginal revenue product plus the marginal utility of a gift, discounted by the marginal utility of income, equal its net of tax cost or price.

If the shareholder does not derive direct utility from corporate level giving,  $U_G = 0$ , then a corporation will give \$1 to charity up to the point where it is equal to the marginal revenue product, or  $PQ_G = 1$ , where profit is maximized. In this case taxes do not affect giving and contributions may be a form of advertising.

### 3.2. Data

We employ firm level data to study the effects of taxes on corporate charitable giving. We use a sample of corporate income tax returns prepared by the Statistics of Income (SOI) division of the Internal Revenue Service. The sample consists of about 77,555 corporation income tax returns for tax year 1991. This is the first year data on S corporation giving became available.<sup>6</sup>

For a number of reasons, certain corporations are excluded from the sample. First, we exclude part-year returns because they may contain incomplete information on contributions and income. Second, we exclude firms without positive net income, or with losses, because nonprofitable C corporations should not report deductible contributions given the limitation on the deductibility of contributions to 10 percent of net income. The above adjustments reduce our sample to 29,088 corporations. In one variant of our model we also exclude S corporations to be consistent with previous studies, which further reduces the sample to 16,624 corporations.

The following is a brief description of each variable considered in the estimation process and their construction. As defined above, the price of giving is  $(1-\tau_c)(1-\tau_p)$ , and reflects both corporate and personal taxes. For each corporation, we compute both the first dollar marginal tax rate and the last dollar tax rate by adding \$1,000 to charitable contributions and calculating the change in the tax liability. The statutory marginal tax rate varies from 15 percent to 34 percent for most firms. The rate is 15 percent for taxable income

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<sup>6</sup> Profitable C corporations contributed about \$5 billion in 1991 (see Internal Revenue Service, 1991). See Auten, Cilke, and Randolph (1992, p. 288) for a trend of corporate giving. Another \$1 billion was contributed by S corporations.

below \$50,000, 25 percent for taxable income up to \$75,000, and 34 percent for taxable income over \$75,000. Four additional features of the corporate income tax complicate the determination of the marginal tax rate. First, firms with taxable income between \$100,000 and \$375,000 are subject to a 5 percent surtax (i.e., marginal tax rate of 39 percent) to phase-out the benefit of the 15 percent and 25 percent marginal rates. The tax rate drops to 34 percent in case of income in excess of \$375,000. In the presence of the surtax, the tax rate is no longer an increasing function of income. Second, firms that pay the alternative minimum tax (AMT) face a marginal tax rate of 20 percent. Third, firms with prior year net operating losses may use them to reduce the tax liability in the current year.

An additional feature is that firms organized as S corporations face a zero corporate level tax rate as they are taxed only under the personal income tax. There is no statutory limit on the size of S corporations. Indeed, some S corporations have reported assets over \$1 billion. Unlike C corporations, however, they are restricted to 35 shareholders and are not bound by the 10 percent of income limit on gifts. Since contributions by S corporations are deductible on the personal income tax return of shareholders as itemized deductions, the consequences of a contribution cleared through personal or corporate accounts are identical; there is no tax advantage to have the corporation make the transfer.



The above features help identify the tax price elasticity.<sup>7</sup> The identification problem arises because the estimated marginal tax rates may be determined by other regressors, particularly income. These features, and especially including S corporations, introduce variation in tax rates independent of income because these corporations are not subject to a corporate level tax.

For C corporations, we define the personal tax rate,  $\tau_p$ , as

$$\tau_p = \alpha \tau_d + (1 - \alpha) \tau_{cg}$$

where  $\alpha$  is the dividend payout rate, and the subscripts d and cg denote dividend and capital gains, respectively. To the extent that we do not have information on shareholders, we use an average marginal tax rate  $\tau_d$  of 0.256 for all individual shareholders.<sup>8</sup> We also use a tax rate of 0.256 for capital gains,  $\tau_{cg}$ , but reduce it to 0.14 to account for the benefit of deferrals following King and Fullerton (1984, p. 22), assuming a discount rate of 0.08 and annual realization rate of 0.10. The dividend payout rate,  $\alpha$ , is set equal to 0.60 based on national

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<sup>7</sup> Feenberg (1987) provides a thorough discussion of this identification problem. A competing approach to using S corporations to help identify the tax price elasticity is to use a panel of C corporations that straddles significant changes in tax laws, for exogenous source of variation in tax rates. The most recent changes in corporate tax rates were brought about by the Tax Reform Act of 1986 (TRA). Tax rate changes, however, are usually accompanied by significant changes in the tax base, which confound the measurement of the effects of the rate changes. TRA, for instance, reduced the top rate from 46 percent to 34 percent, but concomitantly broadened the tax base by introducing the uniform capitalization rules (inventory expenses), repealing the installment sales method, scaling back depreciation allowances, and repealing the investment tax credit, among other changes. These changes more than offset the benefit of rate reductions. In other words, TRA lowered corporate marginal tax rates, but raised effective tax rates for many corporations. The complexity of many of the changes in the tax base make it very difficult to construct a consistent measure of income, as well as gauge the effects of tax rates and base broadening on the pattern of charitable contributions over time.

<sup>8</sup> These are dollar weighted measures of marginal tax rates computed using 1991 US Treasury individual income tax data.

data and is exogenous to individual firm giving and tax rates.<sup>9</sup> Thus,  $\tau_p$  is set equal to 0.211. Because about 30 percent of corporate equity is held by tax exempt organizations, such as pension funds and charities, we set  $\tau_p=0.1476$  for C corporations.<sup>10</sup> For S corporations,  $\tau_p=0.297$ , very close to the maximum statutory personal tax rate of 31 percent in 1991.

Income is defined as net income less corporate and personal income taxes, both computed in the absence of contributions. By adding back contributions, our measure of income will be independent of the level of contributions. We also include assets to control for permanent income and the "true" ability to pay. The fourth variable we consider is advertising expenses which controls for the firm's reliance on advertising. In addition, we consider industry classifications to account for unobserved preferences for advertising.

To control for ownership and managerial structure, we include indicators for foreign ownership. We include a dummy variable whose value is one when a firm is partially owned by a foreign shareholder and zero otherwise. We also include a dummy for whether a single shareholder owns or controls at least 50 percent of the shares of the firm.

Table 1 provides summary statistics for the corporations in our sample. Column 1 shows that for the 16,624 firms organized as C corporations, the average contribution is \$37,000, with about 49 percent of the companies contributing. Only 11 firms reported

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<sup>9</sup> While our data contain information on firm dividends paid out, doubts about its comprehensiveness, especially in the case of the foreign owned, pre-empt us from using it. In the empirical section below, we examine the sensitivity of our estimates to the inclusion of the payout rate in the tax price measure.

<sup>10</sup> When C and S corporations are combined, ignoring personal tax rates will yield an overstated measure of the tax rate differential between these two organizational forms. It will also result in an one-half reduction, in absolute value, in the price elasticity estimate for contributions, as demonstrated below. The latter, of course, is a measure computed with respect to the corporate tax rate only, as it ignores personal taxes. All previous studies ignore personal level taxes.

contributions at the statutory upper limit (10 percent of income), with another 4.4 percent reporting contributions in excess of 90 percent of the limit or over 9 percent of income. The average tax price is 0.64 using either first or last dollar measures, average after-tax income is \$2.3 million, and the average advertising expenditure is about \$0.7 million. About 6.3 percent of the firms are foreign owned. The average asset size is about \$156 million and can be as high as several hundred billions.

Column 2 and 3 of Table 1 provide summary statistics for S and the combined C and S corporations, respectively. The basic statistics reported are distinctly different from those reported in column 1. More corporations contribute even though they face a higher tax price. On average, these firms contribute smaller amounts but report smaller incomes as well, rely less on advertising, and are less likely to be foreign owned.

We should note that there are a number of non-tax variables that influence giving which we are unable to account for. These include government expenditures which may crowd out private giving, an indicator of whether a firm operates in a city with a "tithing club" where members pledge a certain fraction of their income, and a taste measure for preferred expenditures by management, such as executive compensation, among others. See Navarro (1988) for an excellent discussion.

## **4. Results**

### **4.1 Basic Statistics**

Table 2 provides statistics on the pattern of giving for C and S corporations differentiated by the size of these firms. Beginning with C corporations, we find that the

relative frequency rises with the asset size. About 48 percent of firms with assets under \$50 million contribute compared to 56 percent for those with assets between \$50 million and \$1 billion, and 73 percent for the larger corporations. For each of the three asset classes, we observe a lower tax price for those who contribute than those who do not. This suggests that giving, in part, may be influenced by the taxes that each firm faces. We also observe higher income and advertising expenditures for those firms that give. The latter, not only report greater advertising expenditures but are also more likely to advertise as well.

Using asset size, a similar pattern is also observed for S corporations, except that these firms give with a greater frequency. About 57 percent of firms with assets under \$50 million contribute compared to 88 percent for those with assets between \$50 million and \$1 billion. Because the tax price for these S corporations is invariant to giving, as they are exempt from corporate level taxation, their giving pattern is not influenced by the tax system.

When compared to C corporations, S corporations give with greater frequency; 57 percent versus 48 percent for firms with assets below \$50 million, and 88 percent vs 56 percent for the larger firms. Relative to income, S corporations with assets under \$50 million give slightly less than their C counterparts (15/832 vs 7/328). In the case of the larger firms, however, S corporations seem to be more generous. These findings muddy the picture that emerges from studying C corporations alone; it is no longer clear that giving is influenced by taxes. To shed light on the underlying relationship between giving and taxes, we next turn to multivariate analysis.

## 4.2 Multivariate Estimates

Charitable contributions are truncated at high and low values. There is a minimum contribution of zero and a maximum contribution limit ( $U$ ) equal to 10 percent of income for C corporations. Hence, we model contributions,  $G$ , as:

$$G^* = \beta x + u \quad (8)$$

where  $G^*$  is a latent variable. The observed contributions,  $G$ , our dependent variable, is:

$$\begin{aligned} G &= 0 \\ &= G^* \quad \text{if } 0 < G^* < U \\ &= U \quad \text{if } G^* \geq U \end{aligned} \quad (9)$$

In the presence of upper and lower limits on contributions, we employ two-limit Tobit to estimate equation (10). We model contributions as a log-linear function of the variables described in section 3, controlling for ownership and control. The results are reported in Table 3.

The first set of estimates in Table 3 is restricted to C corporations in an attempt to replicate the current literature, followed by that of C and S corporations combined in column 2. For C corporations, the coefficient on after-tax income is positive with an estimate of 0.79 and standard error of 0.05. The implied income elasticity coefficient is 0.44, evaluated at mean values. The elasticity estimate is within the range of the findings in time-series studies. Contributions also rise with advertising. The estimated coefficient is 0.4 for an implied

elasticity of 0.22. This indicates that contributions rise with a firm's reliance on advertising, consistent with the pattern observed in Table 2.<sup>11</sup>

The coefficient for the indicator of foreign ownership is negative suggesting that less is given by foreign owned firms. The estimated coefficient is -3.94 which indicates that on average foreign owned corporations give 78 percent less than domestic firms.

The coefficient of the first dollar tax price, our variable of interest, is estimated at -3.69 with standard error of 0.53. This implies an elasticity of -2.3 for giving with respect to the tax price, again evaluated at mean values. This estimate is in the upper range of elasticities reported in times-series studies and is in variance with the evidence of zero effect of taxes on giving reported in cross-sectional data.

While the first dollar tax price is exogenous, it can be argued that it is not the theoretically correct measure.<sup>12</sup> The last dollar tax price, on the other hand, is arguably the theoretically correct but endogenous measure. However, given the width of the taxable income brackets, it should make little difference which measure is employed. To verify this, we re-estimate the Tobit equation using the last dollar tax price. The estimated coefficient is -3.0 with an implied elasticity of -1.9, slightly smaller than the earlier estimate, with all the remaining coefficients unchanged.<sup>13</sup>

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<sup>11</sup> A qualitatively similar result is found when advertising expenditures are replaced with its share of sales.

<sup>12</sup> See Reece and Zieschang (1985) and Randolph (1995).

<sup>13</sup> This is further confirmed using a maximum likelihood procedure following Blundell and Smith (1986). We regress the last dollar tax price against the first dollar tax price and the remaining regressors in Table 2 without income. The Tobit model is re-estimated with the regressors augmented by the residual from the tax rate equation. The results show that the estimated coefficient for the residual is not significantly different from zero.

All of the above corporations face positive tax rates. As such, and notwithstanding the above results, we may never be able to adequately measure the effects of the corporation income tax on giving by relying solely on data for C corporations. In addition, the estimates obtained above are likely to be subject to the identification problem. Fortunately, and as discussed earlier, we are able to consider the behavior of S corporations which are exempt from the corporate level tax. In effect, and as a control group, S corporations offer an opportunity to better measure the importance of the corporation income tax in determining charitable giving behavior.

Column 2 of Table 3 replicates the estimates in column 1 but this time for the combined sample of C and S corporations. The results for the combined data are generally similar to those reported for C corporations except for the tax price. The estimated coefficient on the latter is -1.48 with a standard error of 0.36. This implies an elasticity of about -0.91,<sup>14</sup> well below the estimate for the sample of C corporations above. This estimate is in the lower range of time series estimates, but greater than that in cross sectional studies. Note, however, that because we consider personal level taxes, our results are not strictly comparable to those in the literature, which only consider the corporate level tax.<sup>15</sup> The sign and significance of these coefficients are inconsistent with the profit maximization model. If giving is purely a

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<sup>14</sup> Using the last dollar tax price measure, the estimated coefficient becomes -1.10 for an implied elasticity of -0.68.

<sup>15</sup> Our estimate of the price elasticity becomes -0.4 when personal taxes are omitted, as demonstrated below.

form of advertising, and profit maximization is the objective, then the estimated coefficients should not be significantly different from zero.<sup>16</sup>

The large reduction in the estimated price elasticity, in absolute value, suggests that studies limited to the behavior of C corporations are likely to overstate the responsiveness of corporate giving to the corporation income tax. The bias is likely to be significant, as demonstrated above, where the price elasticity changes from -2.3 to -0.9. This highlights the significance of the identification problem discussed earlier whereby the estimated coefficient on the tax price may reflect both the price and income effect.<sup>17</sup>

The above estimates have significant implications for modeling the effects of changes in the tax treatment of corporate giving. If the deductibility of corporate charitable contributions is repealed, one would expect to observe a reduction of gifts by 29 percent for C corporations, all else equal (i.e., only the tax price matters). On the other hand, if the corporate tax were repealed, corporate giving would only fall by 14 percent (i.e., both the tax price and income matter). In both cases, the tax price rises to  $(1-\tau_p)$ , and only personal taxes matter.

Our estimate of a lower price elasticity coefficient hinges on the crucial assumption that S corporations represent an adequate control group. One potential criticism of using S corporations as a control group, however, is that these firms are generally viewed as smaller and not directly comparable to C corporations. To check on the robustness of the above

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<sup>16</sup> In an alternative experiment, we regress advertising expenditures on the regressors in Table 3. For C corporations the estimated coefficient on the tax price is positive with a value of 2.98 and standard error of 0.40. For the combined C and S corporation sample the estimated coefficient is 0.44 with a standard error of 0.30, is not significantly different from zero as predicted by the profit maximization model.

<sup>17</sup> Note that the simple correlation coefficient for income with respect to the tax price is -0.65 in the sample of C corporations, and -0.39 in the combined sample of C and S corporations.



results, we limit C corporations to those with similar size to the S corporations in our sample. More specifically, we exclude C corporations with assets in excess of the largest S corporation in our sample (about \$890 million) and re-estimate equation 2 of Table 3. The estimated coefficient on the tax price for this subsample of firms, as reported in Table 4, is 3.85 with standard error of 0.54 for C corporations, and -1.48 with a standard error of 0.36 for the combined sample of C and S corporations, virtually identical to the earlier results.<sup>18</sup> The estimates of the coefficients for the remaining variables remain unaffected as well.

Another potential criticism of using S corporations as a control group is that these firms may be different from C corporations in ways we are unable to control for, or that corporations that have a strong preference for giving may organize as S corporations despite the tax advantages of organizing as a C corporation instead.<sup>19</sup> Therefore, and as a further check on the robustness of the above results, we augment the regressors with a dichotomous variable which takes the value of 1 for S corporations and re-estimate equation 2 of Table 3. The estimated coefficient on the tax price, reported in Table 4, for this specification is -2.67, with a standard error of 0.43, significantly higher, in absolute value, than the earlier estimate, for an implied elasticity of -1.7. The estimates of the coefficients for the remaining variables, including income and except for the constant, are little affected.

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<sup>18</sup> The complete set of estimates, not reported, is available upon request. The restricted sample of C corporations contains 16452 firms with average contributions, size of assets, income, all in thousands, and tax price (first dollar) of 7.7, 16813, 727, 0.6429, with standard deviations of 68772, 63577, 5811, and 0.0836 respectively. The combined sample of C and S corporations contains 28916 firms with average contributions, size of assets, income, all in thousands, and tax price (first dollar) of 11.1, 14189, 821, 0.6688, with standard deviations of 93187, 52413, 4941, and 0.0697 respectively.

<sup>19</sup> Such a proposition would be based on the assumption that S corporations are not profit maximizers as owners derive utility from giving, thus pre-judging the outcome of our paper. However, the primary reason a corporation elects the S status over the C status is to maximize after-tax profits.

Last, and in order to be consistent with the past literature, the tax price is computed without regard to personal level taxes. For the sample of C corporations, the estimated tax price coefficient, reported in Table 4, is -3.69, with a standard error of 0.53, identical to the estimate in column 1 of Table 3. The estimated coefficient on the tax price for the combined sample of C and S corporations is -0.65, with a standard error of 0.23, about one half the estimate in column 2 of Table 3. The estimated coefficient on income and the remaining variables, as well, remain unaffected in the two samples. Note that the estimated price elasticity for the combined sample is -0.4, but in contrast to the earlier estimates, is computed using corporate tax rates only; changes in the deductibility of contributions has implications similar to those reported earlier.

## **5. Conclusion**

This paper studies the determinants of corporate charitable giving with an emphasis on the effect of the corporate income tax. We employ a sample of about 30,000 firms comprised of C and S corporations for tax year 1991. Our data help us avoid the aggregation bias and measurement problems common to time-series studies as well as the selection bias and survey non-responses plaguing studies that rely on survey data.

The results show that corporate philanthropy declines with the tax price and rises with income and advertising. They also show that foreign owned firms give the least. The finding that corporate charitable contributions are price sensitive suggest that the profit maximization model does not fully explain the pattern of corporate giving.

Future research should expand our study by focusing on a number of issues. These include differences between transitory and permanent effects as well as the contribution of gifts to firm performance overtime.<sup>20</sup> Longitudinal data on C and S corporations may help address these issues.

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<sup>20</sup>Judging from the finding in Randolph (1995), which examines individual giving, one would expect the transitory effect to be large and the permanent effect to be small.

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<b>TABLE 1</b>			
<b>MEANS AND STANDARD DEVIATIONS OF SELECT VARIABLES</b>			
<b>Variable</b>	<b>C corporations</b>	<b>S corporations</b>	<b>All</b>
Contributions (\$1,000)	37 (705)	16 (117)	28 (539)
Tax Price (first \$)	0.6425 (0.0836)	0.7030 (0.0)	0.6684 (0.0699)
Tax Price (last \$)	0.6431 (0.0835)	0.7030 (0.0)	0.6687 (0.0698)
After-tax Income (\$1,000)	2,319 (31,298)	933 (3,444)	1,725 (23,777)
Assets (\$1,000)	156,110 (3,140,700)	10,726 (31,889)	93,814 (2,375,300)
Advertising expenses (\$1,000)	701 (18,032)	224 (1,698)	497 (13,679)
Foreign Ownership (%)	6.28	0.00	3.59
Industry (%)			
Agriculture	4.0	3.0	3.6
Mining	1.1	1.2	1.2
Construction	9.8	10.2	10.0
Utilities	4.3	3.9	4.1
Wholesale trade	15.9	14.7	15.4
Retail trade	15.3	16.9	16.0
Finance	18.3	13.8	16.4
Services	12.7	18.3	15.1
Number of Observations	16,624	12,464	29,088
percent positive	49.0	58.1	52.9
<b>SOURCE: Computed by authors from the 1991 Corporate SOI file.</b>			

**TABLE 2**

**MEAN VALUES OF SELECT VARIABLES BY FIRM SIZE**

Assets (\$Millions)	Item	C Corporations		S Corporations	
		Give	Do not Give	Give	Do not Give
under 50	Gift	7	0	15	0
	% Giving	0.48	0	0.57	0
	Advertising	93	36	184	38
	% Advertising	0.83	0.58	0.84	0.57
	Price	0.5770	0.6086	0.7030	0.7030
	Income	328	190	832	262
	N	7,347	7,910	6,750	5,148
50 under 1000	Gift	115	0	170	0
	% Giving	0.56	0	0.88	0
	Advertising	1,969	591	2,380	579
	% Advertising	0.83	0.43	0.84	0.51
	Price	0.5217	0.5533	0.7030	0.7030
	Income	7,453	6,811	7,955	4,730
	N	676	530	560	73
over 1000	Gift	4,056	0	--	--
	% Giving	0.73	0	--	--
	Advertising	66,920	23,184	--	--
	% Advertising	0.94	0.27	--	--
	Price	0.5217	0.5612	--	--
	Income	207,476	24,960	--	--
	N	120	44	--	--

Note: Gift, advertising, and income amounts are in thousands of dollars.

**TABLE 3**  
**TWO-LIMIT TOBIT ESTIMATES OF CORPORATE GIVING**  
(standard errors in parenthesis)

Variable	C Corporations	All Corporations
Constant	-14.73 (0.38)	-13.98 (0.28)
<i>In</i> After-tax Income	0.79* (0.05)	0.72* (0.03)
<i>In</i> Advertising expenses	0.40* (0.01)	0.34* (0.01)
<i>In</i> Assets	0.33* (0.04)	0.57* (0.03)
Foreign Owned	-3.94* (0.25)	-4.34* (0.22)
<i>In</i> Tax Price	-3.69* (0.53)	-1.48* (0.36)
$\sigma$	6.29* (0.06)	5.77* (0.04)
Log-Likelihood	-30,816	-56,991
Observations	16,624	29,088

\*Estimates are statistically significant at the 1 percent level.

Note: Dependent variable is defined as the log of charitable giving. Coefficients for industry classifications not reported.



**TABLE 4**  
**ESTIMATED PRICE AND INCOME COEFFICIENTS FROM ALTERNATIVE SPECIFICATIONS**  
 (Standard errors in parentheses)

<b>Experiment</b>	<b>Sample</b>	<b>Tax Price</b>	<b>Income</b>
Exclude Large Corporations.	C Corporations	-3.846 (0.544)	0.757 (0.047)
	All Corporations	-1.478 (0.361)	0.706 (0.026)
Include a dummy for S corporations.	All Corporations	-2.665 (0.426)	0.668 (0.027)
Tax price and income computed by excluding personal taxes, consistent with past studies.	C Corporations	-3.689 (0.530)	0.785 (0.046)
	All Corporations	-0.647 (0.225)	0.730 (0.025)

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# Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

by Martha Britton Eller

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*Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life.*

American Association of Fund-Raising Counsel

## INTRODUCTION

In February 1999, the philanthropic community lost one of its most outstanding members—billionaire and lifelong benefactor Paul Mellon. He was named the 124<sup>th</sup>-wealthiest American by Forbes magazine in 1998, and his seemingly endless *inter vivos* contributions to charitable causes spanned many fields of interest, from the Pittsburgh Symphony Orchestra to the preservation of Cumberland Island, Georgia. Less than a year after Forbes' 1998 ranking, Mellon bequeathed \$75 million in cash and more than 100 paintings to the National Gallery of Art, as well as several million dollars to numerous other public causes [1]. The death of this great philanthropist and the charitable giving sustained throughout his life compel us to examine the patterns of charitable giving among the affluent, an important segment of the charitable donor population.

The federal estate tax data collected by the Statistics of Income Division (SOI) of the Internal Revenue Service (IRS) provide a unique glimpse into the charitable bequest patterns of wealthy Americans such as philanthropist Paul Mellon. According to SOI data, charitable bequests by wealthy decedents reached \$10.1 billion in 1995, about 7.0 percent of the \$143.9 billion in total charitable giving for 1995, as estimated by the AAFRC Trust for Philanthropy [2]. A decedent's estate is required to file a federal estate tax return, Form 706, if the value of gross assets, at death, exceeds the filing threshold in effect at the date of death. For year of death 1995, the focus in this article, the estate tax filing threshold was \$600,000 in gross assets. Gross assets, deductions from gross estate, including the charitable deduction, and tax computation information are reported on the federal estate tax return, making the return a rich source of data on wealthy taxpayers.

As part of SOI's annual estate tax study, the source of statistics provided here, detailed data on gross charitable contributions, or bequests, by estate tax decedents are collected. Estate tax decedents are defined as all decedents for whom estate tax returns are filed. In the course of the estate tax study, each charitable contribution is assigned to one of six contribution categories, and each category describes a general activity performed by qualifying charitable institutions. Categories include: education, medicine and science; religion; social welfare; private foundations; arts and humanities; and other, a category for a wide range of activities, such as public safety, housing, and environmental quality, as well as activities not classified elsewhere.

## THE 1995 ESTATE TAX DECEDENT POPULATION

Internal Revenue Code (IRC) section 2055 states that the "value of the taxable estate shall be determined by deducting from the value of the gross estate the amount of all bequests, legacies, devises or transfers" to qualifying charitable institutions, including organizations which conduct religious, charitable, scientific, literary, and educational activities, among others. For year of death 1995, the population of estate tax decedents included 14,283 individuals who, upon their deaths, contributed to a broad spectrum of charitable organizations recognized by the Internal Revenue Service under IRS section 2055. Charitable contributors who utilized the charitable deduction in 1995 represented 18.3 percent of the overall estate tax population that included 78,023 decedents, and they bequeathed \$10.1 billion in gross contributions to qualifying charities (Figure A). The deduction reduced the combined taxable estate by more than \$9.7 billion and represented 16.2 percent of total allowable deductions taken by 1995 decedents. The discrepancy between combined gross charitable contributions, \$10.1 billion, and the combined charitable deduction, \$9.7 billion, is a product of estate tax law that disallows use of the charitable deduction for federal estate, generation-skipping transfer, and State death taxes paid out of funds designated for a charity.

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# Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

**Figure A**

**1995 Estate Tax Decedents, Selected Items**

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Item	Amount
Total gross estate, date of death <sup>1</sup>	136,296,004
Total gross estate, tax purposes <sup>2</sup>	136,138,678
Charitable bequests, total	10,117,929
Charitable deduction, total	9,703,375
Spousal bequests, total	40,919,708
Total allowable deductions	60,076,194

<sup>1</sup> Gross estate shown at value on date of death.

<sup>2</sup> Gross estate shown at value used in tax computation, either date-of-death value or value on alternate valuation date.

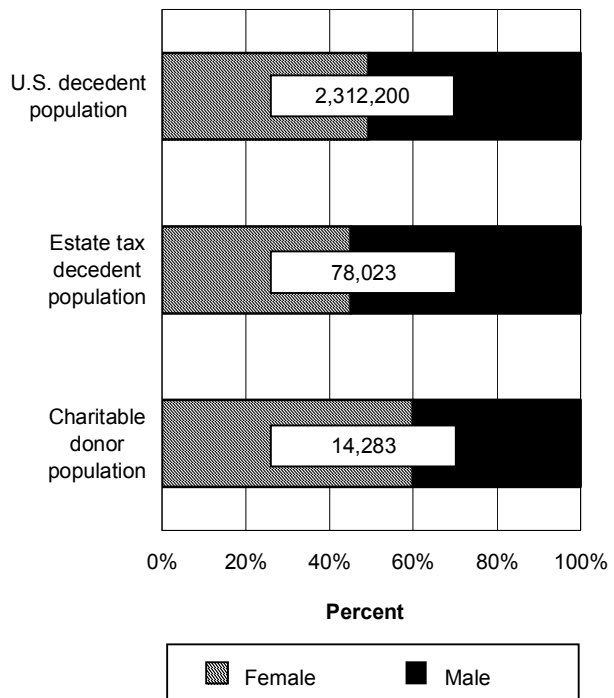
In addition to charitable transfers to qualifying organizations, unlimited marital transfers, administrative expenses, indebtedness, taxes, and casualty losses are also deductible against gross estate, under IRC sections 2053, 2055, and 2056. For 1995 estate tax decedents, total allowable deductions exceeded \$60.0 billion. The deduction for bequests to charitable organizations, \$9.7 billion, was the second largest combined deduction against gross estate, exceeded only by the deduction for marital transfers. Transfers to surviving spouses, also fully deductible under federal estate tax law, totaled \$40.9 billion, or 68.1 percent of total allowable deductions. More than half of all 1995 estates, 53.1 percent, were nontaxable (i.e., they reported no estate tax liability), while 46.9 percent were taxable (i.e., they reported an estate tax liability).

Since the contributors described in this paper were members of the larger estate tax decedent population, fully understanding the subset of contributors requires an examination of the wealthy estate tax decedent population as a whole, which included 78,023 individuals who died in 1995 with gross estates at or above the estate tax filing threshold of \$600,000. While the estate tax decedent population has grown significantly in recent years, incurring a 29.9 percent increase between years of death 1992 and 1995, it is still only a small fraction of both the U.S. living and decedent populations. Estate tax decedents represented less than 1.0 percent of the total U.S. resident population in 1995, according to the U.S. Census Bureau, and the deaths of estate tax decedents represented only 3.4 percent of all deaths that occurred among resident Americans during 1995, according to the U.S. National Center for Health Statistics [3].

While the entire U.S. decedent population is about equal parts male and female, the population of estate tax decedents was comprised of a male majority. The deaths of males made up 50.7 percent of all U.S. deaths in 1995, and female deaths were about 49.3 percent of all deaths (Figure B). In contrast, male decedents represented 54.9 percent of the estate tax decedent population in 1995, while female decedents represented only 45.1 percent of that population. Despite their lesser presence in the entire estate tax decedent population, females were the majority of charitable contributors. Only 40.1 percent of the donor population was male, while 59.9 percent of the donor population was comprised of wealthy females. Of course, marital status at death plays a role in this finding. The majority of female estate tax decedents are widowed—with no spouse as a potential heir—and therefore more likely to contribute to charity. The majority of male estate tax decedents are married.

**Figure B**

**U.S. Decedent, Estate Tax Decedent, and Charitable Donor Populations, by Sex, 1995**



## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

In terms of financial well-being, the combined total gross estate, or wealth accumulated, for 1995 estate tax decedents was \$136.3 billion (Figure C). However, their combined net worth, defined as gross assets less liabilities (debts and mortgages), better represents the funds available for charitable donations. Combined net worth for wealthy estate tax decedents who died in 1995 totaled \$130.5 billion. Overall, then, estate tax decedents' charitable contributions, \$10.1 billion, represented 7.8 percent of their combined capacity to donate.

The estate tax decedent population increased by 29.9 percent between 1992 and 1995, and decedents' combined total gross estate increased by 30.5 percent between these years. Total net worth grew about the same as total gross estate, 30.3 percent between the two years. The charitable donor segment of the estate tax population increased by less than the estate tax population as a whole, with growth barely exceeding 27.0 percent. Gross charitable contributions increased by 19.4 percent between 1992 and 1995, while contributions as a percentage of net worth for all decedents remained largely unchanged, around 8.0 percent for both years. Charitable contributions as a percentage of net worth for donors decreased only slightly, from 28.8 percent in 1992 to 28.0 percent in 1995.

**Figure C**

### Estate Tax Decedent Populations, Selected Items, 1992 and 1995

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	Year of death		Percent change
	1992 (1)	1995 (2)	
Number of estate tax decedents.....	60,080	78,023	29.9
Total gross estate, all decedents, date of death <sup>1</sup> .....	104,451,937	136,296,004	30.5
Total net worth, all decedents <sup>2</sup> .....	100,150,035	130,455,305	30.3
Number of charitable donors.....	11,235	14,283	27.1
Charitable donors as a percent of all decedents.....	18.7	18.3	-0.4
Gross charitable bequests.....	8,473,075	10,117,929	19.4
Charitable bequests as percent of net worth, all decedents.....	8.1	7.8	-0.3
Charitable bequests as percent of net worth, donors.....	28.8	28.0	-0.8

<sup>1</sup> Gross estate shown at value on date of death.

<sup>2</sup> Net worth is calculated as total gross estate less debts and mortgages. Negative values of net worth are constrained to zero.

### MOTIVES FOR PHILANTHROPIC GIVING

The motives for philanthropic giving are varied and complex and reflect the “range of cultural and philosophical underpinnings of this country” [4]. It would be an insurmountable task to construct a definitive list of possible motives for giving to charity, since an individual’s decision to give may be rooted in tradition, in tax incentives, or in myriad possibilities between the two. The wide range of motives for giving is reflected in the diverse areas of study that have examined it, including sociology, psychology, economics, and finance. Over time, though, broad values and motives for giving by wealthy donors have been identified.

To be sure, this is vastly uncharted area for economists, who, as Auten et al. (1997) point out, are not accustomed to dealing with the question of motivation, preferring instead to “limit their attention to the effects of changes in prices and income” [5]. While measurable variables of labor supply, savings, consumption, lifetime gifts, lifetime contributions, and charitable bequests—those variables more familiar to economists—are valuable and certainly impact the decision to give, the “question of motivation in this context is both interesting and significant” [6]. By necessity, much of the work in this area is qualitative research.

Boris (1987) reported the results of the Foundation Formation, Growth and Termination Project, in which a series of interviews and surveys were conducted with wealthy philanthropic donors and their surrogates. Questions probed the reasons for giving, and results indicated that “giving private wealth for public purposes was based on values as diverse as religious heritage, personal philosophy, social responsibility, political beliefs, peer pressure, and egoism” [7].

Odendahl (1988) examined the findings of a joint Yale University, Program on Nonprofit Organizations/Council on Foundations study in which in-depth interviews were conducted with American millionaires, active in both local and national networks of philanthropists. According to Odendahl, “charitable giving and voluntary activities allow the rich to control nonprofits, provide them with many benefits, and set them apart from the masses” [8]. Odendahl further suggested that “(t)hrough their philanthropy, the wealthy support up-

## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

per-class institutions that reproduce the ruling class” and that the “political economy of giving allows moneyed elites, rather than elected representatives, to exercise great leadership and control” [9].

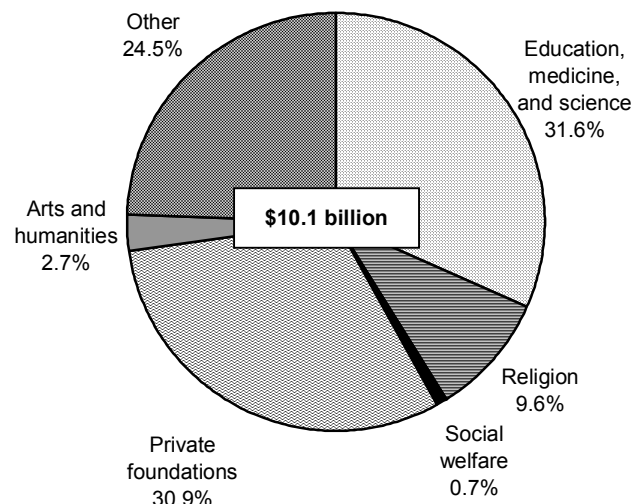
Schervish et al. (1986) set out to conduct intensive interviews with a selected sample of 125 wealthy individuals and experts on philanthropic trends. The researchers offered a definition of philanthropy, the “voluntary or non-legislatively mandated accumulation and distribution of resources to meet unfulfilled needs and interests” [10]. With respect to their theory of wealth and philanthropy, Schervish et al. suggested that the “most telling characteristic of philanthropy when conjoined to wealth is its potential to actively create the public agenda by directly producing the institutions capable of achieving that public agenda” [11]. In fact, the authors further suggested, “the wealthy, for good or for ill, for progressive or conservative ends, actually produce (rather than simply run or influence) the organizational world at the cutting edge of society” [12].

These and a few other studies, primarily qualitative in nature, set out to identify motives for philanthropic giving. While charitable bequest data collected by SOI do not directly contain information on individuals’ motives for giving, the allocation of decedents’ funds, in the aggregate, speaks indirectly to the motives for giving. Wealthy estate tax decedents who died in 1995 contributed \$10.1 billion to charitable organizations and charitable activities that they deemed important. These donors gave, on average, to 1.7 types of organizations, including organizations involved in education, medicine, and science; religious organizations; social welfare organizations; private foundations; and various other qualified organizations.

The largest combined contribution, almost \$3.2 billion, went to educational, medical, and scientific organizations and represented 31.6 percent of gross charitable contributions (Figure D). More than half of all contributors in 1995, 51.1 percent, gave to these types of charitable organizations. The second largest combined gift, \$3.1 billion, went to private foundations and represented 30.9 percent of gross charitable contributions. The bequest to private foundations was left by 980 decedents, a mere 6.9 percent of charitable contributors in 1995. Large, aggregate contributions to

**Figure D**

### Charitable Bequests by Type of Recipient Organization, 1995



these top two categories of organizations reveal what Boris (1987) called the “roots of philanthropy,” including civic responsibility, scientific philanthropy, and social responsibility.

Wealthy individuals who give with civic responsibility as their motive “believe in an educated citizenry, {and} thus tend to fund institutions that promote equality through education,” while wealthy Americans who espouse scientific philanthropy support “basic research in the physical and social sciences” in order to expand our knowledge and solve society’s problems [13]. Donors with the latter motivation view the funding of research at universities and other organizations as a “primary way of contributing to the betterment of society” [14]. Donors who are motivated by a sense of social responsibility view their wealth as an obligation, according to Boris. And, as such, these contributors “hope to provide opportunities for others to make good” [15].

Giving to private foundations also underscores several of the motives discussed by Boris and Odendahl, from social responsibility to egoism. After all, most private foundations are established by gifts from a single family or individual rather than from a large number of contributors, and many foundations

## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

bear the name of the contributing family, forever preserving an individual's, or family's, role in society. By establishing and maintaining private foundations, the wealthy, as Schervish et al. (1986) pointed out, actually produce the organizational means to achieve a preferred public agenda. Private foundations typically do not themselves conduct charitable activities but rather make grants to other charitable organizations that conduct such activities.

Disparate bequest patterns among estate tax decedents signal a wealth-based difference in motivations for giving, as preferences for charities vary by gross estate class. The smallest estates split the majority of their money and assets between educational, medical, and scientific charities, 36.1 percent of their gross contributions, and religious charities, 29.3 percent of their contributions, while the largest estates overwhelmingly prefer to give to private foundations, 48.5 percent of their gross contributions (Figure E). The largest estates gave just 21.1 percent of their contributions to educational, medical, and scientific charities and only 2.5 percent of their contributions to religious charities.

Across gross estate categories, however, charitable donors most frequently selected religious organizations as charitable recipients, with about 8,400 contributions reserved for religious activities, a combined gift of more than \$970.4 million. The religious motive, as this finding suggests, is an important one and one with "tremendous historical importance" [16]. After all, "since the earliest times, religions have played a major role in the supply and demand of welfare public goods," and "religion influences the tastes of the individual and provides a selective incentive for him to contribute" [17].

### BEQUEST PATTERNS BY DEMOGRAPHIC GROUPS

#### Bequest Data by Sex

Charitable bequest data extracted from federal estate tax returns reveal limited sex-based differences in the propensity to give, as well as limited sex-based preferences for types of charitable recipients. Female

**Figure E**

#### Allocation of Charitable Bequests to Recipient Organizations, by Size of Gross Estate, 1995

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Size of gross estate, date of death <sup>1</sup>	Aggregate gross bequests	Religion		Private foundations		Social welfare	
		Amount	Percent	Amount	Percent	Amount	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All.....</b>	<b>10,117,929</b>	<b>970,445</b>	<b>9.6</b>	<b>3,127,984</b>	<b>30.9</b>	<b>68,687</b>	<b>0.7</b>
\$600,000 under \$1 million.....	906,916	265,792	29.3	38,462	4.2	8,605	0.9
\$1 million under \$2.5 million.....	1,671,539	313,900	18.8	116,694	7.0	16,856	1.0
\$2.5 million under \$5 million.....	1,242,887	148,191	11.9	222,955	17.9	2,602	0.2
\$5 million under \$10 million.....	993,843	90,799	9.1	235,498	23.7	10,841	1.1
\$10 million under \$20 million.....	884,798	43,243	4.9	372,566	42.1	17,328	2.0
\$20 million or more.....	4,417,945	108,520	2.5	2,141,809	48.5	12,454	0.3

Size of gross estate, date of death <sup>1</sup>	Arts and humanities		Education, medicine, and science		Other	
	Amount	Percent	Amount	Percent	Amount	Percent
	(8)	(9)	(10)	(11)	(12)	(13)
<b>All.....</b>	<b>272,800</b>	<b>2.7</b>	<b>3,194,230</b>	<b>31.6</b>	<b>2,483,781</b>	<b>24.5</b>
\$600,000 under \$1 million.....	18,217	2.0	327,796	36.1	248,043	27.4
\$1 million under \$2.5 million.....	62,906	3.8	745,200	44.6	415,983	24.9
\$2.5 million under \$5 million.....	34,287	2.8	537,765	43.3	297,086	23.9
\$5 million under \$10 million.....	14,937	1.5	359,179	36.1	282,589	28.4
\$10 million under \$20 million.....	10,302	1.2	291,849	33.0	149,510	16.9
\$20 million or more.....	132,151	3.0	932,441	21.1	1,090,570	24.7

<sup>1</sup> Gross estate shown at value on date of death.

## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

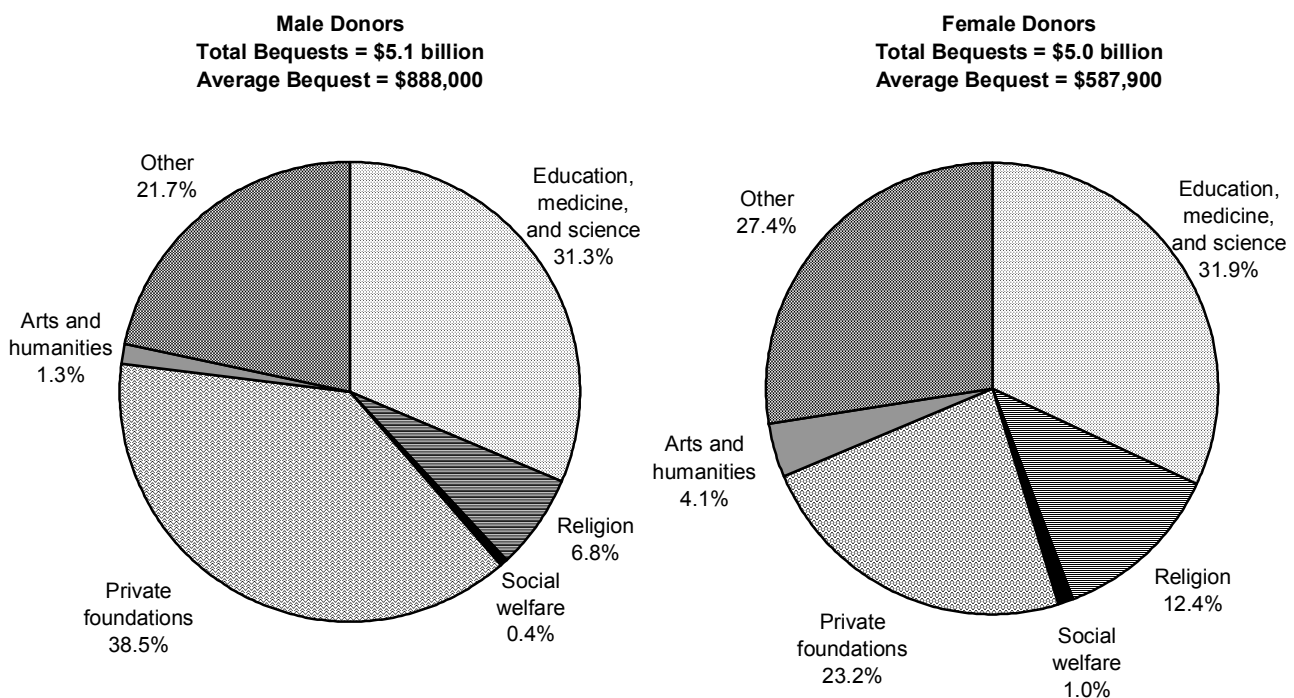
decedents in the 1995 estate tax population gave to charity with greater frequency than male decedents, as 24.3 percent of female estate tax decedents gave to charity, while only 13.4 percent of male decedents contributed. Of course, marital status at death probably plays a substantial role in this finding, since the majority of female estate tax decedents are widowed, while the majority of male estate tax decedents are married. With no spouses to designate as beneficiaries, widowed women more frequently designated charities as recipients of their estates. Despite the *de facto* difference in propensity to give, women and men gave comparable aggregate bequests, with women contributing \$5.0 billion and men contributing \$5.1 billion (Figure F). Although women gave more frequently, men gave more substantial gifts, on average. Male donors contributed, on average, about \$888,000 to charity, and female donors contributed, on average, about \$587,900 to charity. In terms of net worth, however, female donors contributed a slightly larger share of their net worth, 29.3 percent, compared to male donors, who contributed

26.8 percent of their net worth to charity.

In terms of contribution amounts, men, in the aggregate, gave the largest percentage of their gross contributions, 38.5 percent, to private foundations. Total contributions to private foundations exceeded \$1.9 billion, even though only 8.2 percent of male contributors, 470 males, left bequests to such charities. The second largest bequest by men went to educational, medical, and scientific organizations and totaled \$1.6 billion, representing 31.3 percent of gross contributions by men. In contrast with bequests to private foundations, given by only 8.2 percent of male contributors, almost 57.0 percent of male contributors left bequests to organizations in this category. The third largest aggregate contribution went to organizations in the “other” category, a combined contribution of \$1.1 billion, or 21.7 percent of men’s gross contributions. The “other” category includes organizations that perform a wide range of activities, such as public safety, housing, and environmental quality activities, as well as activities not classified elsewhere.

**Figure F**

### Charitable Bequests, by Sex of Donor and Type of Recipient Organization, 1995



## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

About 43.0 percent of male contributors provided money and assets to these organizations.

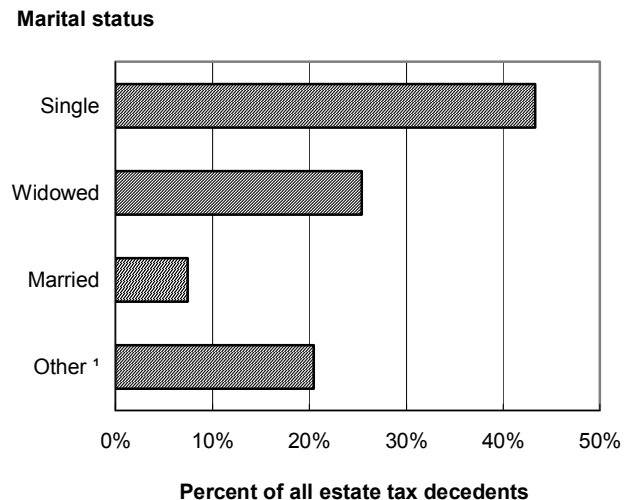
Women's priorities in giving were, to a limited degree, different than the priorities of their male counterparts. Female contributors gave the largest percentage of their gross contributions to organizations that conduct educational, medical, and scientific activities. The combined bequest to such institutions, given by about 47.5 percent of female contributors and similar in magnitude to the bequest by males, totaled \$1.6 billion. The bequest represented 31.9 percent of women's gross contributions. The second largest bequest by women, \$1.4 billion, went to organizations in the "other" category. That contribution represented 27.4 percent of women's total contributions and was bequeathed by 45.6 percent of female contributors. Private foundations were the recipients of females' third largest contribution. Private foundations received almost \$1.2 billion in funding, a bequest that represented 23.2 percent of women's aggregate contributions. Only about 6.0 percent of female contributors left bequests to private foundations. Compared to their male counterparts, women gave a much smaller percentage of their total contributions to private foundations and, instead, dispersed remaining funds among other types of organizations. Compared to men, women gave larger percentages of combined bequests to every type of recipient organization, with the exception of private foundations.

### Bequest Data by Marital Status

Charitable bequest data extracted from federal estate tax returns suggest that an individual's marital status at death influences his or her inclination to leave a bequest to charity. Compared to decedents in other marital status categories, single decedents were most likely to bequeath portions of their estates to charity, with 43.3 percent of single decedents making charitable bequests (Figure G). Widowed decedents were the second most philanthropic group, as they contributed to charity in 25.4 percent of all cases. The least philanthropic group, in terms of number of donors, were married decedents. Only 7.4 percent of all married decedents contributed to charity. Of course, this finding is explained by the presence of surviving spouses who may be designated as beneficiaries and by the availability of the marital deduction, which was claimed by 97.2

**Figure G**

### Charitable Donors as a Percentage of Estate Tax Decedents, by Marital Status, 1995



<sup>1</sup> "Other" includes legally separated, divorced, and marital status unknown.

percent of married decedents. For all gross estate categories, decedents with surviving spouses left, on average, more to their surviving spouses than to charity. The overall average charitable bequest by married decedents was about \$779,500, while their average spousal bequest was almost three times that amount, a little more than \$2.3 million. Therefore, when faced with the decision to give to charity or transfer property to surviving spouses, married decedents provided more liberally for surviving spouses.

In looking at both the marital status and sex of 1995 decedents, single female decedents and single male decedents were most likely, among all estate tax decedents, to give money and other assets to charitable organizations. Top givers, in terms of frequency, were single female decedents, who gave in 48.9 percent of cases (Figure H). Single male decedents, second in terms of the percentage who contributed, gave in 38.3 percent of cases. Female decedents in the "other" category—decedents who were separated, divorced or marital status unknown at date of death—were the third most philanthropic group, with 31.3 percent of those decedents giving to charity.

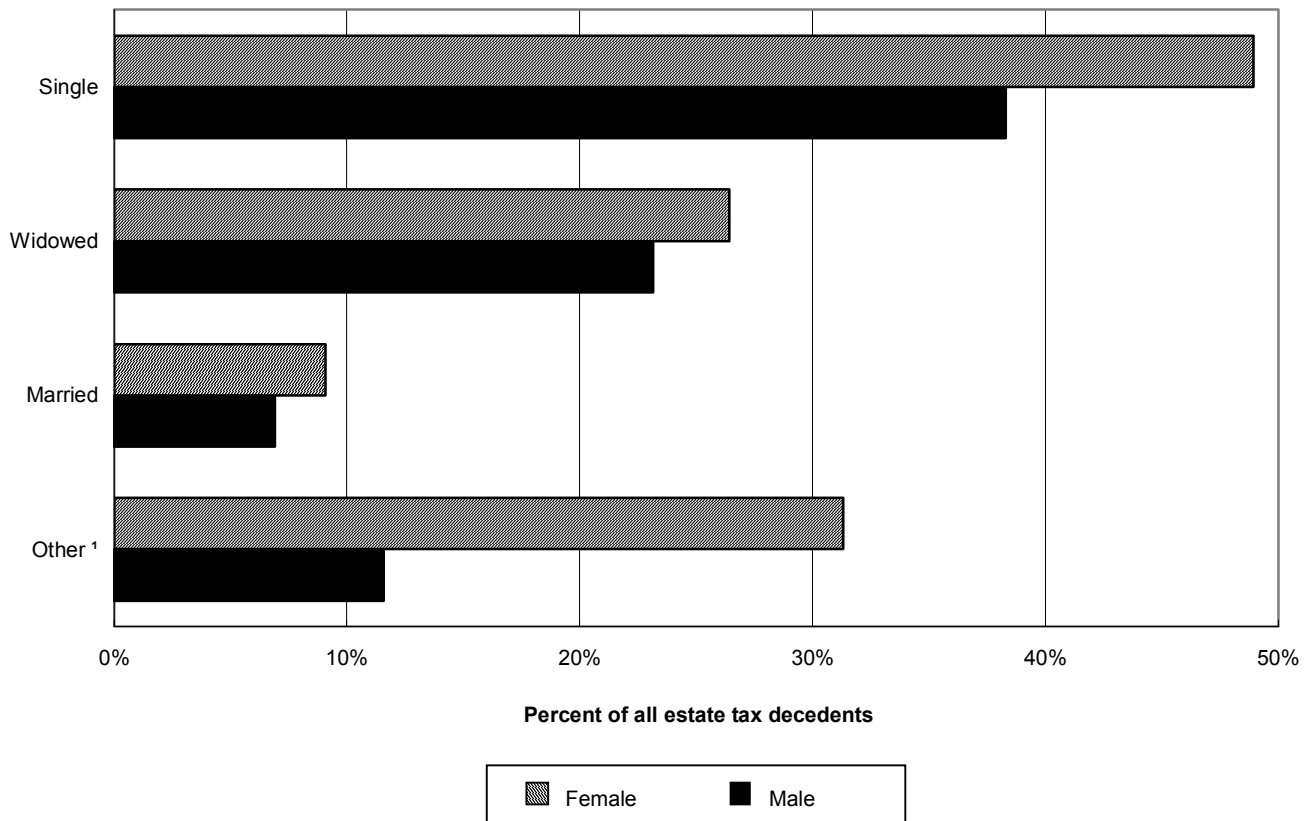


# Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

**Figure H**

**Charitable Donors as a Percentage of Estate Tax Decedents, by Marital Status and Sex, 1995**

Marital status



<sup>1</sup> "Other" includes legally separated, divorced, and marital status unknown.

In terms of monetary contributions, widowed females and widowed males together gave about 53.0 percent of total charitable bequests in 1995, or \$5.4 billion (Figure I). Widowed females, top givers among all contributors, donated \$3.7 billion, and widowed males gave more than \$1.6 billion. Of course, the larger number of widowed females relative to the number widowed males contributed to this finding. On average, widowed females gave only \$640,800 to charity, while widowed males gave about \$718,400. Married male decedents contributed \$1.9 billion, the second largest contribution in terms of aggregate bequest size. However, it should be noted that the top four charitable donors in the married males category significantly increased the total contribution from the category as a

whole. With these top male donors removed from the analysis, married males contributed \$1.1 billion to charity, a contribution that falls below the contribution by widowed male decedents. In terms of net worth, single donors contributed the largest percentage of their net worth to charity, 44.7 percent.

### **Bequest Data by Age**

Age at death also affects a decedent's likelihood to contribute to charity, according to bequest data for 1995 estate tax decedents. Decedents who were 90 and older were most likely to contribute to charity. More than a third of these decedents, 37.9 percent, made contributions (Figure J). The second most philanthropic

# Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

**Figure I**

## Charitable Bequests as a Percentage of Net Worth, by Sex and Marital Status, 1995 Charitable Donors

[All figures are estimates based on samples--money amounts are in thousands of dollars]

Marital status	All donors		Males		Females	
	Charitable bequest amount	Percent of net worth <sup>1</sup>	Charitable bequest amount	Percent of net worth <sup>1</sup>	Charitable bequest amount	Percent of net worth <sup>1</sup>
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All.....</b>	<b>10,117,929</b>	<b>28.0</b>	<b>5,091,751</b>	<b>26.8</b>	<b>5,026,178</b>	<b>29.3</b>
Married.....	2,108,267	18.3	1,940,781	19.3	167,485	11.2
Widowed.....	5,361,498	29.3	1,649,551	28.5	3,711,947	29.7
Single.....	2,238,320	44.7	1,377,527	52.1	860,793	36.5
Other <sup>2</sup> .....	409,844	31.9	123,892	24.4	285,952	36.8

<sup>1</sup> Net worth is calculated as total gross estate less debts and mortgages. Negative values of net worth are constrained to zero.

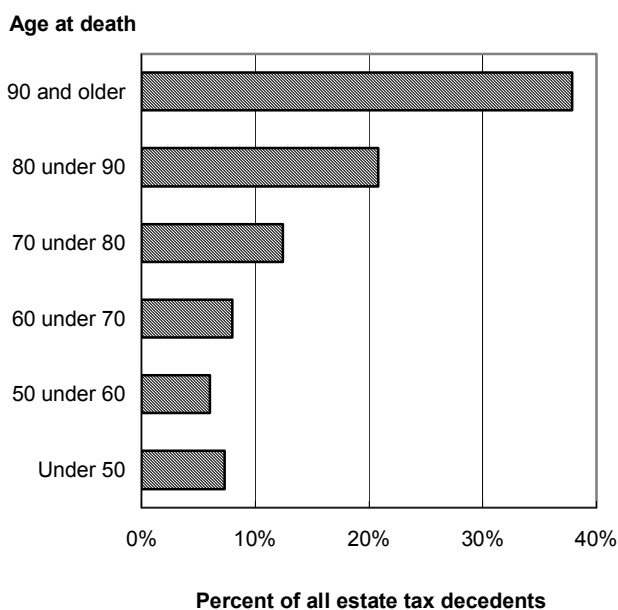
<sup>2</sup> "Other" includes legally separated, divorced, and marital status unknown.

group were decedents between 80 and 90, with almost 21.0 percent of these decedents making charitable bequests. The least philanthropic group were those decedents between 50 and 60. Only 6.0 percent of these decedents contributed to charity. Those decedents under 50 contributed to charity more frequently than decedents between 50 and 60.

Decedents between ages 80 and 90 outnumbered other age groups in the donor population. Those donors comprised the largest percentage, 40.3 percent, of all contributors, and they donated \$4.4 billion in gross contributions, the largest aggregate bequest by age group (Figure K). The second largest group of contributors were those ages 90 and older, representing

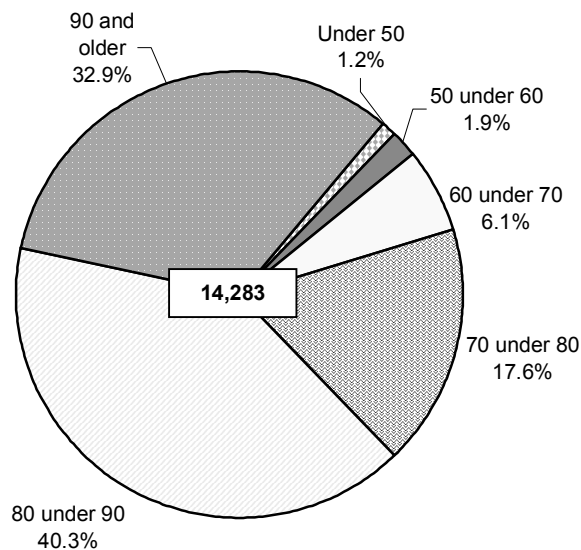
**Figure J**

## Charitable Donors as a Percentage of Estate Tax Decedents, by Age at Death, 1995



**Figure K**

## Charitable Donors, by Age at Death, 1995



## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

32.9 percent of the pool of contributors. These oldest decedents contributed \$3.5 billion to charitable organizations and activities. The smallest group of contributors were younger than 50, with only 1.2 percent of all contributors in that age bracket.

Relatively young decedents and those in the oldest age group contributed most generously to charities during 1995, in terms of giving as a percentage of net worth. While the two groups were separated by at least four decades, both planned, in similar fashion, to give money and other assets to charitable functions at death. Contributors between ages 50 and 60, who comprised only 1.9 percent of the donor population, bequeathed the

largest percentage of their combined net worth, 49.7 percent (Figure L). The second most benevolent group were contributors 90 and older. These oldest decedents contributed 32.2 percent of their combined net worth to charity.

### Bequest Data by Size of Gross Estate and Net Worth

While wealthy decedents who died in 1995 were an important source of funding for charitable activities, the very wealthy were unmatched in their level of giving. Estate tax decedents in the top gross estate category, "\$20 million or more," contributed \$4.4 billion, or 43.7 percent of charitable bequests in 1995 (Figure M). The aggregate bequest by these top wealth holders was the largest overall bequest. Of the 359 decedents in the top category, less than 1.0 percent of the total estate tax decedent population, about half, or 182 individuals, bequeathed a combined contribution that exceeded \$4.4 billion. The second largest charitable bequest, in terms of gross estate size, was given by decedents in the gross estate category "\$1 million under \$2.5 million." The 5,206 contributors, 18.6 percent of all estate tax decedents in that category, gave almost \$1.7 billion to charity.

As expected, average charitable bequests increased with the size of gross estate. The average bequest to charity ranged from \$135,600 for decedents in the "\$600,000 under \$1 million" gross estate category to \$24.3 million for decedents in the "\$20 million or more"

**Figure L**

### Charitable Bequests as a Percentage of Net Worth, by Age at Death, 1995

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Age	Net worth <sup>1</sup>		Charitable bequest amount	Percent of net worth
	Number of donors	Amount		
	(1)	(2)	(3)	(4)
All.....	14,283	36,113,242	10,117,929	28.0
Under 50.....	169	255,341	39,133	15.3
50 under 60.....	271	986,624	489,859	49.7
60 under 70.....	872	3,216,908	537,817	16.7
70 under 80.....	2,521	6,632,739	1,239,266	18.7
80 under 90.....	5,759	14,269,394	4,351,645	30.5
90 and older.....	4,693	10,752,235	3,460,209	32.2

<sup>1</sup> Net worth is calculated as total gross estate less debts and mortgages. Negative values of net worth are constrained to zero.

**Figure M**

### Total Gross Estate, Charitable Bequests, and Spousal Bequests, by Size of Gross Estate, Estate Tax Decedents, 1995

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of gross estate, date of death <sup>1</sup>	Total gross estate		Charitable bequest				Spousal bequest			
	Number of decedents	Amount	Number of donors	Amount	Average bequest	Percent of estate	Number of decedents	Amount	Average bequest	Percent of estate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All.....	78,023	136,296,004	14,283	10,117,929	708	7.4	35,394	40,919,708	1,156	30.0
\$600,000 under \$1 million.....	41,282	31,832,961	6,686	906,916	136	2.9	16,937	5,840,594	345	18.3
\$1 million under \$2.5 million.....	28,024	41,293,209	5,206	1,671,539	321	4.1	13,914	12,271,548	882	29.7
\$2.5 million under \$5 million.....	5,840	19,748,589	1,424	1,242,887	873	6.3	3,003	6,797,750	2,264	34.4
\$5 million under \$10 million.....	1,860	12,627,717	556	993,843	1,788	7.9	987	4,787,391	4,852	37.9
\$10 million under \$20 million.....	659	8,987,358	229	884,798	3,856	9.8	360	3,403,085	9,459	37.9
\$20 million or more.....	359	21,806,171	182	4,417,945	24,288	20.3	194	7,819,340	40,251	35.9

<sup>1</sup> Gross estate shown at value on date of death.

## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

category. Similarly, charitable bequests as a percentage of gross estate increased with size of gross estate, with decedents in the top gross estate category, “\$20 million or more,” giving 20.3 percent of their combined gross estate to charity. In every gross estate category, spousal bequests as a percentage of gross estate were larger than charitable bequests as a percentage of gross estate. For all decedents, charitable bequests represented 7.4 percent of combined gross estate, while spousal bequests accounted for 30.0 percent of combined gross estate. Overall, then, decedents give more generously to surviving spouses compared to charities.

Again, it is often useful to examine charitable giving in terms of net worth, defined as total gross estate less liabilities (debts and mortgages), since net worth may more closely measure a decedent’s capacity to give. In terms of net worth, donors, overall, contributed 28.0 percent of combined net worth to charities (Figure N). Charitable donors in the top net worth category, “\$10 million or more,” contributed \$5.2 billion, 51.8 percent of total charitable bequests and 35.7 percent of their combined net worth, the largest percentages contributed by 1995 donors. As expected, as net worth increased, the percentage of net worth bequeathed to charity increased, from about 17.8 percent for net worth category “Under \$1 million,” to 35.7 percent for the top wealth holders.

### EFFECTS OF THE CHARITABLE DEDUCTION

Just two years after the inception of the modern federal estate tax, the Revenue Act of 1918 introduced a

charitable deduction that would effectively reduce a decedent’s taxable estate. Under the Act, any transfers of property to qualifying charitable organizations are fully deductible from the value of an estate. During the decades since the 1918 Act, the economic efficiency, merit and propriety of the deduction, as an incentive for planned giving by wealthy taxpayers, have been discussed at substantial length. Moreover, growing reliance on the nonprofit sector to perform major social functions that might not otherwise be performed and the sector’s reliance on contributions from outside sources add to the weight of such discussions. The role of nonprofit organizations, in education, health, the arts and, human services, make charitable bequests, as well as the ability of the charitable deduction to encourage those bequests, a matter of public policy importance [18].

While no one argues that the federal estate tax structure, specifically, the charitable deduction available within that structure, is the primary determinant of charitable bequests, it is often asserted that the deduction is a significant determinant of such bequests. The deductibility of contributions in the calculation of net estate tax liability effectively reduces the price of giving to charity relative to the price of giving to non-charitable donees, making charitable bequests more attractive to the wealthy individual whose estate may be required to file a federal estate tax return. This effect, called the tax price effect of giving to charity, is typically expressed as  $(1-x)$ , where  $x$  is the marginal tax rate. For example, at the 39 percent marginal tax rate, the relative price of bequeathing another dollar to charity rather than to non-charitable heirs is \$.61, or  $(1-x)$ , since \$.39 (or  $\$x$ ) in taxes are saved by doing so. However, the estate tax levied on non-charitable bequests also reduces the amount of after-tax wealth. This tends to reduce charitable contributions. As a result, the net effect of the estate tax on charitable giving is, in theory, ambiguous.

Charitable giving data collected by SOI may be used to examine the relationship between the charitable deduction and charitable bequests by wealthy decedents. Figure O shows the number of decedents who face each of the marginal tax rates in the estate tax rate schedule. Marginal rates are shown as applied to adjusted taxable estate (after deductions are subtracted from total gross estate and adjusted taxable gifts are

**Figure N**

### Charitable Bequests as a Percentage of Net Worth, by Size of Net Worth, 1995

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Size of net worth <sup>1</sup>	Net worth		Charitable bequest	
	Number of donors	Amount	Amount	Percent of net worth
	(1)	(2)	(3)	(4)
All.....	14,283	36,113,242	10,117,929	28.0
Under \$1 million.....	6,858	5,254,726	933,924	17.8
\$1 million under \$5 million.....	6,495	12,472,092	2,942,860	23.6
\$5 million under \$10 million.....	534	3,702,220	1,002,537	27.0
\$10 million or more.....	396	14,684,204	5,238,608	35.7

<sup>1</sup> Net worth is calculated as total gross estate less debts and mortgages. Negative values of net worth are constrained to zero.

## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

**Figure 0**

### Charitable Donors as Percentage of Estate Tax Decedents, by Marginal Estate Tax Rate, 1995

[All figures are estimates based on samples]

Marginal tax rate	Number of donors	Number of decedents	Donors as a percent of decedents
	(1)	(2)	(3)
All.....	14,283	78,023	18.3
0 percent.....	7,524	49,322	15.3
37 percent.....	116	571	20.3
39 percent.....	2,343	10,908	21.5
41 percent.....	1,056	4,843	21.8
43 percent.....	797	3,356	23.7
45 percent.....	737	3,174	23.2
49 percent.....	456	1,762	25.9
53 percent.....	270	1,039	26.0
55 percent.....	985	3,047	32.3

NOTE: 37 percent is the lowest marginal tax rate faced by taxable estates due to the unified credit.

added to taxable estate). In general, the percentage of the decedent population that contributes to charity increases as the marginal tax rate increases. That is, as the price of giving,  $(1-x)$ , decreases, a greater percentage of decedents chose to give to charity. While charitable contributors represent only 20.3 percent of the entire decedent population at the 37 percent tax rate, 32.3 percent of the entire decedent population contributed to charity at the 55 percent tax rate. Of course, due to the progressivity of the federal estate tax structure, decedents in the highest tax brackets also have the greatest wealth. These top-wealth decedents have more funds available both for charity and for non-charitable heirs.

A number of studies have explored the relationship between the federal estate tax and charitable bequests. Joulfaian (2000) described several such studies, conducted over the last three decades, and summarized the findings on the tax price effects, or tax price reduction, of charitable bequests. Using federal estate tax data for decedents who died in 1992, Joulfaian also explored issues related to identifying the estate tax price effects on giving as separate from the effects of wealth. He found that the estate tax deduction has a significant effect on charitable transfers and seems to be “budget” efficient, in that giving is stimulated by more than the loss in federal tax revenue. However, as stated above, the estate tax has only a modest effect on giving, since the tax reduces terminal wealth and thereby lessens the

stimulative effect of the price reduction. Overall, Joulfaian suggested that, in the absence of the estate tax, charitable bequests might decline about 12.0 percent [19]. For 1995, such an estimate would indicate a decline of \$1.2 billion in charitable bequests by wealthy estate tax decedents.

Others have discussed the ability, or limited ability, of the charitable deduction to create funds for public purposes. Westfall (1970) described several possible scenarios if the estate tax charitable deduction, but not the tax itself, were completely repealed:

*To the extent that donors would maintain their level of after-tax charitable giving, the deduction is wholly wasted as a tax incentive for such gifts. To the extent that donors would merely reduce their gifts by the amount of the increased estate tax, the policy question is whether the amount of the increase can be better spent by the recipient charities or by the federal government. Only to the extent that donors would react by reducing their charitable gifts by more than the amount of the tax increase is there a net loss in funds available for public purposes as a result of a denial or restriction of the deduction [20].*

Finally, Westfall suggested that “it seems probable that many death-time charitable transfers are made simply because the decedent is more interested in giving to charity than in giving to any other potential beneficiaries” [21]. Therefore, he concluded, the “deduction may cost more in lost estate tax revenues than it produces in charitable gifts that would not otherwise be made” [22].

One of the ascribed roles of the federal estate tax, often cited as a merit of the tax, is the reduction of concentrated wealth in the United States. According to this view, the wealth held by those at the top of the wealth distribution is redistributed to those throughout the distribution. Embracing this as a merit of the federal estate tax, Bittker (1976) suggested that the unlimited charitable deduction contributes to the estate tax’s role in moderating the concentration of family wealth. According to Bittker, “by encouraging {individuals} to make charitable bequests, the deduction helps to dis-

## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

perse wealth among a larger group” [23]. Indeed, he continued, “{the deduction} may outperform the tax itself in this respect, since some {individuals} may reduce their transfers to family members in order to make deductible bequests to charitable institutions” [24]. These institutions then pass the wealth along to others—the less fortunate—in the form of tangible and non-tangible transfers.

In another study that examined the merit of the charitable deduction, Joulfaian (1991) identified the deduction’s ability to generate funds for use by philanthropic organizations. Using 1986 estate tax decedent data, he examined the impact of federal estate tax rates on the size and diversification of charitable bequests. He found that “higher estate tax rates raise the size of

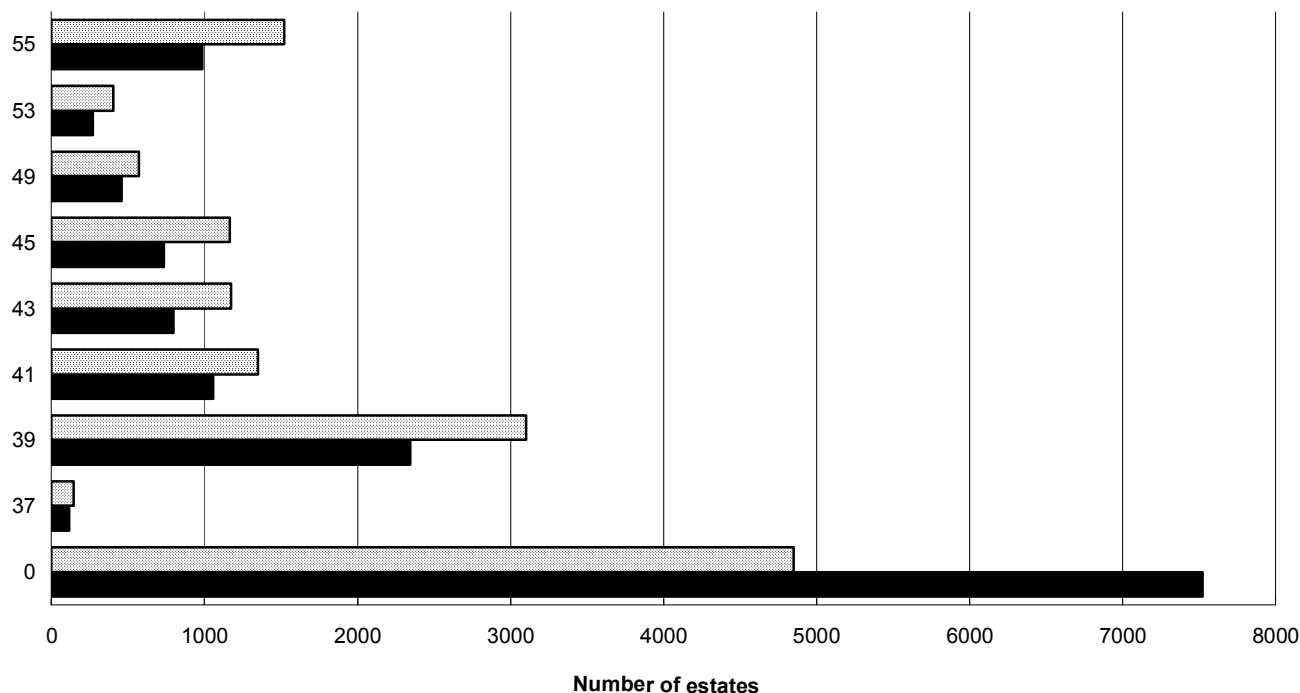
charitable bequests of all categories,” including arts and humanities; religion; education, medical, and scientific research; social welfare; foundations; and, other types of organizations. He also found that the “estate tax and the deductibility of bequests lead to a diversification in giving” [25].

Figure P again shows the number of 1995 estates that utilized the charitable deduction at each marginal tax rate. In this figure, the solid bar represents the number of estates at the actual rates faced by 1995 contributors, that is, after the charitable deduction has been utilized in the calculation of adjusted taxable estate (the “after case”). The dotted bar represents the number of estates at marginal rates faced by estates in the absence of, or before utilization of, the unlimited

**Figure P**

### Marginal Estate Tax Rates, Before and After the Charitable Deduction, 1995

Marginal tax rates



Before deduction
  After deduction

## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

charitable deduction (the “before case”). The values described by the dotted bar were derived by applying the tax rate schedule to hypothetical values of adjusted taxable estate, calculated as actual adjusted taxable estate plus charitable bequests. In both the before and after cases, the State death tax credit was calculated at each tax rate, based on the value of the adjusted taxable estate, either hypothetical or actual. Beginning at a marginal estate tax rate of 37 and continuing throughout the upper portion of the tax rate schedule, the number of estates at each rate is higher under the before case. That is, there is a shift from relatively lower rates under the after case to relatively higher rates under the before case. This suggests that, all else equal, there is a benefit to utilizing the charitable deduction, and that benefit is a lower marginal tax rate.

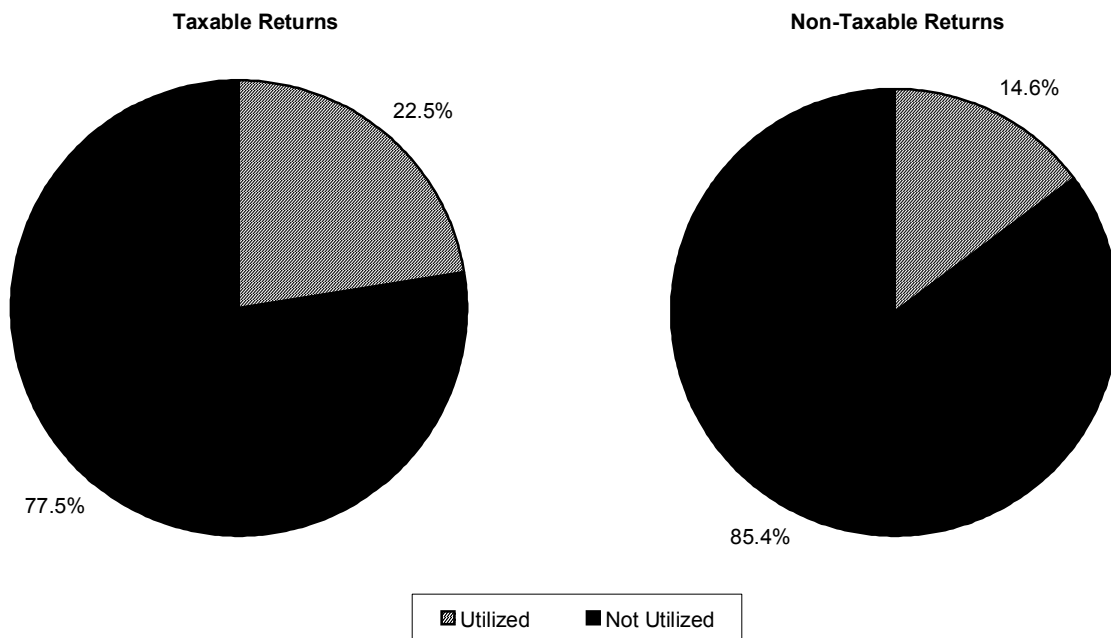
Another way to examine the effects of the charitable deduction is to compare taxable estates, those with reported estate tax liability, to nontaxable estates, those with no reported estate tax liability. Estate tax data for 1995 seem to indicate that decedents give to charitable

organizations for reasons beyond simply reducing their taxable estates and eliminating reported tax liabilities. While 22.5 percent of taxable returns utilized the charitable deduction as a means to reduce taxable estates, only 14.6 percent of nontaxable returns utilized the deduction (Figure Q). Compared to nontaxable estates, more taxable estates gave to charity. However, nontaxable estates gave a larger percentage of total gross estate to charity. For all 1995 decedents, nontaxable estates contributed 8.0 percent of their total gross estate to charity, while taxable estates contributed only 6.5 percent of their total gross estate.

Since married decedents may reduce their taxable estates with the unlimited marital deduction and the unlimited charitable deduction, it is illustrative to examine the charitable giving behavior of these decedents. Similar to the entire population of 1995 estate tax decedents, taxable estates of married decedents gave to charity more frequently than nontaxable estates. Only 5.9 percent of all married decedents with nontaxable estates utilized the charitable deduction, while 16.8

**Figure Q**

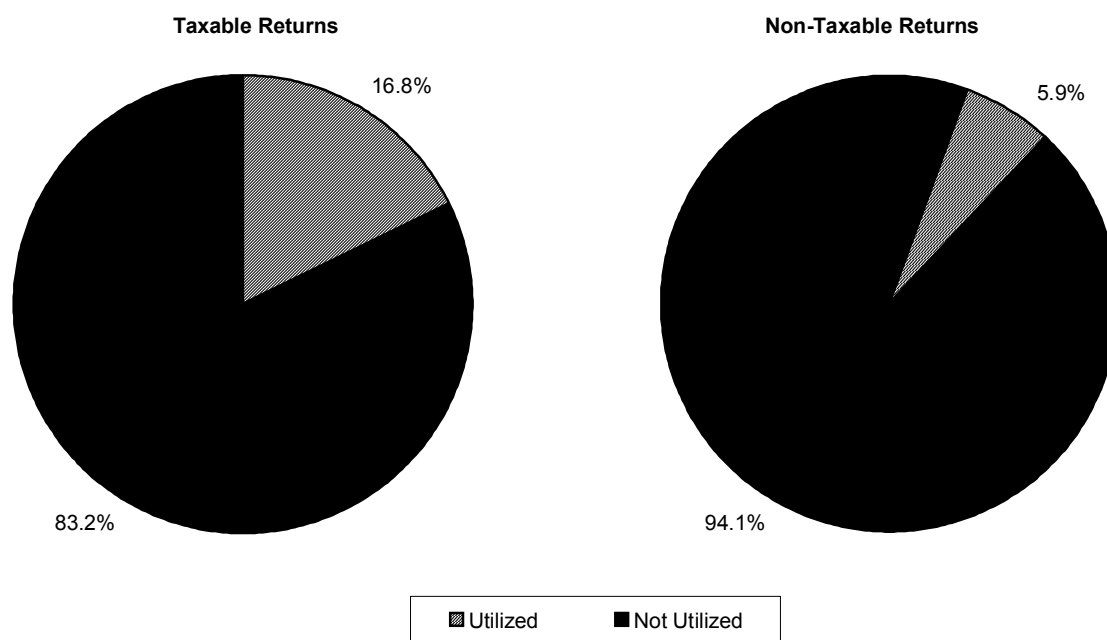
**Utilization of Charitable Deduction, by Tax Status, 1995**



## Patterns of Philanthropic Bequests: An Examination of Federal Estate Tax Returns

**Figure R**

### Utilization of Charitable Deduction, Married Decedents, by Tax Status, 1995



percent of all married decedents with taxable estates claimed a charitable deduction (Figure R). However, nontaxable estates for married decedents claimed the deduction for spousal bequests in 98.4 percent of all cases, while taxable estates for married decedents claimed the deduction for spousal bequests in 89.7 percent of all cases.

### CONCLUSION

Since Congress passed the Revenue Act of 1918, a deduction from gross estate has been available to estate tax decedents who, at their deaths, bequeath money or other assets to qualifying charitable organizations. The estate tax charitable deduction has provided wealthy decedents with the opportunity both to support charitable causes and to reduce the amount of net estate tax liability owed to the federal government. The deduction was originally introduced as a means to elicit bequests to charity. In the years following the 1918 Act, the economic efficiency and social merit of the estate tax and the charitable deduction have been topics of public discourse.

In 1995, 78,023 individuals died with gross estates at or above the federal estate tax filing threshold of \$600,000. And, of that population, 14,283 decedents contributed funds to organizations in the philanthropic community, from youth development organizations, such as Girl Scouts of the U.S.A., to large, grantmaking private foundations, such as the Ford Foundation. Estate tax decedents' combined bequest, \$10.1 billion, represented about 7.0 percent of the \$143.9 billion in total charitable giving from all sources for 1995, as estimated by the AAFRC Trust for Philanthropy. Gross charitable contributions increased by 19.4 percent between 1992 and 1995, while contributions as a percentage of net worth for all decedents remained largely unchanged, around 8 percent for both years. Charitable contributions as a percentage of net worth for donors decreased only slightly, from 28.8 percent in 1992 to 28.0 percent in 1995.

Sex, marital status, and age predict the likelihood of contributing to charity, as well as the generosity of contributions. In terms of sex and marital status, single female decedents were most likely to contribute to



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charity, while widowed females, in the aggregate, contributed most generously to charity, \$3.7 billion. However, on average, widowed females contributed only \$640,800, while widowed males contributed about \$718,400. In terms of age, decedents 90 and older most frequently gave to charity, while decedents between 80 and 90 comprised the largest percentage of all contributors and donated the largest aggregate bequest by age group, \$4.4 billion.

Motives for philanthropic giving are varied and complex and are based on diverse values that include religious heritage, personal philosophy, social responsibility, political beliefs, peer pressure, and egoism. For 1995 decedents, educational, medical, and scientific organizations received the largest share of charitable contributions, 31.6 percent. The total contribution to such organizations was almost \$3.2 billion. The second largest contribution, \$3.1 billion, went to private foundations and represented 30.9 percent of gross charitable contributions.

Numerous studies have explored the relationship between the federal estate tax and charitable bequests. According to one estimate, in the absence of the estate tax, charitable bequests might decline about 12.0 percent. For 1995, such an estimate would indicate a decline of \$1.2 billion in charitable bequests by wealthy estate tax decedents.

In 2000, the U.S. Congress passed legislation that would have gradually eliminated the federal estate tax over the following decade. President Bill Clinton vetoed that legislation. After the presidential and congressional elections of 2000, as President George W. Bush took office, public discussion about the estate tax and its effect on bequests to philanthropic organizations was refueled. During his first year in office, President Bush signed the Economic Growth and Tax Relief Reconciliation Act of 2001, which included measures to repeal the estate tax. Under the new law, the estate tax filing threshold is gradually increased to \$3.5 million in 2009, and the tax is completely repealed as of January 1, 2010. However, without further legislation to make the repeal permanent, the estate tax will reappear on December 31, 2010, because of a legislative provision in the new law. And so, the exact fate of the federal estate tax is anything but certain, as the political compo-

sition of the White House and Congress will likely change during the next decade.

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# Enriching One Sample While Improving Another: Linking Differently Stratified Samples of Documents Filed by Exempt Organizations

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**T**ax-exempt organizations are in the nonprofit sector, as economists call it. This sector is increasingly important, having doubled in the last 15 years. In testimony before the Congress (June 1993), the Commissioner of the Internal Revenue (IRS) noted that the public charity part of the nonprofit sector had revenues in excess of \$400 billion for 1990, representing 7.4 percent of the gross domestic product. Some of the organizations also conduct for-profit business activities. Linkage of the data from profit-making activities with the nonprofit side is important for policy analysis from the tax-exempt organization point of view and from the point of view of their profit-seeking competitors. This paper is about such a linkage.

The Statistics of Income (SOI) Division of the Internal Revenue Service (IRS) conducts projects each year sampling documents filed by individuals and organizations under tax law, namely the Internal Revenue Code (IRC) [See reference 1]. These include documents filed by tax-exempt organizations engaging in charitable, educational, religious and other nonprofit activities. Tax-exempt activities are usually reported on Form 990. The SOI Form 990 sample represents six of the twenty-five types of nonprofit organizations filing the document. Another sample is of the Form 990T, the tax return covering business activities unrelated to the tax-exempt purpose. The SOI sample covers any type of tax-exempt organization. (See the Appendix for a brief description of selected types of tax-exempt organizations. In addition, references 2 and 3 provide sources of information on the organizations.)

Starting with the samples covering the 1993 activities (documents filed in 1994 and 1995), the Form 990 SOI sample is to be enriched. Form 990T data are to be added to the Form 990 sample record if a T return was filed. These T returns are to come from the separate T sample and be an integral part of it, if possible. This requirement seemed analogous to feeding the multitude with a few

loaves and fishes, as the following comparison shows (estimates for 1992):

	Form 990	Form 990T
Population:	273,000	42,000
Sample:	20,000	5,000
Concept:	6 Types	Any.

We wished to preserve the broad representative character of the T sample without increasing the target sample size unduly. The extra T's needed for the match might crowd out other T's needed to represent the broad T population. Also wished were a sample selection and an estimation method which made the best use of all sample units. Excluding the extra T's from the estimates seemed unsatisfactory. Including them as a self-representing sample stratum might not be much better. We had no data to judge feasibility. A feasibility study matching the 1988 samples was conducted. The study used a special method of estimation available for SOI samples.

For the 1993 sample, a method of selection based on cross-classifying organizations by information on each document was adopted. From these joint strata samples will be selected. Additional returns needed to enrich the Form 990 database will be secured through a higher sampling rate in the joint stratum whenever the T sampling rate based on income alone is too low. *For estimation there are no additional returns since no distinction is made in calculating the estimates.* The rest of the paper discusses the feasibility study, presents the 1993 design, and concludes with evaluation, notes and references, and the Appendix.

## ■ Section 1 - The 1988 Feasibility Study

### *Strategy*

The joint distribution of organizations with documents in either sample was estimated. Using the joint distribu-

tion, the 1988 T sample was hypothetically augmented with the extra returns needed to complete the match with the Form 990 sample. This augmented sample was compared with the actual sample, providing a point of view to initially discuss and assess the feasibility issues of sample size, representativeness and sampling error.

**Form 990 Sample**

The sample population is divided into two parts: (1) returns from organizations exempt under subsection 501(c)(3) of the Internal Revenue Code; and (2) returns from those exempt under subsections 501(c)(4) through (c)(9). (See Exhibit 1.) Returns with less than \$25,001 in gross receipts, the threshold for required filing, are excluded. Each part is stratified by size of assets, but the size categories differ. These size categories, in use since 1988, are part of the detail of Table 1. More recently, smaller organizations may file a short Form 990EZ. For sampling purposes, no distinction is made between the short form and the longer form.

**Form 990T Sample**

The 1988 sample of this income tax return was stratified based on the size of net unrelated business income. All returns with income \$100,000 were selected, while samples were drawn from four strata with smaller amounts. Starting with the 1992 sample, gross unrelated business income replaced net income as the stratifier. Table 1 from the 1988 study uses the newer gross income classes. Estimation was based on the 1988 net income stratification.

**Sample Selection**

Selection of documents from each stratum is actually based on selection of the organizations filing the documents. This is true of SOI samples, generally [4]. Each organization has an account number, the Employer Identification Number (EIN). From the EIN, a function is computed, yielding an integer with many digits. The low order digits are pseudo-random numbers. Each organization is assigned a permanent random number from the low order digits. The decision to include an organization's document in the sample from a stratum depends on whether its random number is less than some constant associated with the stratum. A hypothetical example: suppose the last three digits of the integer function are used as random numbers. Then, a sampling rule might be

"include the document if the random number is less than 100. Otherwise, do not include it." This rule would be expected to yield a 10 percent sample for the stratum. Furthermore, if the document was included under this rule for a 10 percent sample, then any other document filed by the organization in a different sample would be included whenever the sampling rate is 10 percent or more.

**Estimation and Matching**

Define AB as the event that documents from the same organization have been included in stratum A of sample 1 and stratum B of sample 2, respectively. Stipulate that  $pr[A] = pr[B]$ , which are the individual probabilities of inclusion in each sample. The inclusion probability for both documents is denoted by  $pr[AB]$ , and  $pr[B/A]$  denotes the conditional probability that B will be included, given that A has been included. Generally,

$$(1) pr[AB] = pr[A] * pr[B/A]$$

but, in SOI sampling

$$(2) pr[B/A] = 1$$

Consequently,

$$(3) pr[AB] = pr[A].$$

This means that estimates from matching at the sample level may be derived from the inverse of the probability of selection. In practice, data files from the 1988 samples of Form 990 and Form 990T were compared. When a match on the EIN was detected, a joint record was created. Each one of the pair had a weight from the original sample. In making estimates for Table 1, the higher of these two weights was applied. This method was considered reasonable for producing counts but not for financial estimates.

**Joint Population**

Table 1 classifies the population of organizations by asset size from Form 990 and by gross income size from Form 990T. Fifty-five percent of the Form 990T population was from organizations represented by the SOI Form 990 sample: 15 percent from c(3) organizations and 40 percent from the c(4) through c(9) types of organizations.

**The Augmented Sample**

To the joint population classes the sampling rates for Form 990 were applied *whenever they were larger than the actual T rates*. Nationally, this produced a larger

sample in which the match with the 990 sample was complete. To the actual sample of about 7,000 returns, an additional 1,500 would have been required to augment the sample and complete the match with the Form 990 sample. About 2,800 of the required matching T's were in the actual sample. A comparison of the augmented and actual sample is as follows:

	Augmented Sample	Actual Sample	Additional Sample
501(c)(3)	1,823	1,141	682
501(c)(9)	2,500	1,652	848
All other	4,201	4,201	0
Totals	8,524	6,994	1,530.

These results gave us a basis to believe that our objectives were feasible. If the sample had been absorbed rather than augmented, then the additional sample of 1,530 returns would have crowded out other returns, but the "all other returns" category totaled 4,201.

## ■ Section 2 - SOI 1993 Sample Design

First, the Form 990 sample was designed, since the T sample had to conform to it. Population projections to 1993 were made as usual for the sample strata. For (c)(3) returns a sample of 11,500 was allocated among the strata, while 8,500 returns were allocated to the c(4) through (c)(9) returns. (Formerly, equal allocations were made between these two groups.)

Next, an initial version of the T sample was made, as if there were no requirement to serve the other sample. Population projections were made to gross income strata which had been established for the 1992 project. A sample of 5,000 was allocated paralleling the allocation made for 1992. This determined minimum sampling rates.

The 1993 population projections for the T returns and for Form 990 returns were the estimated marginal totals for the joint distribution of the population represented by one or both of the SOI samples. The internal cells of the joint distribution were prorated from the marginals, following Table 1 from the 1988 feasibility study. To each asset-income stratum the higher of the T rate or the Form 990 rate was applied, yielding an augmented sample of about 6,500 returns. This was scaled back to 5,500 returns by lowering and flattening the rates for income

classes of \$60,000 under \$300,000. It was required to take all returns with \$300,000 or more into the sample. The final sampling rates for Form 990 and Form 990T are given in Table 2. For joint strata, the larger of the two rates will be applied, except for where Form 990T returns with gross income of less than \$1,000 where no sample is selected [5]. Table 3 contains the projected population counts for Form 990T, while Table 4 contains the projected allocation of the sample to the joint strata.

## ■ Section 3 - Evaluation

The allocation of the 1993 sample is compared with the 1992 allocation:

	1992	1993
Total	5,000	5,500
SOI 990 filed	3,500	4,500
No SOI 990 filed	1,500	1,000.

The 1,000 returns with No SOI 990 filed includes an estimated 500 returns with gross income of \$300,000 or more, the take-all category. This motivated the increase in the sample target from 5,000 to 5,500 returns. The domain estimates for organizations filing both returns will be improved because of the increased sample size and the deeper stratification. The estimates for the domain of returns not covered by the SOI sample will have larger sampling error because of the smaller sample size. Neither of these domains is of great interest. Most estimates should be improved. The general representativeness of the T sample was preserved.

Effective use will be made of all returns because of joint stratification, assignment of permanent random numbers to organizations, and the flexible threshold rule for deciding inclusion in the sample.

## ■ Acknowledgments

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## ■ Notes and References

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## ■ Appendix

### *Exempt Activities: Forms 990 and 990EZ*

Historically, Congress has accorded special privileges to organizations that engage in nonprofit activities for public or for group benefit. The exemption from the corporate income tax, as well as the deduction from income allowed to contributors to public benefit organizations have been the major fiscal incentives provided to encourage such activities. The Internal Revenue Code classifies tax-exempt nonprofit organizations into 25 groups.

Those exempt under Code section 501(c)(3) receive tax-deductible donations and are the largest providers of philanthropic goods and services. They include organizations with purposes that are religious, charitable, education, health-related, or scientific, or are for the purpose of testing for public safety. The Statistics of Income program now collects data on these organizations and six other types defined under sections 501(c)(4) through 501(c)(9) of the tax code. (See the exhibit for a brief description of these organizations.)

An increased demand for data on the nonprofit sector has come from various sources in recent years:

- Congress, which is confronting increasingly controversial policy issues, such as the proper tax treatment of commercial activities and limits on lobbying.
- The Internal Revenue Service, to facilitate administration of tax laws.
- Nonprofit sector leaders, faced with declining government support and tax law changes which reduce the tax advantages to giving.
- Academic researchers, showing an increased interest in the behavior of the nonprofit sector.

Nonprofit organizations with annual gross receipts greater than \$25,000 are required to file Form 990, *Return of Organization Exempt from Income Tax*, which provides income statement and balance sheet information. (Although religious organizations are among the section 501(c)(3) group, they have never been required to file returns, but some do to provide information to their donors.) It is the principal source of data on nonprofit organizations and is required by the majority of states. A copy of an organization's Form 990 must be available for public inspection at the site of the organization.

The Statistics of Income (SOI) Division has been conducting studies of nonprofit organizations based on Form 990, with results published in the *SOI Bulletin*. They have been done on an annual basis since 1982 (with the exception of 1984). For 1989, Form 990EZ was introduced for smaller organizations, those with annual gross receipts of less than \$100,000 and total assets of less than

\$250,000 at end of year. These studies, which are based on samples of returns, include all financial data, as well as most of the non-financial information on the returns.

### ***Taxable Activities: Form 990T***

Prior to 1950, exempt organizations could earn tax-free income that was unrelated to the purpose for which they were exempt, as long as they used the net profits for exempt purposes. However, in response to a perception that tax-exempt organizations were permitted an unfair advantage over their private sector counterparts, Congress established the unrelated business income tax. This tax is imposed on the income that tax-exempt organizations earned from a trade or business not substantially related to the organization's exempt purpose or function. The law's purpose was to restrict the potential for unfair competition between nonprofit organizations and the taxable for-profit businesses that provide the same services. With

Federal cutbacks in funding for social programs in more recent years, there has been a major focus on the movement of exempt organizations into commercial activities and the resulting impact of this movement on for-profit businesses.

Beginning with 1987, SOI started annual studies of exempt organizations with unrelated business income. Organizations with UBI are required to file Form 990-T if they have \$1,000 or more of unrelated business income. The annual studies are currently based on sample sizes of approximately 5,000 returns. Beginning with 1993, the Form 990T data of organizations in the Form 990/Form 990EZ sample will be included in that study's database, permitting policy and economic analysis of exempt and nonexempt activities at the micro level for the first time. The data will also be retained for the separate Form 990T study and be fully useful. ■

**Exhibit 1. Selected Types of Tax-Exempt Organizations, by Internal Revenue Code Section**

Code section	Description of organization	Type of activities
501(c)(3)	Religious, charitable, educational, scientific or testing for public safety	Activities of nature implied by class or organization
501(c)(4)	Civic leagues, social welfare organizations, and local associations of employees	Promotion of community welfare, charitable, educational and recreational activities
501(c)(5)	Labor, agricultural and horticultural organizations	Educational or instructive, the purpose being to improve conditions of work, and to improve products and efficiency
501(c)(6)	Business leagues, chambers of commerce, real estate boards, etc.	Improvement of business conditions of one or more lines of business
501(c)(7)	Social and recreational clubs	Pleasure, recreational, and social activities
501(c)(8)	Fraternal beneficiary societies and associations	Lodge providing for payment of life, sickness accident or other benefits to members
501(c)(9)	Voluntary employees' beneficiary associations	Provides for payment of life, sickness, accident or other benefits to members

**Table 1. Estimated SOI 1988 Form 990T Population by Gross Income (Form 990T) and Assets (Form 990)**

Form 990 Assets (\$000)	Form 990T Gross Business Income (\$):						Totals
	under 1,000	1,000 under 20,000	20,000 under 60,000	60,000 under 150,000	150,000 under 300,000	300,000 or more	
<b>IRC 501(c)(3)</b>							
Under 250.....	0	989	304	243	0	0	1,536
250 under 500.....	0	345	60	20	0	20	445
500 under 1,000.....	0	307	164	61	41	0	573
1,000 under 2,500.....	20	324	176	82	27	9	638
2,500 under 5,000.....	0	102	132	125	31	41	431
5,000 under 10,000.....	0	114	69	70	18	78	349
10,000 or more.....	0	210	264	249	228	397	1,348
Subtotals.....	20	2,391	1,169	850	345	545	5,320
<b>IRC 501(c)(4) - (9):</b>							
Under 125.....	0	3,374	1,277	173	43	0	4,867
125 under 400.....	0	3,007	641	359	121	29	4,157
400 under 1,000.....	0	1,064	604	321	170	82	2,241
1,000 under 2,500.....	0	500	434	404	181	79	1,598
2,500 under 10,000.....	3	171	136	250	183	194	937
10,000 or more.....	0	11	10	28	25	163	237
Subtotals.....	3	8,127	3,102	1,535	723	547	14,037
<b>Totals</b>							
990T and 990.....	23	10,518	4,271	2,385	1,068	1,092	19,357
990T, no 990.....	21	8,799	3,834	2,055	770	634	16,114
990T total.....	44	19,317	8,105	4,440	1,838	1,726	35,471

**Table 2. Sampling Rates: SOI 1993 Form 990 or Form 990EZ, and Form 990T**

Form 990 or Form 990EZ		Form 990 or Form 990EZ		Form 990T	
IRC 501(c)(3)		IRC 501(c)(4) (9)		All sections	
Assets (\$000)	Rate	Assets (\$000)	Rate	Income (\$)	Rate
Under 250.....	0.007	Under 125.....	0.019	Under 1,000.....	0.000
250 under 500.....	0.007	125 under 400.....	0.045	1,000 under 20,000.....	0.014
500 under 1,000.....	0.014	400 under 1,000.....	0.091	20,000 under 60,000.....	0.045
1,000 under 2,500.....	0.045	1,000 under 2,500.....	0.200	60,000 under 150,000.....	0.147
2,500 under 5,000.....	0.073	2,500 under 10,000.....	0.400	150,000 under 300,000.....	0.147
5,000 under 10,000.....	0.147	10,000 or more.....	1.000	300,000 or more.....	1.000
10,000 or more.....	1.000				



**Table 3. Projected SOI 1993 Form 990T Population by Gross Income (Form 990T) and Assets (Form 990)**

Form 990 Assets (\$000)	Form 990T Gross Business Income (\$):						Totals
	under 1,000	1,000 under 20,000	20,000 under 60,000	60,000 under 150,000	150,000 under 300,000	300,000 or more	
<b>IRC 501(c)(3)</b>							
Under 250.....	0	1,474	453	362	0	0	2,289
250 under 500.....	0	429	75	25	0	25	554
500 under 1,000.....	0	408	218	81	54	0	761
1,000 under 2,500.....	0	437	238	111	36	12	834
2,500 under 5,000.....	0	131	170	161	40	53	555
5,000 under 10,000.....	0	143	86	88	23	98	438
10,000 or more.....	0	259	326	308	282	491	1,666
Subtotals.....	0	3,281	1,566	1,136	435	679	7,097
<b>IRC 501(c)(4) - (9):</b>							
Under 125.....	0	3,984	1,508	204	51	0	5,747
125 under 400.....	0	3,350	714	400	135	32	4,631
400 under 1,000.....	0	1,191	676	359	190	92	2,508
1,000 under 2,500.....	0	646	561	522	234	102	2,065
2,500 under 10,000.....	0	245	195	358	262	278	1,338
10,000 or more.....	0	17	16	44	39	256	372
Subtotals.....	0	9,433	3,670	1,887	911	760	16,661
<b>Totals</b>							
990T and 990.....	0	9,692	3,996	2,195	1,193	1,251	18,327
990T, no 990.....	9,869	5,987	2,166	1,179	454	563	20,218
990T total.....	9,869	18,701	7,402	4,202	1,800	2,002	43,976

**Table 4. Projected SOI 1993 Form 990T Sample by Gross Income (Form 990T) and Assets (Form 990)**

Form 990 Assets (\$000)	Form 990T Gross Business Income (\$):						Totals
	under 1,000	1,000 under 20,000	20,000 under 60,000	60,000 under 150,000	150,000 under 300,000	300,000 or more	
<b>IRC 501(c)(3)</b>							
Under 250.....	0	21	20	53	0	0	94
250 under 500.....	0	6	3	4	0	25	38
500 under 1,000.....	0	6	10	12	8	0	36
1,000 under 2,500.....	0	20	11	16	5	12	64
2,500 under 5,000.....	0	10	12	24	6	53	105
5,000 under 10,000.....	0	21	13	13	3	98	148
10,000 or more.....	0	259	326	308	282	491	1,666
Subtotals.....	0	343	395	430	304	679	2,151
<b>IRC 501(c)(4) - (9):</b>							
Under 125.....	0	76	68	30	7	0	181
125 under 400.....	0	151	32	59	20	32	294
400 under 1,000.....	0	108	62	53	28	92	343
1,000 under 2,500.....	0	129	112	104	47	102	494
2,500 under 10,000.....	0	98	78	143	105	278	702
10,000 or more.....	0	17	16	44	39	256	372
Subtotals.....	0	579	368	433	246	760	2,386
<b>Totals</b>							
990T and 990.....	0	838	694	741	528	1,251	4,052
990T, no 990.....	0	84	97	173	67	563	984
990T total.....	0	1,006	860	1,036	617	2,002	5,521

# Tax-Exempt Private Activity Bonds, 1988-1995

by Sarah E. Nutter

**M**ore than \$441.8 billion of tax-exempt private activity bonds were issued during the period 1988 through 1995. The vast majority of these bond issues were long-term (i.e., maturities of 13 months or more). The \$430.1 billion of long-term tax-exempt private activity bonds issued during this period were nearly evenly split between new money issues (50.5 percent) and refunding issues (49.5 percent). About 40 percent of the \$217.3 billion of new money long-term tax-exempt private activity bonds issued during this period were to benefit entities exempt from income tax under Internal Revenue Code section 501(c)(3). This article includes data on tax-exempt private activity bonds for the period 1988 through 1995, with particular emphasis on data for 1995 [1]. Data on private activity bonds that are not tax-exempt are not included in this article.

## Legislative Background

Since the inception of the modern-day Federal income tax in 1913, an income exclusion from income subject to tax for interest received by holders of debt obligations (i.e., bonds) of States and their political subdivisions has been included in Federal income tax law [2]. This provision, which is in section 103 of the Internal Revenue Code of 1986, now disallows the application of this general exclusion for "private activity bonds" that are not "qualified bonds," and "arbitrage bonds."

These restrictions on the application of the general interest exclusion for State and local debt obligations began in 1968 with the passage of the Revenue and Expenditure Control Act (Public Law 90-364). In general, the restrictions are intended to limit the use of the exclusion provision in instances where the bond proceeds are not used for a public purpose or the issuers are exploiting arbitrage opportunities. The interest exclusion for arbitrage bonds, which are bonds whose proceeds are used to acquire higher yielding investments, was initially eliminated in 1969 [3].

Although additional limitations were added, particularly during the early 1980's, the Tax Reform Act of 1986 restructured the treatment of tax-exempt

private activity bonds and added more stringent requirements relative to their issuance. In particular, the 1986 Act tightened the definition of private activity bonds by reducing from 25 percent to 10 percent: 1) the portion of the proceeds of a governmental bond that could be used by a non-governmental person in a private trade or business, and 2) the portion of the issue that may be secured by property, or payments in respect of such property, used in a private trade or business. The combination of such use and security in excess of 10 percent is what results in a bond being characterized as a "private activity bond."

Several other restrictions introduced or expanded under the Tax Reform Act of 1986 included limitations on the purposes for which tax-exempt private activity bonds could be issued, imposition of State volume limitations (i.e., volume caps), restrictions on advance refundings, and further restrictions on arbitrage. In brief, the 1986 Act further reduced the purposes for which tax-exempt private activity bonds could be issued; these bonds could no longer be used to finance private property such as sports stadiums, convention and trade show facilities, parking facilities, and private pollution control facilities. A single unified annual volume cap was imposed, limiting the annual amount, by State, of most tax-exempt private activity bonds. The annual volume cap, for the years covered by this article, equaled the greater of \$50 per capita or \$150 million [4]. States were allowed to carry over any unused portion of the volume cap of a particular year for 3 years. Advance refundings were prohibited with respect to all private activity bonds, except for 501(c)(3) bonds, which were allowed one advance refunding. Finally, rebate requirements, which, with limited exceptions, generally require arbitrage profits on tax-exempt bonds to be rebated to the Federal Government, were expanded to include nearly all tax-exempt bonds.

Currently, private activity bonds may still be tax-exempt if they meet certain criteria and fit within one of the categories of "qualified bonds" under Code section 141(e). Qualified bonds, termed tax-exempt private activity bonds in this article, include "exempt facility bonds," mortgage bonds, veterans' mortgage bonds, small issue bonds, student loan bonds, redevelopment bonds, and section 501(c)(3) bonds. The major types of exempt facility bonds are bonds issued for airports; docks and wharves; facilities for

*This article was written by Sarah E. Nutter, an Assistant Professor at George Mason University.*

## Tax-Exempt Private Activity Bonds, 1988-1995

the furnishing of water; sewage facilities; solid waste disposal facilities; and qualified residential rental projects. Section 501(c)(3) bonds are issued by State and local Governments to finance the activities of charitable and similar organizations that are tax-exempt under Code section 501(c)(3). The primary beneficiaries of these bonds are private, nonprofit hospitals, colleges, and universities.

### Private Activity Bond Volume

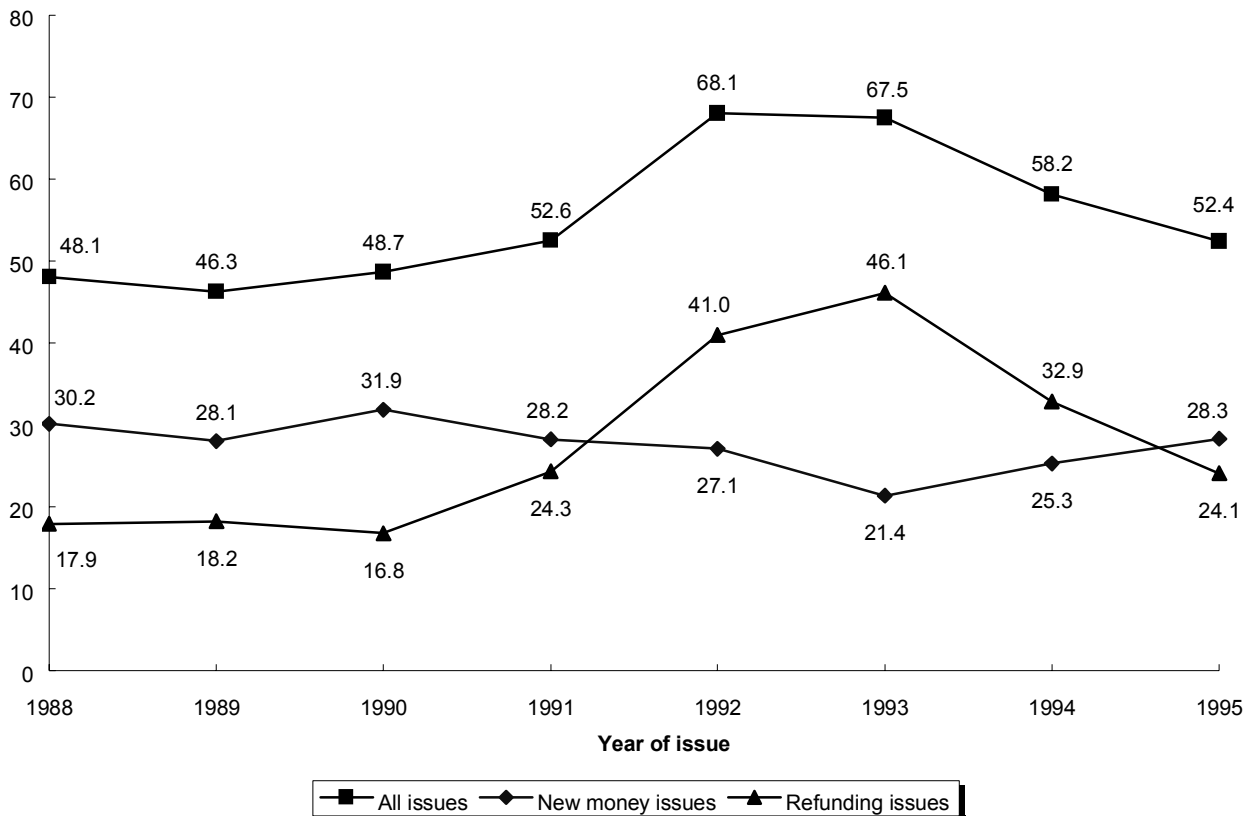
As shown in Figure A, the volume of tax-exempt private activity bonds issued by State and local governmental units increased from \$48.1 billion for

1988 to a high of \$68.1 billion for 1992. Following 1992, the volume steadily declined each year, reaching \$52.4 billion for 1995. Across this time period, new money bond issues ranged from a low of \$21.4 billion for 1993 to a high of \$31.9 billion for 1990. Most new money tax-exempt private activity bond issues are subject to State volume cap limitations that may restrict their issuance in any particular year. For 1995, the aggregate limit on new money bond issues subject to the volume cap was \$15.1 billion, excluding carryovers from prior years [5]. The aggregate issuance of new money tax-exempt private activity bonds subject to these volume cap

**Figure A**

### Volume of Private Activity Bonds, by Type and Year of Issue, 1988-1995

Billions of dollars



NOTE: Detail may not add to totals because of rounding.

## Tax-Exempt Private Activity Bonds, 1988-1995

limitations was \$14.8 billion for 1995.

Refunding issues increased substantially through 1993, peaking at \$46.1 billion for that year, before falling to \$24.1 billion for 1995. The peak in refunding issues is likely due to the decline in interest rates. State and local bond interest rates peaked during the early 1980's, reaching an annual average rate of 11.7 percent for 1982, then falling to an annual average rate of 7.7 percent for 1988 before reaching a low of 5.6 percent for 1993 [6]. Many State and local bonds were issued with call provisions that allowed the issuer to retire the bonds beginning 10 years from the date of issue, usually at par or at a small premium above par [7]. Call provisions allow the issuer of the bond to retire all or a portion of the bonds prior to the stated maturity date at a stated price. The data suggest that issuers of State and local bonds did indeed use call provisions, retiring outstanding high-interest bonds with the proceeds of new lower-interest bonds in so-called "current refundings."

The reported volume of refunding bonds also includes bonds issued to "advance refund" outstanding bonds issued to benefit section 501(c)(3) entities. An advance refunding is said to take place when the proceeds of a new bond issue are used to fund an escrow account for the purpose of paying debt service on an outstanding issue until its call date. On that date, the remaining assets in the escrow account are used to redeem the original bond issue. Advance refundings of most tax-exempt private activity bonds had been disallowed prior to enactment of the Tax Reform Act of 1986. That Act disallowed advance refundings of additional classes of tax-exempt private activity bonds, but not section 501(c)(3) bonds. They, like governmental bonds, were limited to one advance refunding, with a transition rule that allowed bonds issued before the effective date of the Act to be refunded twice (once if they had already been advance refunded one or more times before that date).

For all years during this period, the vast majority of tax-exempt private activity bond issues were long-term (i.e., maturities 13 months or more) (Table 1). Short-term tax-exempt private activity bonds are rare, in part, because these bonds are generally issued to fund long-term projects and must be factored into volume cap limitations. Of the \$52.4 billion of tax-

exempt private activity bonds issued for 1995, nearly \$51.4 billion were long-term issues. More than half (54.4 percent) of the total volume of long-term bond issues were new money bond issues, while the remainder were refunding bond issues.

### **Uses of Long-Term Tax-Exempt Private Activity Bonds Proceeds**

For 1988 through 1995, the volume of long-term tax-exempt private activity bonds ranged between \$44.5 billion (for 1989) and \$66.6 billion (for 1993). During this period, 50 percent or more of all long-term private activity bond volume was related to mortgage revenue bonds or section 501(c)(3) bonds (Figure B and Table 2). On average, section 501(c)(3) bonds accounted for more than a third of the total during this period. For 1995, section 501(c)(3) bonds comprised 30.1 percent of the \$51.4 billion long-term tax-exempt private activity bonds issued. Other primary uses of bonds in that year were to finance owner-occupied residences (19.5 percent), residential rental property (11.9 percent), and airports (8.3 percent).

In many instances, a portion of the proceeds of the bonds is used to fund various fees and reserve accounts and to refund prior bond issues (Table 3). For 1995, nearly \$51.4 billion of long-term tax-exempt private activity bonds were issued. Issuers used \$424 million of bond proceeds to pay issuance costs, and \$154 million to pay credit enhancement fees, and allocated \$1.0 billion to reserve funds for these bond issues. Issuers also used \$23.1 billion of the proceeds to refund or retire prior bond issues. Approximately \$26.7 billion remained to be used for allowable purposes after the fees, reserves, and refunding.

### **New Money Issues of Long-Term Tax-Exempt Private Activity Bonds**

For 1995, a total of 2,587 new money long-term tax-exempt private activity bonds were issued with proceeds totaling \$27.9 billion (Table 4). For nearly three-fourths of these bond issues, the dollar volume per bond issue was under \$10 million. These bonds aggregated to \$5.2 billion, a little less than one-fifth of the total. The larger dollar volume issues were fewer in number but accounted for most of the total proceeds. Approximately \$9.2 billion were raised by

# Tax-Exempt Private Activity Bonds, 1988-1995

**Figure B**

**Long-Term Private Activity Bonds, by Type and Year of Issue and Purpose of Bond, 1988-1995**

[Money amounts are in millions of dollars]

Type of Issue and bond purpose	Year of issue							
	1988	1989	1990	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All issues.....</b>	<b>46,835</b>	<b>44,521</b>	<b>47,435</b>	<b>50,178</b>	<b>65,991</b>	<b>66,566</b>	<b>57,212</b>	<b>51,382</b>
<b>Bond purpose as a percent of total</b>								
Section 501(c)(3).....	28.3	36.3	31.8	40.1	37.1	44.2	31.0	30.1
Mortgage.....	24.7	16.5	23.8	19.4	12.6	8.1	19.3	19.5
Residential rental.....	7.9	7.5	6.1	6.6	8.8	8.3	7.5	11.9
Airport.....	8.0	5.8	12.1	8.3	9.3	7.1	8.4	8.3
Tax Reform Act transition property.....	7.5	7.6	7.0	6.8	9.9	11.1	11.0	7.6
Small issue.....	7.4	10.3	6.1	4.7	4.6	3.0	5.6	6.2
Solid waste disposal.....	5.2	6.7	6.2	5.6	4.6	6.3	8.0	6.0
Student loan.....	7.4	3.8	2.3	4.6	6.8	6.4	4.0	4.2
All other.....	3.7	5.5	4.6	3.9	6.3	5.3	5.2	6.1
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>New money issues.....</b>	<b>29,365</b>	<b>27,650</b>	<b>31,426</b>	<b>27,810</b>	<b>26,868</b>	<b>21,231</b>	<b>25,055</b>	<b>27,943</b>
<b>Bond purpose as a percent of total</b>								
Section 501(c)(3).....	26.2	37.5	35.3	49.9	46.7	50.7	37.9	35.3
Mortgage.....	30.7	19.3	23.7	16.5	12.3	2.1	13.8	19.4
Airport.....	10.5	6.0	14.4	11.6	14.2	7.9	12.9	8.7
Small issue.....	6.6	11.7	6.0	4.0	3.3	2.0	7.2	8.6
Solid waste disposal.....	6.0	6.1	6.6	7.1	7.4	14.7	13.8	8.3
Residential rental.....	3.1	5.3	2.0	2.0	1.5	3.1	3.4	6.2
Student loan.....	9.3	4.5	2.7	3.9	5.8	9.9	3.4	6.0
Tax Reform Act transition property.....	3.6	3.5	4.0	0.9	2.1	2.4	1.2	--
All other.....	3.9	6.1	5.3	4.2	6.6	7.2	6.3	7.5
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NOTE: Detail may not add to 100 percent because of rounding.

489 bond issues between \$10 million and \$50 million, while 171 bond issues with issue sizes of \$50 million or more raised \$13.5 billion.

As shown in Figure C, new money issues of long-term tax-exempt private activity bonds have varied substantially over the period from 1988 to 1995. New money issue volumes were generally higher in the earlier portion of this period, climbing to \$31.4 billion for 1990, declining to a low of \$21.2 billion for 1993, and rebounding to \$27.9 billion for 1995.

Overall, section 501(c)(3) bonds accounted for nearly 40 percent of the \$217.3 billion of new money long-term tax-exempt private activity bonds issued during this 8-year period. Bonds, whose proceeds were used to fund owner-occupied residences (18.0 percent), airports (10.9 percent), solid waste disposal facilities (8.5 percent), small issue bonds (6.3 percent), and student loans (5.6 percent), were the other

primary bond types issued during this period. For 1995, the primary uses of the \$27.9 billion of new money bonds were to finance section 501(c)(3) activities (35.3 percent), owner-occupied residences (19.4 percent), airports (8.7 percent), small issues (8.6 percent), and solid waste disposals (8.3 percent) (Figure B).

**New Money Issues of Long-Term Tax-Exempt Private Activity Bonds by State**

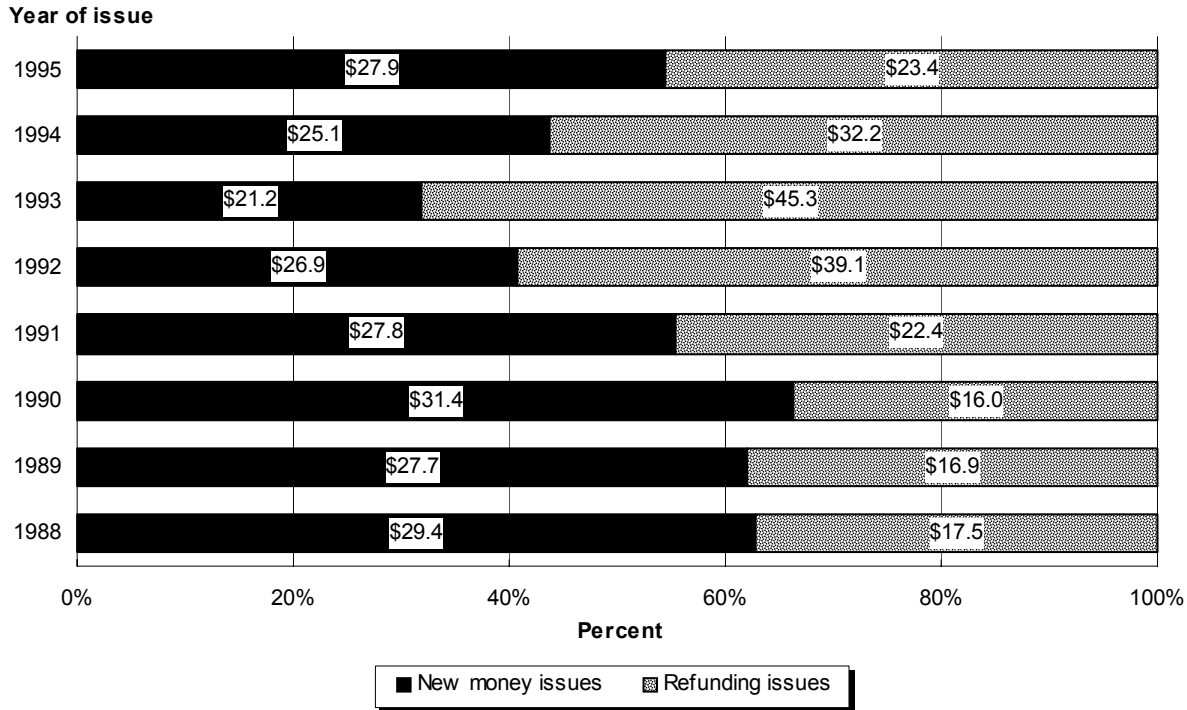
The volume of new money long-term tax-exempt private activity bond issues varied across the States (Tables 5 and 6). About \$85.4 billion (39.3 percent) of the \$217.3 billion of new money long-term tax-exempt private activity bonds issued across the period 1988 through 1995 were issued in the following six states: California (9.3 percent), New York (7.9 percent), Pennsylvania (5.9 percent), Texas (5.6 percent), Florida (5.4 percent), and Illinois (5.3

# Tax-Exempt Private Activity Bonds, 1988-1995

**Figure C**

## Long-Term Private Activity Bonds, by Type and Year of Issue, 1988-1995

[Money amounts are in billions of dollars]



percent). Bonds issued in Ohio (3.8 percent), Massachusetts (3.3 percent), Virginia (3.2 percent), Michigan (3.0 percent), Colorado (2.8 percent), and New Jersey (2.8 percent) accounted for an additional \$41.1 billion of the total (Figure D).

For 1995, more than half of the \$27.9 billion of new money long-term tax-exempt private activity bonds was issued in the following states: California (10.7 percent), New York (10.0 percent), Pennsylvania (5.5 percent), Florida (5.3 percent), Texas (5.2 percent), Illinois (4.1 percent), Michigan (3.6 percent), Ohio (3.3 percent), and Virginia (3.2 percent) (Table 6).

The 1986 Act extended the application of volume caps to most tax-exempt private activity bonds, with the major exception of hospital bonds for section 501(c)(3) entities. For the years covered in this article, bonds for section 501(c)(3) entities other than hospitals were subject to a per entity volume cap of \$150 million. Additionally, bonds for airports and

docks and wharves were excluded from the volume cap. Veterans' mortgage bonds were subjected to their own special volume limitations. States are free to make their own choices as to how to allocate the cap among the different purposes allowed for bonds subject to the cap. Current refunding bonds are not subject to the cap as long as there is no increase in the principal amount. For the years covered by this article, the annual volume cap for each State was the greater of \$50 per capita or \$150 million. Each State's reported volume of issuance in any particular year of new money bonds subject to the cap may legitimately exceed the cap for that year because of the operation of a carryover rule that allows an unused cap amount in a particular year to be carried over for up to 3 future years for certain types of tax-exempt private activity bonds [8].

The 1986 Act also contained generous transition rules that exempted many specific issues from the volume cap. Issuance of bonds covered by the tran-

# Tax-Exempt Private Activity Bonds, 1988-1995

**Figure D**

## New Money Long-Term Private Activity Bonds, by Selected State and Purpose of Bond, 1988-1995 Combined

[Money amounts are in millions of dollars]

State by purpose of bond	Total	Section 501(c)(3) hospital	Other section 501(c)(3)	Mortgage	Airport	Solid waste disposal	Small issue	Student loan	All others
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All States.....</b>	<b>217,347</b>	<b>44,870</b>	<b>40,836</b>	<b>39,027</b>	<b>23,633</b>	<b>18,367</b>	<b>13,684</b>	<b>12,132</b>	<b>24,793</b>
California.....	20,187	3,896	3,585	4,416	1,184	1,690	563	308	4,480
New York.....	17,226	3,451	5,102	1,410	1,958	1,245	638	**	3,292
Pennsylvania.....	12,859	3,909	3,228	1,111	1,240	1,506	612	941	231
Texas.....	12,081	2,477	972	1,768	1,924	631	236	1,919	2,048
Florida.....	11,663	2,446	1,518	2,537	2,334	1,382	289	--	1,157
Illinois.....	11,424	2,187	3,501	1,135	1,836	735	885	323	812
Ohio.....	8,238	2,090	1,581	1,946	187	343	828	552	692
Massachusetts.....	7,176	2,268	2,359	642	275	387	200	458	529
Virginia.....	6,864	1,306	1,209	1,191	1,262	841	385	223	292
Michigan.....	6,509	1,673	1,324	270	266	779	865	378	954
Colorado.....	6,169	880	588	586	3,530	11	104	218	130
New Jersey.....	6,162	1,209	1,651	769	55	1,342	397	95	645

\*\*Not shown to avoid disclosure about specific bonds. However, the data are included in the appropriate totals.

NOTE: Detail may not add to totals because of rounding.

sition rules is the primary reason the volume of new money issues is higher in the earlier years of the period covered by this article than in the later years.

### Summary

Tax-exempt private activity bond volume varied substantially during the 8-year period extending from 1988 through 1995. During this time, State and local governmental units issued \$441.8 billion in new money and refunding tax-exempt private activity bonds, of which \$430.1 billion were long-term in nature. New money long-term tax-exempt private activity bonds issued in California, New York, Pennsylvania, Texas, Florida, and Illinois accounted for 39.3 percent of the \$217.3 billion of bonds issued during this period.

### Data Sources and Limitations

The data presented in this article are based on information collected from Form 8038, *Information Return for Tax-Exempt Private Activity Bonds Issues*, for bonds issued in years 1988 through 1995. Because the entire population of Forms 8038 was used for this study, there is no sampling error. A number of checks were performed to ensure that each return was internally consistent and to exclude duplicate and amended returns. In some instances, returns

with incomplete information or errors were edited to resolve inconsistencies. However, in certain instances, it was not possible to reconcile reporting discrepancies. Thus, a certain amount of filer and processing error may remain.

### Explanation of Selected Terms

*Allocation to Reserve Fund.*—Proceeds allocated reserve or replacement funds. The amount of proceeds deposited into a reserve or replacement fund may not exceed 10 percent of the proceeds of an issue.

*Bond Issuance Costs.*—Issuance costs include fees paid for trustees, bond counsel, and underwriters discount. Issuance costs paid out of private activity bond proceeds generally may not exceed 2 percent of the proceeds.

*Credit Enhancement.*—Fees paid for items such as bond insurance premiums and letters of credit fees.

*Exempt Facility Bond.*—This bond is part of an issue of which 95 percent or more of the net proceeds are to be used to finance a tax-exempt facility listed in Code sections 142(a)(1) through (12). These facilities comprise airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, qualified residential rental projects, facilities for

## Tax-Exempt Private Activity Bonds, 1988-1995

the local furnishing of electric energy or gas, local district heating or cooling facilities, qualified hazardous waste facilities, high-speed intercity rail facilities, and environmental enhancements of hydroelectric generating facilities. The Revenue Reconciliation Act of 1993 created a new category of bonds, qualified enterprise zone facility bonds, that may be issued for certain businesses in "empowerment zones" or "enterprise communities." Empowerment zone and enterprise community designations are made by the Secretaries of Agriculture and Housing and Urban Development for a 10-year period. Qualified enterprise zone facility bonds are generally subject to the same rules as exempt facility bonds.

*Mortgage Bond.*—This bond is part of an issue in which all proceeds (except issuance costs and reasonably required reserves) are to be used to finance owner-occupied residences.

*Nongovernmental Output Property Bond.*—This bond is part of an issue in which the proceeds are to be used to finance the acquisition of an output facility (other than a facility for the furnishing of water) that had been held by a person other than a governmental unit prior to its acquisition. This bond must meet additional tests under Code section 141(d).

*Other Bonds.*—Bond issues identified as other bonds in Tables 3 and 4 are issues of Texas veterans' land bonds, Oregon small-scale energy conservation and renewable resource loan bonds, or Iowa industrial new jobs training bonds.

*Private Activity Bond.*—This bond is generally part of an issue of which more than 10 percent of the proceeds are to be used for any private business use, and more than 10 percent of the payment of the principal or interest are either secured by an interest in property to be used for private business use (or payment for such property), or are to be derived from payments for property (or borrowed money) used for a private business use. A bond is also considered a private activity bond if the amount of the proceeds to be used to make or finance loans (other than loans described in Code section 141(c)(2)) to persons other than governmental units exceeds the smaller of 5 percent of the proceeds or \$5 million.

*Redevelopment Bond.*—This bond is generally part of an issue of which 95 percent or more of the net proceeds are to be used to finance certain specified real property acquisition and redevelopment in

blighted areas (see Code section 144(c) for additional requirements).

*Section 501(c)(3) Bond.*—A bond must meet the following conditions to be classified as a section 501(c)(3) bond: 1) all property financed by the net proceeds of the bond issue is to be owned by a section 501(c)(3) organization or a governmental unit, and 2) the bond would not be a private activity bond if section 501(c)(3) organizations were treated as governmental units with respect to their activities that are not related trades or businesses, and the private activity bond definition was applied using a 5-percent threshold rather than a 10-percent threshold. These bonds are issued by State and local governments to finance the activities of charitable, educational, hospital, and similar organizations that are tax-exempt under Code section 501(c)(3). The primary beneficiaries of these bonds are private, nonprofit hospitals; colleges; and universities. A section 501(c)(3) hospital bond issue is one in which 95 percent or more of the net proceeds are to be used for a hospital. Other section 501(c)(3) bond issues are those that are not related to hospitals.

*Small Issue Bond.*—This bond is part of an issue not exceeding \$1 million of which 95 percent or more of the net proceeds are to be used to finance land and depreciable property or to refund such issues. An election to take certain capital expenditures into account can increase the \$1-million limit on bond size to \$10 million in certain instances. These bonds may only be used to finance manufacturing facilities and to benefit certain first-time farmers.

*Student Loan Bond.*—This bond is part of an issue of which 90 percent or more of the net proceeds are to be used to make or finance student loans under a program of general application to which the Higher Education Act of 1965 applies (see Code section 144(b)(1)(A) for additional requirements), or 95 percent or more of the net proceeds are to be used to make or finance student loans under a program of general application approved by the State (see Code section 144(b)(1)(B) for additional requirements).

*Tax Reform Act Transition Property Bond.*—A bond issued under transitional rules contained in the Tax Reform Act of 1986. Proceeds from bonds issued under these rules include issues used to fund items such as pollution control facilities, parking



## Tax-Exempt Private Activity Bonds, 1988-1995

facilities, industrial parks, sports stadiums, and convention facilities. Proceeds from other bonds issued under the transitional rules are included in this category only if they could not be identified as another issue type.

*U.S. Possessions Other Than Puerto Rico.*—The Virgin Islands, Guam, and the Northern Mariana Islands comprise this category in Tables 5 and 6.

*Veterans' Mortgage Bond.*—In general, this bond is part of an issue of which 95 percent or more of the net proceeds are to be used to provide residences for veterans. The payment of interest and principal must be secured by a general obligation of the State, and the bond must meet certain of the requirements of Code section 143. The States that may issue veteran's mortgage bonds are Alaska, California, Oregon, Texas, and Wisconsin.

### Notes and References

[1] For the last Statistics of Income study of tax-exempt private activity bonds, see Auten, Gerald and Chung, Edward, "Private Activity Tax-Exempt Bonds, 1986," *Statistics of Income Bulletin*, Summer 1988, Volume 8, Number 1. Data before 1987 were based on the year during which bond information returns were processed. Data reported in this article are based on the year during which bonds were issued. Data for 1987 are incomplete due to changing the data collection criteria from processing year to issue date and, thus, are not included in this article.

[2] The term "State" includes the District of Columbia and any possession of the United States. Possessions of the United States reporting tax-exempt private activity bond issues for the period 1988 through 1995 were Puerto Rico, Guam, Northern Mariana Islands, and the Virgin Islands.

[3] The Tax Reform Act of 1969 (Public Law 91-172) imposed the first restrictions on the ability of issuers of tax-exempt bonds to generate arbitrage profits. For a general discussion of tax-exempt bonds as well as a more detailed discussion of their legislative history, see Zimmerman, Dennis, *The Private Use of Tax-Exempt Bonds*, The Urban Institute Press, Washington, DC, 1991 and *Fundamentals of Municipal Bonds*, Public Securities Association, Third Edition, New York, NY, 1987.

[4] Volume caps for U.S. possessions, with the exception of Puerto Rico, are determined under Code section 146(d)(4) of the Internal Revenue Code.

[5] See Notice 95-8, 1995-1 C.B. 293. Volume caps for 1995 for U.S. possessions other than Puerto Rico were determined under Code section 146(d)(4).

[6] Historical statistics on State and local bond interest rates are available from the Federal Reserve Board, Statistical Release H.15, which contains historical data that are updated quarterly. These data are available on their website at: [www.federalreserve.gov/releases/H15/data.htm#fn15](http://www.federalreserve.gov/releases/H15/data.htm#fn15).

[7] Reported in *Fundamentals of Municipal Bonds*, Public Securities Association, Third Edition, New York, NY, 1987, p. 29.

[8] For additional detail on the tax-exempt bond provisions of the Tax Reform Act of 1986, see U.S. Congress, Joint Committee on Taxation, *General Explanation of the Tax Reform Act of 1986*, U.S. Government Printing Office, (Washington, DC, 1987), pp. 1128-1242.

# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 1.--Volume of Private Activity Bonds, by Type, Term, and Year of Issue, 1988-1995**

[Money amounts are in millions of dollars]

Type and term of issue	Year of issue							
	1988	1989	1990	1991	1992	1993	1994	1995
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All issues: Total.....</b>	<b>48,082</b>	<b>46,295</b>	<b>48,676</b>	<b>52,552</b>	<b>68,082</b>	<b>67,507</b>	<b>58,188</b>	<b>52,432</b>
Short-term.....	1,248	1,774	1,241	2,374	2,091	941	976	1,050
Long-term.....	46,835	44,521	47,435	50,178	65,991	66,566	57,212	51,382
<b>New money issues: Total.....</b>	<b>30,169</b>	<b>28,054</b>	<b>31,902</b>	<b>28,233</b>	<b>27,116</b>	<b>21,377</b>	<b>25,317</b>	<b>28,341</b>
Short-term.....	804	404	476	423	248	146	262	398
Long-term.....	29,365	27,650	31,426	27,810	26,868	21,231	25,055	27,943
<b>Refunding issues: Total.....</b>	<b>17,913</b>	<b>18,241</b>	<b>16,774</b>	<b>24,319</b>	<b>40,967</b>	<b>46,131</b>	<b>32,871</b>	<b>24,091</b>
Short-term.....	444	1,371	765	1,951	1,844	795	714	652
Long-term.....	17,470	16,871	16,009	22,368	39,123	45,335	32,157	23,439

NOTE: Detail may not add to totals because of rounding.

# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 2.--Long-Term Private Activity Bonds, by Purpose of Bond and Type and Year of Issue, 1988-1995**

[Money amounts are in millions of dollars]

Purpose of bond	1988		1989		1990		1991	
	All issues	New issues	All issues	New issues	All issues	New issues	All issues	New issues
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>Total.....</b>	<b>46,835</b>	<b>29,365</b>	<b>44,521</b>	<b>27,650</b>	<b>47,435</b>	<b>31,426</b>	<b>50,178</b>	<b>27,810</b>
Airport.....	3,758	3,076	2,575	1,660	5,746	4,523	4,183	3,223
Docks and wharves.....	555	250	661	356	315	131	493	132
Mass commuting.....	--	--	--	--	--	--	--	--
Water.....	166	139	141	115	191	141	208	153
Sewage.....	171	84	117	113	158	114	139	99
Solid waste disposal.....	2,413	1,769	2,988	1,682	2,943	2,059	2,800	1,965
Residential rental.....	3,692	924	3,330	1,461	2,895	635	3,302	552
Local furnishing of electricity/gas.....	374	250	809	519	909	811	731	569
Local heating/cooling facilities.....	**	**	18	18	35	21	60	60
Hazardous waste facilities.....	--	--	36	36	**	**	44	44
Hydro-electric environmental facilities.....	--	--	--	--	--	--	--	--
Tax Reform Act transition property.....	3,498	1,056	3,385	980	3,309	1,255	3,396	239
Enterprise zone.....	--	--	--	--	--	--	--	--
Mortgage.....	11,554	9,025	7,326	5,324	11,279	7,449	9,746	4,580
Veterans mortgage.....	**	**	469	379	435	379	**	**
Small issue.....	3,478	1,929	4,602	3,232	2,872	1,880	2,344	1,121
Student loan.....	3,452	2,745	1,700	1,244	1,097	857	2,306	1,088
Redevelopment.....	34	34	91	91	36	36	**	**
Section 501(c)(3) hospital.....	7,194	3,382	8,750	4,626	7,658	5,314	12,204	8,508
Other section 501(c)(3).....	6,053	4,323	7,412	5,748	7,438	5,781	7,931	5,377
Nongovernmental output property.....	--	--	--	--	**	**	--	--
Other.....	17	17	108	67	71	13	43	10

Purpose of bond	1992		1993		1994		1995	
	All issues	New issues	All issues	New issues	All issues	New issues	All issues	New issues
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>Total.....</b>	<b>65,991</b>	<b>26,868</b>	<b>66,566</b>	<b>21,231</b>	<b>57,212</b>	<b>25,055</b>	<b>51,382</b>	<b>27,943</b>
Airport.....	6,143	3,810	4,754	1,671	4,804	3,243	4,280	2,426
Docks and wharves.....	880	191	1,458	317	1,190	523	617	531
Mass commuting.....	--	--	**	**	**	**	**	**
Water.....	356	239	288	111	365	215	223	166
Sewage.....	126	94	64	36	275	262	415	366
Solid waste disposal.....	3,050	1,999	4,198	3,115	4,568	3,466	3,106	2,312
Residential rental.....	5,793	414	5,510	663	4,309	852	6,133	1,724
Local furnishing of electricity/gas.....	2,469	1,074	1,333	774	284	220	942	532
Local heating/cooling facilities.....	**	**	**	**	**	**	29	28
Hazardous waste facilities.....	87	46	**	**	--	--	**	**
Hydro-electric environmental facilities.....	--	--	--	--	--	--	**	--
Tax Reform Act transition property.....	6,505	573	7,393	509	6,308	298	3,884	**
Enterprise zone.....	--	--	--	--	--	--	7	7
Mortgage.....	8,325	3,307	5,419	456	11,062	3,469	10,017	5,418
Veterans mortgage.....	**	**	**	**	760	294	792	364
Small issue.....	3,034	888	2,018	422	3,181	1,798	3,177	2,415
Student loan.....	4,489	1,551	4,267	2,110	2,277	856	2,163	1,682
Redevelopment.....	98	21	**	**	**	**	**	**
Section 501(c)(3) hospital.....	15,107	6,873	19,752	6,070	10,244	4,632	8,824	5,465
Other section 501(c)(3).....	9,387	5,672	9,696	4,687	7,477	4,854	6,653	4,394
Nongovernmental output property.....	--	--	**	**	**	**	**	--
Other.....	10	10	56	56	69	44	8	8

\*\*Not shown to avoid disclosure about specific bonds. However, the data are included in the appropriate totals.

NOTE: Detail may not add to totals because of rounding.

# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 3.--Computation of Lendable Proceeds for Long-Term Private Activity Bonds, by Selected Purpose of Bond, 1995**

[Money amounts are in millions of dollars]

Proceeds by selected purpose of bond	Entire issue price	Bond issuance costs	Credit enhancement	Allocation to reserve fund	Total proceeds	Proceeds used to refund prior issues	Nonrefunding proceeds
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total.....</b>	<b>51,382</b>	<b>424</b>	<b>154</b>	<b>1,011</b>	<b>49,793</b>	<b>23,093</b>	<b>26,700</b>
Airport.....	4,280	38	17	132	4,094	1,824	2,270
Docks and wharves.....	617	10	1	10	596	80	516
Water.....	223	3	1	3	216	56	159
Sewage.....	415	5	( 1 )	4	405	48	357
Solid waste disposal.....	3,106	39	3	62	3,002	794	2,208
Residential rental.....	6,133	21	6	57	6,049	4,396	1,653
Mortgage and veterans' mortgage.....	10,808	35	1	139	10,634	4,968	5,666
Small issue.....	3,177	38	7	6	3,126	761	2,365
Student loan.....	2,163	18	2	59	2,085	477	1,608
Section 501(c)(3) hospital.....	8,824	112	79	299	8,333	3,214	5,119
Other section 501(c)(3).....	6,653	97	35	228	6,293	2,177	4,117
All other.....	4,985	10	2	12	4,961	4,298	663

<sup>1</sup> Less than \$500,000.

NOTE: Detail may not add to totals because of rounding.

# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 4.--New Money Long-Term Private Activity Bonds, by Purpose of Bond and Size of Issue, 1995**

[Money amounts are in millions of dollars]

Purpose of bond	All	Size of issue		
		Under \$10,000,000	\$10,000,000 under \$50,000,000	\$50,000,000 or more
	(1)	(2)	(3)	(4)
<b>Number of issues.....</b>	<b>2,587</b>	<b>1,927</b>	<b>489</b>	<b>171</b>
<b>Total.....</b>	<b>27,943</b>	<b>5,175</b>	<b>9,239</b>	<b>13,529</b>
Airport.....	2,426	61	267	2,099
Docks and wharves.....	531	28	55	448
Mass commuting.....	**	**	**	**
Water.....	166	11	154	--
Sewage.....	366	**	171	**
Solid waste disposal.....	2,312	152	1,127	1,032
Residential rental.....	1,724	527	830	367
Local furnishing of electricity/gas.....	532	7	73	452
Local heating/cooling facilities.....	28	**	**	**
Hazardous waste facilities.....	**	**	**	**
High-speed railway.....	--	--	--	--
Hydro-electric environmental facilities.....	--	--	--	--
Tax Reform Act transition property.....	**	**	**	**
Enterprise zone.....	7	7	--	--
Mortgage and veterans' mortgage.....	5,782	23	2,138	3,621
Small issue.....	2,415	2,415	--	--
Student loan.....	1,682	--	467	1,216
Redevelopment.....	**	**	**	**
Section 501(c)(3) hospital.....	5,465	300	1,642	3,523
Other section 501(c)(3).....	4,394	1,551	2,253	590
Nongovernmental output property.....	--	--	--	--
Other.....	8	8	--	--

\*\* Not shown to avoid disclosure about specific bonds. However, the data are included in the appropriate totals.

NOTE: Detail may not add to totals because of rounding.

# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 5.--New Money Long-Term Private Activity Bonds, by State and Purpose of Bond, 1988-1995 Combined**

[Money amounts are in millions of dollars]

State	Purpose of bond							
	Total	Airport	Docks and wharves	Water	Sewage	Solid waste disposal	Residential rental	Mortgage
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All States.....</b>	<b>217,347</b>	<b>23,633</b>	<b>2,430</b>	<b>1,277</b>	<b>1,168</b>	<b>18,367</b>	<b>7,225</b>	<b>39,027</b>
Alabama.....	2,499	110	**	**	**	587	19	355
Alaska.....	573	**	48	--	--	**	3	--
Arizona.....	2,216	237	--	34	33	63	97	463
Arkansas.....	1,712	5	--	8	8	290	11	541
California.....	20,187	1,184	1,028	--	**	1,690	1,594	4,416
Colorado.....	6,169	3,530	--	--	**	11	130	586
Connecticut.....	3,228	**	--	45	**	502	**	755
Delaware.....	862	--	--	**	--	--	**	388
District of Columbia.....	1,609	256	--	--	--	--	48	393
Florida.....	11,663	2,334	186	102	150	1,382	471	2,537
Georgia.....	4,902	859	102	17	68	197	221	838
Hawaii.....	2,170	1,014	131	--	--	**	61	293
Idaho.....	1,193	--	**	**	--	**	18	806
Illinois.....	11,424	1,836	**	65	59	735	336	1,135
Indiana.....	4,614	631	**	103	**	335	129	392
Iowa.....	1,744	(')	--	--	2	151	16	239
Kansas.....	1,715	50	--	--	**	78	86	612
Kentucky.....	3,333	921	**	6	61	453	5	397
Louisiana.....	3,008	81	**	**	79	288	46	903
Maine.....	1,475	**	--	--	**	229	57	533
Maryland.....	4,231	**	--	**	6	646	263	810
Massachusetts.....	7,176	275	--	**	29	387	500	642
Michigan.....	6,509	266	--	16	48	779	277	270
Minnesota.....	3,970	92	--	--	24	94	191	988
Mississippi.....	1,367	**	27	--	**	81	29	274
Missouri.....	4,494	204	--	93	**	66	82	1,101
Montana.....	1,193	20	--	**	--	194	**	188
Nebraska.....	1,658	**	--	--	**	--	21	808
Nevada.....	2,217	778	--	**	--	**	59	360
New Hampshire.....	1,716	**	--	4	**	180	116	584
New Jersey.....	6,162	55	44	239	33	1,342	74	769
New Mexico.....	1,275	**	--	**	--	**	**	358
New York.....	17,226	1,958	--	110	**	1,245	688	1,410
North Carolina.....	3,082	59	**	24	28	429	27	412
North Dakota.....	781	**	--	**	--	62	10	429
Ohio.....	8,238	187	**	9	14	343	90	1,946
Oklahoma.....	2,174	352	--	--	**	40	23	657
Oregon.....	1,665	206	**	**	13	135	186	222
Pennsylvania.....	12,859	1,240	--	112	119	1,506	**	1,111
Rhode Island.....	1,908	123	--	--	--	--	**	870
South Carolina.....	2,333	89	107	--	12	364	39	240
South Dakota.....	1,500	**	--	--	--	--	--	580
Tennessee.....	4,232	402	--	**	**	240	47	1,062
Texas.....	12,081	1,924	242	**	**	631	180	1,768
Utah.....	1,525	135	--	**	--	66	**	542
Vermont.....	1,169	--	--	--	--	**	24	407
Virginia.....	6,864	1,262	**	--	**	841	259	1,191
Washington.....	3,890	270	292	**	6	540	146	450
West Virginia.....	1,364	**	--	**	**	760	--	246
Wisconsin.....	4,776	84	--	**	**	33	275	1,157
Wyoming.....	636	--	--	--	--	132	--	358
Puerto Rico.....	465	**	--	--	--	--	--	**
U.S. Possessions other than Puerto Rico.....	316	253	**	--	--	--	--	**

Footnotes at end of table.

# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 5.--New Money Long-Term Private Activity Bonds, by State and Purpose of Bond, 1988-1995 Combined--Continued**

[Money amounts are in millions of dollars]

State	Purpose of bond--continued						
	Veterans mortgage	Small issue	Student loan	Redevelopment	Section 501(c)(3) hospital	Other section 501(c)(3)	All other
	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>All States.....</b>	<b>2,055</b>	<b>13,684</b>	<b>12,132</b>	<b>253</b>	<b>44,870</b>	<b>40,836</b>	<b>10,384</b>
Alabama.....	--	528	110	--	485	297	--
Alaska.....	63	**	273	--	**	53	3
Arizona.....	--	80	427	--	396	216	170
Arkansas.....	--	293	216	--	273	66	--
California.....	1,353	563	308	**	3,896	3,585	505
Colorado.....	--	104	218	**	880	588	**
Connecticut.....	--	56	68	--	727	932	**
Delaware.....	--	26	--	--	85	143	153
District of Columbia.....	--	--	--	--	265	646	--
Florida.....	--	289	--	56	2,446	1,518	192
Georgia.....	--	720	--	--	1,047	586	246
Hawaii.....	--	--	--	--	120	**	492
Idaho.....	--	60	**	--	128	5	--
Illinois.....	--	885	323	**	2,187	3,501	352
Indiana.....	--	689	134	--	815	885	474
Iowa.....	--	285	238	--	317	423	73
Kansas.....	--	256	--	--	331	288	**
Kentucky.....	--	419	**	**	508	223	224
Louisiana.....	--	36	130	--	696	292	403
Maine.....	--	77	207	--	151	201	**
Maryland.....	--	122	--	28	920	1,154	**
Massachusetts.....	--	200	458	**	2,268	2,359	**
Michigan.....	--	865	378	--	1,673	1,324	613
Minnesota.....	--	348	69	**	874	1,266	**
Mississippi.....	--	325	346	--	194	68	--
Missouri.....	--	268	437	--	1,417	745	**
Montana.....	--	--	529	--	184	60	**
Nebraska.....	--	91	268	**	295	166	--
Nevada.....	--	67	--	--	136	21	681
New Hampshire.....	--	37	**	--	193	376	162
New Jersey.....	--	397	95	--	1,209	1,651	255
New Mexico.....	--	40	478	--	154	67	**
New York.....	--	638	**	--	3,451	5,102	2,494
North Carolina.....	--	504	**	--	880	695	**
North Dakota.....	--	17	**	--	96	87	--
Ohio.....	--	828	552	**	2,090	1,581	579
Oklahoma.....	--	131	93	--	716	147	**
Oregon.....	--	128	--	27	204	480	43
Pennsylvania.....	--	612	941	--	3,909	3,228	**
Rhode Island.....	--	65	343	--	182	251	**
South Carolina.....	--	460	357	--	467	198	--
South Dakota.....	--	**	527	--	251	107	--
Tennessee.....	--	447	175	--	1,076	728	45
Texas.....	409	236	1,919	--	2,477	972	1,216
Utah.....	--	61	349	**	53	106	173
Vermont.....	--	15	427	--	82	186	**
Virginia.....	--	385	223	--	1,306	1,209	33
Washington.....	--	271	**	--	848	784	235
West Virginia.....	--	49	--	--	123	143	29
Wisconsin.....	228	671	--	--	1,249	1,002	49
Wyoming.....	--	--	65	--	49	**	**
Puerto Rico.....	--	9	--	--	**	112	--
U.S. Possessions other than Puerto Rico.....	--	--	--	--	--	--	--

<sup>1</sup> Less than \$500,000.

\*\* Not shown to avoid disclosure about specific bonds. However, the data are included in the appropriate totals.

NOTE: Detail may not add to totals because of rounding.

# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 6.--New Money Long-Term Private Activity Bonds, by State and Issue Year, 1988-1995**

[Money amounts are in millions of dollars]

State	1988		1989		1990		1991	
	All issues	501(c)(3) issues	All issues	501(c)(3) issues	All issues	501(c)(3) issues	All issues	501(c)(3) issues
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All States.....</b>	<b>29,365</b>	<b>7,705</b>	<b>27,650</b>	<b>10,374</b>	<b>31,426</b>	<b>11,095</b>	<b>27,810</b>	<b>13,885</b>
Alabama.....	277	111	336	85	501	65	255	116
Alaska.....	**	**	**	**	72	12	85	12
Arizona.....	532	195	229	**	261	**	292	128
Arkansas.....	316	91	304	77	207	**	168	28
California.....	3,414	891	2,736	875	2,677	930	2,329	1,240
Colorado.....	274	116	419	144	1,252	178	1,520	343
Connecticut.....	709	249	441	122	557	400	310	130
Delaware.....	139	**	119	**	214	44	69	24
District of Columbia.....	553	177	178	114	444	311	**	**
Florida.....	1,815	388	1,916	511	1,179	391	1,675	754
Georgia.....	332	94	773	110	605	131	645	148
Hawaii.....	205	**	287	--	568	--	771	**
Idaho.....	102	1	175	**	261	**	60	--
Illinois.....	1,501	653	1,329	629	2,328	746	1,149	666
Indiana.....	866	132	645	239	589	209	311	179
Iowa.....	274	17	299	135	133	78	262	185
Kansas.....	325	37	263	122	161	27	234	107
Kentucky.....	440	42	318	65	401	30	300	150
Louisiana.....	386	47	299	52	352	63	224	82
Maine.....	308	27	148	**	300	**	74	58
Maryland.....	393	128	560	203	618	463	577	385
Massachusetts.....	1,155	481	1,216	980	924	449	789	572
Michigan.....	495	213	943	358	986	317	1,052	716
Minnesota.....	630	302	395	184	573	301	427	243
Mississippi.....	78	**	150	**	234	**	107	41
Missouri.....	697	269	701	364	636	307	510	258
Montana.....	71	20	169	**	60	12	228	79
Nebraska.....	409	23	73	45	280	23	297	175
Nevada.....	292	--	217	**	401	--	94	**
New Hampshire.....	109	**	424	105	183	49	222	**
New Jersey.....	543	192	865	330	706	325	1,289	628
New Mexico.....	203	--	130	75	**	**	**	**
New York.....	952	197	2,081	838	2,527	1,515	2,152	1,281
North Carolina.....	395	232	396	85	390	170	676	470
North Dakota.....	56	**	229	10	196	27	33	33
Ohio.....	1,401	290	1,311	589	1,257	497	1,052	599
Oklahoma.....	558	64	209	97	365	245	316	82
Oregon.....	95	31	191	89	175	71	275	163
Pennsylvania.....	2,187	697	1,418	1,033	1,394	725	1,526	1,044
Rhode Island.....	600	**	86	57	330	62	233	98
South Carolina.....	273	66	268	49	266	72	366	109
South Dakota.....	384	34	303	74	41	34	303	47
Tennessee.....	671	110	577	238	587	297	507	323
Texas.....	1,171	373	1,466	495	1,742	262	1,941	795
Utah.....	212	--	226	--	279	**	163	--
Vermont.....	261	70	137	**	143	**	22	19
Virginia.....	756	181	471	155	1,275	347	746	568
Washington.....	206	48	429	253	597	188	529	359
West Virginia.....	244	25	146	55	296	20	48	21
Wisconsin.....	888	258	544	235	770	447	455	230
Wyoming.....	168	**	**	**	83	**	**	**
Puerto Rico.....	**	**	--	--	9	--	**	**
U.S. Possessions other than Puerto Rico.....	**	**	**	**	**	**	--	--

Footnotes at end of table.



# Tax-Exempt Private Activity Bonds, 1988-1995

**Table 6.--New Money Long-Term Private Activity Bonds, by State and Issue Year, 1988-1995--Continued**  
 [Money amounts are in millions of dollars]

State	1992		1993		1994		1995	
	All	501(c)(3)	All	501(c)(3)	All	501(c)(3)	All	501(c)(3)
	issues	issues	issues	issues	issues	issues	issues	issues
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All States.....</b>	<b>26,868</b>	<b>12,545</b>	<b>21,231</b>	<b>10,757</b>	<b>25,055</b>	<b>9,486</b>	<b>27,943</b>	<b>9,859</b>
Alabama.....	247	107	269	69	193	53	420	176
Alaska.....	107	**	**	**	69	12	149	**
Arizona.....	104	51	278	106	279	55	241	40
Arkansas.....	218	70	131	28	204	**	164	32
California.....	1,930	759	2,201	1,379	1,922	591	2,977	816
Colorado.....	1,379	193	177	136	558	203	591	155
Connecticut.....	344	253	421	269	234	155	212	80
Delaware.....	93	42	32	17	112	52	85	**
District of Columbia.....	141	141	75	75	**	**	121	**
Florida.....	1,452	585	1,122	586	1,036	267	1,468	479
Georgia.....	715	427	352	188	740	238	742	298
Hawaii.....	**	**	150	**	**	**	57	--
Idaho.....	164	35	67	**	107	**	257	90
Illinois.....	1,325	809	828	577	1,832	969	1,132	638
Indiana.....	513	428	430	188	634	157	627	170
Iowa.....	213	108	218	81	125	28	220	109
Kansas.....	175	92	94	65	269	148	194	21
Kentucky.....	700	173	443	56	362	128	368	86
Louisiana.....	520	313	370	132	463	169	394	129
Maine.....	270	72	65	48	146	42	164	64
Maryland.....	369	242	734	351	555	144	425	157
Massachusetts.....	1,176	961	511	419	590	263	815	502
Michigan.....	628	260	718	292	696	309	992	532
Minnesota.....	653	451	572	413	386	153	333	93
Mississippi.....	85	33	279	66	272	**	161	**
Missouri.....	592	304	328	181	472	225	559	252
Montana.....	25	**	210	19	129	94	300	15
Nebraska.....	240	94	126	53	98	43	135	4
Nevada.....	301	**	223	**	121	21	568	**
New Hampshire.....	167	45	182	161	257	143	173	39
New Jersey.....	607	228	608	359	1,007	464	537	335
New Mexico.....	179	61	202	52	97	**	393	**
New York.....	2,269	1,043	1,741	852	2,710	1,259	2,794	1,567
North Carolina.....	346	287	333	182	228	100	320	49
North Dakota.....	107	47	14	**	76	36	70	17
Ohio.....	887	443	753	622	657	253	920	378
Oklahoma.....	94	38	86	41	174	51	372	245
Oregon.....	118	79	181	50	248	112	381	90
Pennsylvania.....	2,308	1,390	1,039	834	1,456	777	1,530	637
Rhode Island.....	234	100	141	45	132	**	150	16
South Carolina.....	218	49	229	109	307	32	407	180
South Dakota.....	88	86	184	32	95	23	102	29
Tennessee.....	423	220	376	180	546	253	546	183
Texas.....	1,260	257	1,354	443	1,705	621	1,441	204
Utah.....	170	59	161	--	98	**	217	--
Vermont.....	88	37	273	93	122	19	124	23
Virginia.....	1,029	337	449	202	1,248	335	890	391
Washington.....	669	357	449	192	431	148	581	87
West Virginia.....	94	26	230	48	119	16	188	56
Wisconsin.....	615	321	459	371	469	215	576	174
Wyoming.....	--	--	**	**	122	--	177	**
Puerto Rico.....	**	**	**	**	48	48	**	**
U.S. Possessions other than Puerto Rico.....	**	**	**	**	**	**	**	**

\*\* Not shown to avoid disclosure about specific bonds. However, the data are included in the appropriate totals.  
 NOTE: Detail may not add to totals because of rounding.

## **Differential taxation of nonprofits and the commercialization of nonprofit revenues**

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### **Introduction**

As the nonprofit sector has grown in economic importance, so too has its reliance on income obtained from a variety of commercial activities – that is, activities involving the sale of goods or services. Because commercial income earned in the nonprofit sector is largely, if not entirely, tax exempt, this trend raises several questions: Are nonprofit organizations encouraged to pursue commercial ventures that they would otherwise eschew because the income from such activities is tax exempt? When nonprofit enterprises move into commercial markets, does their tax-exempt status give them an economic advantage? Does the prospect of earning tax-free income create incentives for nonprofit organizations to divert their energies from core philanthropic activities in order to pursue commercial ventures that are justified only because they generate revenue for the core activities? How does the differential tax treatment of nonprofits affect choices among commercial ventures?

To answer these questions, we must recognize some distinguishing attributes of nonprofits (Weisbrod 1977, 1988; Hansmann 1980; James 1983; Steinberg 1991; Eckel and Steinberg 1994). Unlike for-profit enterprises, nonprofit organizations may regard the pursuit of profit in any market as a means of achieving other “more important” organizational goals, rather than as an end in itself. In addition, donations, an important source of revenue for many nonprofits, may be sensitive to these commercial activities. For example, donors may care about how nonprofits divide their efforts between profit-making activities and producing what donors believe to be the organization’s “primary” output.

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For these reasons, nonprofit managers may view commercial ventures differently than would for-profit competitors, and these differences must be considered when analyzing the effects of differential tax treatment of nonprofit enterprises. For a nonprofit organization, decisions on whether to engage in any commercial activity often quite rightly involve more than expected profitability. Following Chapter 3 and James (1983), our basic theoretical framework is one in which nonprofit organizations seek first and foremost to maximize their ability to provide a charitable good or service, while avoiding production or distribution of ancillary activities that can hamper achieving the primary mission. The ability to produce the preferred output, however, depends on the revenue not only from donations but also from user fees and – what is central in this chapter – from the production and sale of ancillary commercial outputs.

Nonprofit managers may view these ancillary outputs as a mixed blessing. Although profits from such activities provide needed income to supplement donations and allow increased provision of the primary output, the leadership of the nonprofit may dislike producing secondary output in principle, especially if that seems inconsistent with the organization's underlying objectives.

When nonprofits enter commercial markets to sell ancillary outputs, they face different tax rules than do for-profit producers of the same outputs. This chapter describes the nature of these tax differentials as well as implications for nonprofit organization behavior. We then consider the major effects of choices made by nonprofit organizations to engage in commercial activities, determining whether these choices are intentional, efficient, and equitable, and considering whether observed behavior of nonprofits in commercial markets is consistent with our predictions.

**Differential tax treatment of nonprofit organizations**

Income earned by for-profit enterprises is subject to tax in various forms. At the federal level, and in most states, businesses pay profits taxes on their income; and at the state and local level, businesses are taxed on property values. Nonprofit organizations, however, are subject to different tax rules that provide very broad, if not complete, exemptions from these taxes. Nonprofit charitable organizations are generally exempt from paying state and local taxes on property used "primarily" for the organization's exempt purpose; and nonprofits are exempt from federal and state corporate income taxes on income from activities that, even if commercial, are deemed to be substantially related to the organization's primary exempt purpose.

In principle, neither the state nor federal tax exemptions are intended to apply to taxes that would otherwise be incurred in the pursuit of commercial activities that are *not* related to the nonprofit's primary exempt purpose. Thus, since the 1950s, nonprofits have been subject to a federal Unrelated Business

### **Differential taxation, commercialization of nonprofit revenues**

Income Tax (UBIT), which is meant to tax nonprofits on the same basis as for-profit corporations on income earned in a "trade or business" that is "regularly carried on" by a nonprofit and not "substantially related" to the nonprofit's exempt purposes (Simon 1987; Hansmann 1989). States that levy corporate income taxes have followed the federal government's lead in this area by imposing their own unrelated business income taxes; and most states require that property be used primarily for an exempt purpose to qualify for property-tax exemptions.

The attempt by federal and state governments to tax unrelated commercial activities is intended to limit the extent to which nonprofits can exploit their tax-exempt status to produce commercial outputs having little or no connection to the organizations' primary "tax-exempt" output (Steinberg 1991). In practice, however, it has proved administratively difficult for federal, state, and local taxing authorities to differentiate taxable and nontaxable commercial activities (Simon 1987; Mikesell in press). Thus, tax experts widely agree that for many nonprofits, most, if not all, income earned from commercial undertakings is effectively tax exempt. Moreover, opportunities to shift reported revenues and costs between taxed and untaxed activities can allow nonprofits to avoid taxation even when an activity is clearly unrelated to its tax-exempt purpose.

### **Differential taxation and nonprofit behavior**

How do these tax differentials affect choices that nonprofits make about both the degree and the forms of their commercial ventures? Answering this question first requires discussing the kinds of investment decisions that nonprofit organizations make, and how these may differ from those made by for-profit enterprises.

#### *Modeling the investment choices of nonprofit organizations*

We represent the nonprofit organization as an entity that seeks to maximize the utility from providing a preferred, "core," or mission-related nonprofit good or service, subject to the constraint that spending on that good cannot exceed revenue (James 1983; Schiff and Weisbrod 1991). Revenue depends on donations, user fees (discussed in Chapter 4), and profit from commercial activities, which is the focus of this chapter.

As in any organization deciding whether to invest in a business venture, there is an opportunity cost to a nonprofit engaging in commercial activities. As Rose-Ackerman (1982) noted, although nonprofits can finance investments in commercial activities from "free cash" or accumulated reserves, the use of these funds is not free; every dollar invested in the commercial activity could instead be used to earn income from passive investments in securities. The nonprofit

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could also borrow some or all of the funds needed to finance the commercial activity, but at a cost. The key question is whether the nonprofit can realize a greater rate of return by investing in ancillary commercial activities rather than in passive investments.

Following Schiff and Weisbrod (1991), we also assume that donations increase with the nonprofit's production of preferred, mission-related goods and with its fund-raising expenditures as well. In addition, we assume that commercial activity may negatively affect donations if opposed by donors or positively if viewed as appropriate self-help.

Maximizing a nonprofit's utility subject to the financial constraint implies that nonprofits will invest in fund-raising up to the point where a marginal dollar spent on eliciting donations equals the cost of fund-raising. However, fund-raising in itself could also be seen as a nonpreferred, ancillary activity, in which case the organization would stop short of the amount of fund-raising that would maximize revenue from this source (Weisbrod and Dominguez 1986).

A similar condition defines the required return, or *hurdle rate*, that an additional dollar invested in a commercial activity must earn to justify the investment. For nonprofits this hurdle rate does not depend exclusively on the financial cost of funds, as would be the case for a for-profit enterprise, because the organization or its potential donors might have a distaste for engaging in ancillary commercial activity.

When such distaste is present, the nonprofit will invest in a commercial activity to the point where marginal profit on an additional dollar spent on the commercial activity equals the sum of the financial cost of funds, *plus* an additional premium to compensate for the loss in utility and/or donor contributions resulting from increased investment in the commercial activity. This hurdle rate is the starting point for analyzing what motivates nonprofits to invest their resources in commercial activities.

*Nonprofit and for-profit behavior in the absence of taxation*

We first consider briefly how nonprofit and for-profit organizations would be expected to behave if all returns from commercial activities were untaxed. This setting is clearly unrealistic, but it provides a useful baseline for understanding the effects of differential taxation.

In such a world, a typical for-profit organization would invest in a commercial activity until the marginal profit per dollar invested in the activity equaled the opportunity cost of funds. Whether a nonprofit organization would use the same investment criterion depends, as noted, on whether it or its donors had a distaste for engaging in commercial ventures. Were there no aversion to undertaking commercial revenue-generating activities, a nonprofit would act as a profit maximizer in commercial markets regardless of its goals; that is, it would

### Differential taxation, commercialization of nonprofit revenues

behave just like a for-profit enterprise *with regard to the decision about whether and how much to invest in a commercial activity*. Nonprofits would want to maximize net revenue from commercial activities to maximize funding of mission-related output.

Thus, if there were no aversion by the nonprofit or donors to commercial activities, nonprofits would behave in the same way as for-profits in the commercial market even though the pursuit of profit was not a goal for the nonprofit as a whole. Both types of enterprise would use the same criterion – profitability – to evaluate whether or not to invest in a given commercial activity. If nonprofits received no special subsidies, they would compete on an even footing in capital markets with for-profits, who could not then complain about being undercut by “unfair competition.”

However, if either the nonprofit or its donors had a distaste for engaging in commercial activities, the financial test that a nonprofit would apply before engaging in a commercial activity would actually be relatively *more stringent*. It would not be enough for a commercial activity to earn a profit commensurate with the financial opportunity cost of funds. The marginal profit would have to exceed the financial cost of funds by enough to compensate for the disutility of the activity and net loss of contributions from donors; thus, a nonprofit would engage in less commercial activity than would be profit maximizing.

Aversion to commercial activities could be strong enough to cause the nonprofit to avoid certain ancillary commercial ventures entirely. If economic return to a commercial activity were set by competition among for-profit producers, the marginal profit that could be earned by a nonprofit could not exceed the financial opportunity cost of capital. In such a case, the nonprofit could not earn a marginal profit high enough to cover both the cost of funds and the “aversion premium” required for engaging in the nonpreferred activity.

Even so, nonprofits might still choose to engage in some commercial activities if there were cost complementarities between these activities and the preferred, mission-related output and if the nonprofit benefited from donations or subsidies. This could allow the nonprofits to earn a greater marginal return on the commercial activity than could for-profit competitors lacking such benefits.

Thus, in a world in which both nonprofits and for-profits were untaxed, the propensity of nonprofits to seek out commercial sources of revenue would depend on whether the nonprofit and/or its donors saw pursuing profit as a means to finance – that is, cross-subsidize – its mission. Commercial activities seen as conflicting with the mission, while regarded as economically profitable by for-profits, would not be worth undertaking by nonprofits. Such aversion could be overcome, however, if nonprofit production of preferred output brought sufficient cost advantages in ancillary markets. In the more general case, in which individual nonprofits have varying degrees of aversion for commercial ventures and differing abilities to exploit cost complementarities, we would expect en-

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try into commercial markets to be concentrated in activities where aversion is least – perhaps because the activity is “closest” to the nonprofit’s mission – and where there was the most potential for exploiting cost complementarities between commercial outputs and their preferred output.

### **Effects of differential taxation of nonprofit and for-profit enterprises**

A central insight of our model is that when a nonprofit is averse to pursuing profit in commercial markets, it will engage in commercial activities only if it expects to earn a *premium* above the competitive rate of return that it could earn from passive investments. This implies that differential taxation of non- and for-profit enterprises, by itself, would not provide a financial incentive for nonprofits to pursue otherwise objectionable commercial ventures.

#### *The importance of tax-induced investment premiums*

Consider a case in which nonprofits have no special tax incentive to engage in commercial ventures, despite exemption from taxes on ancillary business profits. Such a situation would arise if for-profit enterprises were subject to a *neutral* tax on business income, one that taxed income from all sources at the same rate and allowed interest on debt to be deducted (Rose-Ackerman 1982). Although one might think that the exempt nonprofit would have an incentive to seek out tax-exempt commercial activities under these circumstances, nonprofits would earn no premium above the competitive return by doing so. If profits from all business activities were taxed at the same rate, the marginal profit that a nonprofit could earn from investing in a commercial venture would equal the opportunity cost of funds, as it would in the no-tax case. Moreover, as in the no-tax case, if either the nonprofit or its donors had a distaste for engaging in commercial activities, the nonprofit would prefer investing passively if all it could do is earn the same rate of return as would a for-profit competitor. Exemption from tax would allow a nonprofit to earn a higher return from commercial activity; however, it would also raise the financial (opportunity) cost of engaging in such a venture because the financial returns from passive investments would also be tax-exempt, whereas interest on debt would not be tax-deductible. Under a neutral income tax, these two features of the tax exemption would exactly balance each other so that the nonprofit and for-profit would face the same incentives at the margin for investing in a commercial enterprise.

#### *Effects of property and corporate tax exemptions*

There are, however, several important instances in which differential taxation of nonprofits potentially allows nonprofits to earn premium returns from invest-

### Differential taxation, commercialization of nonprofit revenues

ing in commercial ventures that exceed the competitive return. One is the exemption from local property taxes for nonprofits. If for-profit enterprises must pay these taxes, a for-profit would invest in a commercial activity up to the point where the marginal profit per dollar invested was enough to cover the opportunity cost of funds plus the property tax per dollar invested. Since nonprofits do not pay property taxes, in effect they would earn the same pretax total return as a for-profit, without having to pay the property tax.<sup>1</sup>

Exemption from corporate profit taxes on commercial activities deemed to be "substantially related" to the nonprofit's primary purpose creates another potentially exploitable tax premium (Cordes and Sheffrin 1981; Rose-Ackerman 1982). This comes about because, unlike in the example discussed above, business income is not taxed at the same rate regardless of source; rather, corporate income is taxed once at the corporate level and then again at the individual level, whereas income earned by unincorporated enterprises is taxed only once at the individual level. To compensate for the double taxation of corporate income, the pretax return to an additional dollar invested in a commercial activity undertaken by a corporation will come to exceed the interest rate. For-profit unincorporated firms, however, would continue to invest up to the point where the marginal return equaled the opportunity cost of funds.

This model implies that nonprofits have no particular tax incentive to invest in tax-exempt activities dominated by unincorporated enterprises, because competition in capital markets will cause these activities to earn the same pretax return as could be earned by investing passively in bonds. (As Hansmann [1989] has noted, with a corporate tax, nonprofits would have a tax disincentive to hold corporate common stock, because as shareholders they could not avoid paying the corporate tax, collected directly from the corporation). There would, however, be a tax incentive for nonprofits to engage actively in tax-exempt related commercial activities dominated by corporate producers, and compete with for-profits in those markets because they could earn a return exceeding the competitive return from passive investments.

### *Tax treatment of unrelated business income*

Not all business income earned by nonprofits, however, is tax exempt. As noted above, profits earned from activities deemed unrelated to the organization's tax-exempt purpose are subject to both federal and state Unrelated Business Income Taxes (UBIT); and most states tax any property that is not used primarily for the organization's primary exempt purpose.

In principle, these taxes would appear to discourage nonprofits from investing in unrelated commercial activities. If a nonprofit is already averse to earn-

<sup>1</sup> In practice, some nonprofits may pay something like a partial property tax to the extent that they make "voluntary" payments in lieu of tax (PILOTs).



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ing income from such ventures, an investment subject to federal and state taxation would have to earn an even higher pretax return to make it worthwhile.

In practice, however, many nonprofits may be able to arrange their financial affairs so that income that is nominally subject to federal and state UBITs may be subject to little or no tax. For example, a nonprofit could deduct a portion of "joint" costs – costs of inputs that contribute to both its mission-related and tax-exempt commercial outputs – against profits from its unrelated, taxed activity. Although such cost shifting would not by itself allow a nonprofit to escape paying taxes on property used solely to produce unrelated business income, property taxes could be avoided to the extent that the property used to generate such income was also "primarily" used for mission-related, exempt purposes.

The presence of joint costs shared by related and unrelated activities not only permits but encourages nonprofits to shift costs. Indeed, there is striking evidence that nonprofits take advantage of such opportunities. Of the 32,690 nonprofits that filed UBIT returns in 1991, almost three out of five reported losses – *negative* taxable income – and for the UBIT filers as a group, total expenses allocated to providing unrelated activities exceeded total revenues, implying that, overall, unrelated activities are unprofitable (Riley 1995). Since nonprofits presumably engage in unrelated activities only to fund their tax-exempt activities, truly unprofitable unrelated services make no sense. In reality, cost shifting allows reported profit to be zero or even negative, even though there may be a substantial marginal profit from the unrelated activity that generates considerable revenue for the preferred, tax-exempt outputs.

### Empirical evidence

Our framework predicts that the relative importance of commercial activities to nonprofits reflects three broad factors:

- 1 the abilities of particular nonprofits to exploit *cost complementarities*;
- 2 the nonprofit's *aversion premium*, which in turn depends on the preferences of both nonprofits and their donors; and
- 3 the size of the pretax investment premium that can be earned on commercial ventures.

The model also predicts, moreover, that, despite the disadvantages of earning income from unrelated, and hence nominally taxable, commercial activities, nonprofits will undertake such business activities given a certain circumstance: The activities must allow the nonprofit to earn a pretax investment premium over and above the opportunity cost of funds. A major contributing factor is the opportunity to use the same inputs in both mission-related and the unrelated commercial market; this provides the opportunity for the nonprofit to shift costs and possibly revenue between taxed and untaxed goods to minimize taxes on the unrelated activity.

### Differential taxation, commercialization of nonprofit revenues

We examined some of these predictions with data from the Statistics of Income (SOI) public-use sample of IRS Form 990 tax returns (see Appendix) filed in 1992 by nonprofit charitable organizations exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

#### *Measures of commercial activity*

Determining whether variables suggested by the theoretical model explain variation in the propensity of nonprofit organizations to engage in commercial ventures requires a means of measuring an organization's propensity to engage in commercial activities. One such measure is Commercial Share, defined as the share of the nonprofit's total revenue derived from sources that can reasonably be attributed to commercial activities that are exempt from taxation. We measure Commercial Share as the share of total revenue derived from program services, which is widely used to gauge how much nonprofit organizations depend on revenue sources other than contributions, plus other income from excluded activities and special events. To focus on commercial revenue sources likely to benefit from nonprofit tax exemption, Commercial Share excludes components of program service revenue (PSR) reported as unrelated business income. Another, dichotomous measure is whether the nonprofit had at least \$1,000 in gross revenue from the unrelated business activity, and so was required to file a UBIT return.

Although PSR, which is an important component of Commercial Share, is a commonly used indicator of the extent to which nonprofits engage in businesslike activities, it is not ideal because it includes income from activities such as tuition payments by students, which may be neither business activities in the sense discussed above, nor viewed as nonpreferred sources of revenue. Nonetheless, because Commercial Share includes income from a wide range of commercial activities, variation in this variable is likely to reflect variation among nonprofits in the propensity to rely on commercial sources of revenue.<sup>2</sup>

#### *Measures of cost shifting*

We also seek to examine whether nonprofits attempt to shift costs to reduce taxable income subject to the UBIT. Froelich and Knoepfle (1996) note that nonprofits enjoy fairly wide latitude in allocating wages and salaries that are part of management and general "overhead" among their various functional activities. One option open to nonprofits reporting revenue from sales of goods is to include a portion of wages and salaries that would otherwise be included under

<sup>2</sup> In principle, it would be desirable to distinguish between elements of program services that are businesslike and those that are not, but this is not possible in the public-use sample. The results reported in Table 5.1 were not sensitive to the use of alternative definitions of Commercial Share, some of which included unrelated business income.

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"managerial and general expenses" as part of the cost of goods sold. As Froelich and Knoepfle (1996) point out, nonprofits may choose this strategy for a variety of reasons, not all of which are motivated by taxes; for example, nonprofits may seek to minimize their reported management expenses to appear more efficient in using charitable donations. Still, a nonprofit subject to the UBIT has an additional incentive to shift wage and salary expenses into the cost of goods sold to reduce taxable income. As a by-product of reporting these expenses as costs of goods sold rather than as management costs, the nonprofit would also report lower amounts of managerial and general salary expense. Therefore, we use as a measure of cost shifting the variable Management/General Salaries, which is the ratio of wages and salaries reported as part of "management and general expenses" to total expenses reported on the Form 990 return. We hypothesized that when a nonprofit is subject to the UBIT, it will be more likely to shift a portion of these joint costs to the Form 990 category of "cost of goods sold," and hence report lower amounts of total management and general wages and salaries as part of its functional expenses. UBIT filers would thus be expected to have lower ratios of management/general wage and salary expense to total expenses than would nonprofits with otherwise identical attributes who were not engaged in commercial activity subject to the UBIT.

#### *Measures of cost complementarities and aversion*

It is difficult to construct suitable measures for an organization's aversion to undertaking commercial activities and for its ability to exploit cost complementarities, but we can use two reasonable, if crude, proxies.

**Entity size.** It is likely that both opportunities for exploiting cost complementarities and the degree of aversion to pursuing commercial ventures will vary with the size of the nonprofit. Larger nonprofits may well have more opportunities than smaller ones to exploit cost complementarities. To the extent that smaller nonprofits are also likely to be relatively new, prospective donors might also be more likely to monitor the extent of their commercial activities. If so, aversion to commercial ventures would fall with an increase in the size of the nonprofit.

The implication of these two hypotheses is that the propensity to engage in commercial activities should increase with the nonprofit's size, as measured by the variable Assets, the end-of-year assets reported by the nonprofit. This prediction is consistent with tabulations of aggregate data reported on Form 990 returns, which indicate that larger nonprofits receive a larger share of their revenue from commercial sources (Hilgert and Arnsberger 1992). These tabulations, however, are presented for nonprofits as a whole, and thus do not control for the nature of the nonprofit's primary output, as reflected by its grouping in

### Differential taxation, commercialization of nonprofit revenues

the National Taxonomy of Exempt Enterprises (NTEE), which one might also expect to affect the likelihood of engaging in commercial activities.

**Source of donations.** It also seems reasonable to assume that the aversion premium could vary with type of donor – for example, private versus government. Although the model does not make specific predictions about which type is more likely to oppose commercial undertakings by nonprofits, we construct the variable Pct. Public Contributions, which is the share of total contributions received from government sources, to examine the possibly differential effect of government and private “contributions, gifts, and grants.”

**Type of activity.** Both a nonprofit’s aversion premium and its ability to exploit cost complementarities may also vary with the nature of its primary output. Universities or hospitals, for example, may have greater opportunities to develop cost complementarities than, say, human-service providers because of the variety of their resource inputs. Thus we include a series of dummy variables that correspond to the major NTEE categories of arts, education, health, and human services, which have sufficient sample size to generate meaningful results (see also Chapter 6). The comparison group in the regressions comprises nonprofits in various *other* NTEE categories (environment and animals, international, public, societal benefit, religious, mutual membership, and unknown).

### *Measures of tax premiums*

Last, the model predicts that nonprofits should be more likely to invest in commercial activities that offer the prospect of capturing tax premiums exceeding the competitive return. Although the tax premiums generated by differential taxation at the federal level do not vary among nonprofits in a single year, local property tax and state corporate tax rates vary. In theory, there should therefore be some variation by state in the pretax investment premiums that can be earned from commercial ventures.

Hansmann (1987) and Gulley and Santerre (1993) use interstate variation in property and corporate tax rates to examine whether aggregate market share of nonprofits in selected industries is higher in states with relatively high property and corporate tax rates – where the nonprofit’s advantage is greatest. They find that, as the theory predicts, the market share of nonprofit organizations increases with the size of the tax differential.

These studies focus on what might be described as the aggregate outcome of many individual decisions made by nonprofits to engage in commercial activity. We use data from the Form 990 returns to examine the behavior of individual nonprofits. To capture such variation we have added two dummy state-tax variables, using data published by the Tax Foundation (1993/4) and Minneso-

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ta Taxpayers Association (1996), to the individual observations in the 1992 public-use sample. These variables were constructed to distinguish states where relatively high local property tax rates and corporate tax rates would, in theory, allow nonprofits to earn relatively large tax-induced premiums. The variable Proptax = 1 in states where local commercial property tax rates ranked among the top ten in the country; the variable Corptax = 1 if the nonprofit is located in one of the nine states with a statutory tax rate in excess of 10 percent.

**Results**

Table 5.1 presents estimates of a regression of the variable Commercial Share on proxies for a nonprofit's aversion to commercial ventures and ability to exploit cost complementarities, as well as state-level tax dummy variables. Table 5.2 presents the probability (logit regression) that a nonprofit files a UBIT return (Form 990-T) as a function of the same variables. Table 5.3 presents estimates of a regression of Management/General Salaries on several characteristics of the nonprofit, including whether it was required to file a UBIT tax return.

The results are generally consistent with expectations. Table 5.1 shows that the industry of a nonprofit's primary output significantly affects its propensity to rely on revenue from commercial sales. The significant, positive coefficients on the NTEE dummy variables show that nonprofits with mission-related outputs in the areas of arts, education, health, and human services all derive a larger share of funds from tax-exempt commercial activities than do nonprofits in the comparison group. Holding size constant, nonprofit providers of health services receive roughly \$0.75 of every revenue dollar from such sources, reflecting the major effect of hospitals, followed by nonprofit providers of education and human services, which derive roughly \$0.50 of every dollar from commercial sources.

The results also show that after controlling for the nature of the nonprofit's mission-related outputs, size (Assets) of the nonprofit is associated positively with revenue share from commercial sources. The negative coefficient of Assets Squared indicates that although the propensity to engage in commercial activities increases with size, it does so at a decreasing rate. This suggests that, after some point, a nonprofit's ability to exploit cost complementarities encounters diminishing returns.

When size is measured in dollars as a continuous variable, increases in asset size have a quite small effect on share of commercial revenue. The estimated coefficients on Assets and Assets Squared indicate that for a nonprofit with \$20 million in assets, doubling its size would increase the share of revenue derived from commercial activities by roughly two-tenths of a percentage point.

This relatively small effect may, however, reflect the fact that almost three out of every four charitable organizations in the SOI sample has a "large" asset size of \$10 million or more. To examine this issue further, we therefore con-

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Table 5.1. *Dependent variable: Commercial Share = program service revenue as a fraction of total revenue*

Variable	Coefficient	Variable	Coefficient
Intercept	.184** (.010)		
<i>NTEE classification</i>			
Arts (N = 583)	.062** (.017)	Assets (units of \$10 mil.)	.0094** (.0002)
Education (N = 1,960)	.357** (.012)	Assets Squared	-1.46E-6** (3.0E-8)
Health (N = 3,516)	.554** (.011)	Pct. Public	-0.050** (.011)
Human services (N = 1,689)	.289** (.013)	Contributions	.033** (.007)
		Proptax	.042** (.011)
		Corptax	
No. of observations	9,104		
Adjusted R <sup>2</sup>	.259		
F-statistic	353.98		

*Note:* Results are not sensitive to the use of alternative definitions of Commercial Share, some of which included unrelated business income. Standard errors are shown in parentheses.

\*\* Statistically significant at the .01 level.

structured a dummy variable equal to 1 if the nonprofit had assets of \$5 million or more, and zero otherwise. Though the results are not shown here, when we replaced the continuous measure of size in the regression for Commercial Share with this variable, the coefficients of the other variables remained of the same sign and magnitude as shown in Table 5.1; and smaller nonprofits are quantitatively as well as statistically much less likely to rely on commercial revenues. The coefficient of the size dummy implies that the commercial revenue share among "small" nonprofits – those with less than \$5 million in assets – is almost 17 percentage points lower than the corresponding commercial revenue share among larger nonprofits.

Table 5.2 shows broadly similar patterns and effects of both the nonprofit's industry and size on its propensity to undertake taxable commercial activities. The odds ratios calculated from the estimated coefficients in the logit regression imply that nonprofit providers of health services are about 2.4 times more likely than the reference group to report revenue from program services subject to the UBIT. (The *odds ratio* is the ratio of the predicted probability that the organization files a UBIT return to the predicted probability that it does not.) Non-

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profit organizations in the arts and education are both about twice as likely as nonprofits in the reference group to receive such revenue. Nonprofit human-service providers, however, are about 50 percent less likely than those in the reference group to engage in unrelated business activities subject to the UBIT.

Assets also affect the probability of filing a UBIT return. The estimated coefficients of Assets and Assets Squared indicate that doubling the size of a nonprofit with \$20 million in assets would increase its odds of filing a UBIT return by roughly 12 percent. Replacing the continuous asset-size variables with a size dummy also results in a much larger estimated effect of asset size: Nonprofits with assets of \$5 million or more are roughly five times more likely to file a UBIT return than are other nonprofits. Whether size is proxied by a continuous or a dichotomous variable, however, it should be noted that larger nonprofits are also more likely to file UBIT returns simply because the scale of their unrelated activities is more likely to trigger the UBIT filing threshold of \$1,000 in gross income.

Our results indicate that the source of donations affects a nonprofit's commercial activities – as measured by both commercial revenue share (Table 5.1) and filing a UBIT return (Table 5.2). The greater the share of contributions that a nonprofit receives from public rather than private sources, the less likely the nonprofit is to rely on revenue obtained from commercial activities (tax exempt and taxable). The estimated coefficients of Pct. Public Contributions in Tables 5.1 and 5.2 imply, respectively, that a ten-percentage-point increase in the share of contributions received from public sources reduces the revenue share derived from program services by half a percentage point, and lowers the odds that the nonprofit files a UBIT return by about 20 percent. A possible explanation is that public donors are more likely than private donors to be averse to commercial activities of nonprofits.

Tables 5.1 and 5.2 also show that nonprofits are more likely to rely on commercial revenue sources when located in states with relatively high taxes. The estimated coefficients of both the property- and the corporate-tax variables are positive and statistically significant in the regression for Commercial Share, indicating that nonprofits in high-tax states are more likely to depend on commercial sales for revenue. The magnitudes of the coefficients imply that location in one of the ten states with the highest commercial property tax rates raises the nonprofit's commercial revenue share by about 3 percentage points; and location in a high-corporate-tax state raises commercial share by 4 percentage points. These results are generally consistent with previous research showing that cross-state variation in property and business taxation helps to explain the relative importance of nonprofits in certain industries.

Table 5.2 also indicates that nonprofits located in relatively high-corporate-tax states are also more likely to undertake unrelated – taxable – business activities. The odds ratios calculated from the estimated coefficient imply that non-

### Differential taxation, commercialization of nonprofit revenues

Table 5.2. Likelihood that a nonprofit files a UBIT return (logit regression)

Variable	Coefficient	Variable	Coefficient
Intercept	-1.886** (.080)		
<i>NTEE classification</i>			
Arts (N = 583)	.727** (.121)	Assets (units of \$10 mil.)	.056** (.003)
Education (N = 1,960)	.633** (.093)	Assets Squared	-8.90E-6** (5.81E-7)
Health (N = 3,516)	.857** (.085)	Pct. Public	-0.233** (.083)
Human services (N = 1,689)	-0.621** (.118)	Contributions	-.010 (.056)
		Proptax	.287** (.075)
		Corptax	
No. of observations	9,104		
% correct predictions	74.3		
Chi-square	846.80		

Note: UBIT = 1 if nonprofit required to file a UBIT return, 0 otherwise. Standard errors are shown in parentheses.

\*\* Statistically significant at the .01 level.

profits located in high-corporate-tax states are about one-third more likely to file a UBIT return than are nonprofits in states with lower taxes.

These results would be unexpected if unrelated business activities in these high-tax states were actually taxed. However, the ability of nonprofits essentially to avoid taxation of profit by shifting costs and revenue between taxable and nontaxable activities tends to make unrelated business activities relatively more attractive financially. In these cases, we would expect variation in state-level tax rates to have the same effect on a nonprofit's decision to engage in an unrelated business activity as in a tax-exempt activity.

In this vein, the results in Table 5.3 provide more direct statistical evidence that nonprofits take advantage of opportunities for reducing their taxable income by shifting costs when they are subject to the UBIT. To test the hypothesis that UBIT filers have an incentive to shift wage and salary expenses into cost of goods sold, we restricted our attention in the SOI sample to nonprofits reporting at least \$1,000 in gross receipts from sales, thereby giving them the opportunity to shift management and general wage and salary expenses.



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As predicted, we find that nonprofit organizations that filed a UBIT return reported lower ratios of management and general wage and salary costs to total expense on their Form 990 returns. The estimated coefficient indicates that the ratio of such costs to total expenses among UBIT filers is about 1 percentage point lower than for organizations not subject to tax.

The magnitude of the coefficient may seem to indicate only a moderate degree of cost-shifting, but the amount of wage and salary expense that is estimated to be shifted must be compared with the amount of potentially taxable income. Among firms required to file a UBIT return, the 1-percentage-point difference in the ratio of "shiftable expense" to total expense amounts to roughly \$650,000. This figure may be compared with the amount of "gross profit from sales" (gross receipts minus cost of goods sold) reported by UBIT filers – approximately \$2.2 million. In other words, the amount of expenses estimated to be shifted from overhead wages and salaries is almost a third of "gross profit."

In addition to the dummy variable UBIT, we also included the variable Contributions, which is the ratio of revenue received from private direct and indirect contributions, plus special fund-raising events, to total revenue. This variable is intended to control for the degree to which the nonprofit cares about its reported management expense for reasons other than taxes (e.g., any adverse effect on donations). The implication is that organizations that depend more on contributions would be more apt to care about the reported amount of management expense, and hence have an incentive to shift management/general wage and salary expense into cost of goods sold, whether or not they were subject to the UBIT. Although tangential to our analysis, the coefficient of this variable is significant and of the expected negative sign, indicating that nonprofits that depend more on contributions are also more likely to report lower ratios of management/general wage and salary expense to total expense.

To see whether the above results reflect cost shifting, we also estimated the same equation as that presented in Table 5.3 for the subsample of nonprofits in the SOI sample with little or no opportunity to shift expenses from elsewhere on the Form 990 return into the cost of goods sold because they had less than \$1,000 in gross sales. Although the results are not reported here, neither the UBIT nor the Contributions variable was statistically significant in these regressions. This is what one would expect in the case where shifting wages and salaries out of management and general expenses into cost of goods sold was not an option, providing some further evidence that the estimated coefficients in Table 5.3 are indicative of cost shifting that is motivated by both tax and other motives.

These results also suggest that increased commercial activity by nonprofits may indirectly affect public perceptions of the "effectiveness" of different organizations. Nonprofits that can deduct cost of goods sold have opportunities to report expenses on the Form 990 return in ways that make financial ratios of-

**Differential taxation, commercialization of nonprofit revenues**

Table 5.3. *Dependent variable: Ratio of management and general wage and salary expenses to total expenses*

Variable	Coefficient	Variable	Coefficient
Intercept	.098** (.006)		
<i>NTEE classification</i>			
Arts (N = 280)	.017** (.007)	Assets (units of \$10 mil.)	-0.0006** (.0000)
Education (N = 432)	-0.016* (.006)	Assets Squared	1.3E-6** (5.7E-7)
Health (N = 316)	-0.018* (.007)	UBIT	-0.0096* (.004)
Human services (N = 252)	-0.016* (.007)	Contributions	-.0205** (.006)
No. of observations	1,476		
Adjusted R <sup>2</sup>	.045		
F-statistic	9.59		

Note: Standard errors in parentheses.

\* Statistically significant at the .05 level.

\*\* Statistically significant at the .01 level.

ten used to gauge an organization's "fund-raising effectiveness" (e.g., the ratio of management and general expenses, plus fund-raising costs, to contributions) look more favorable.

In addition to examining the shifting of costs from managerial expense to cost of goods sold, we also investigated the extent to which nonprofits' unrelated business activities are taxed very little because joint costs are allocated to those activities on the UBIT return – IRS Form 990-T – thereby reducing or even eliminating reported profit. When resource inputs are joint, determined essentially by the level of mission-related activity, the true marginal costs of engaging in unrelated business activities will be small, or even zero. How much of the costs reported by nonprofits as attributable to taxable, unrelated business activity on the Form 990-T returns is simply a reallocation of joint costs? Is it true that commercial activity in unrelated business is as unprofitable as most UBIT returns indicate?

To answer these questions we sought to determine the extent to which costs claimed on UBIT returns are truly attributable to the unrelated activities, and to what extent they would be incurred even if those activities were not undertaken. Specifically, we regressed a nonprofit's "total compensation" costs on the

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magnitude of its activities in related and in unrelated markets, using an organization fixed-effects estimator. The predictions were that

- 1 additional *related* activity, as measured by the gross revenue it generates, would be associated with greater labor-compensation costs, but
- 2 additional *unrelated* activity, also measured by its gross revenue, would be associated with less, even no, additional compensation costs.

The different expectations for the cost effects of related and unrelated, untaxed and taxed, activities hinge on the joint-cost hypothesis.

Data are from the SOI samples of Form 990 returns for the four years 1990–3. We analyze separately the regression equations for each of three industry groups. The number of organizations varied somewhat from year to year, but for the four years included 6,662 observations for hospitals, 2,014 for universities, and 572 for museums.

The findings are striking. In each of the industries we found, as hypothesized, that (1) additional gross income from *untaxed* activity had a positive, statistically significant, and substantial effect on total compensation, and (2) additional income from *taxed* (UBIT) activity had no significant effect on total compensation (Table 5.4).<sup>3</sup> It seems, not surprisingly, that nonprofits are selecting unrelated commercial activities that use the same inputs required for the mission-related activities, so that the marginal costs of added unrelated activity are essentially zero.

How do these findings compare with the allocation of labor-compensation costs to the unrelated, taxed activities on actual UBIT returns? We were able to examine these returns for a small subsample of nonprofits to determine the relationship between gross revenue and the compensation costs that were deducted as attributable to the taxed activities. The picture is very different. Table 5.5 shows regression estimates for the effect of additional gross unrelated business income on labor-compensation expense reported on the Form 990-T return. Data were available only for 1990. An incremental dollar of unrelated business gross income was associated with an additional, and highly significant, twenty-two cents of reported compensation costs in hospitals, fourteen cents in higher education, and five cents in museums. For this subsample, we also replicated the regression equations in Table 5.4, and with the same findings (not shown, but available from the authors): Increased income from untaxed activities was associated with a positive and significant effect on total compensation costs, as shown on the Form 990, but increased gross income from taxed, unrelated activities was associated with no statistically significant increase in compensation costs. In short, increased unrelated business income appears to lead

<sup>3</sup> Untaxed activities are of two types: *related* and *excluded*. The latter are not taxed even though they are not related to the nonprofit's mission. Exclusions are given when activities are incidental or occasional, or are undertaken "for the convenience of" persons such as hospital patients and museum visitors. Our findings are affected little by omitting excluded income.

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Table 5.4. *Dependent variable: Total labor-compensation costs, 1990-3 (Form 990 returns)*

Variable	Hospitals (6,662) <sup>a</sup>	Higher education (3,260) <sup>a</sup>	Museums (572) <sup>a</sup>
Gross UBI	0.068 (.057)	0.048 (.046)	0.538 (.901)
Related and excluded income	0.100** (.0026)	0.062** (.007)	0.270** (.058)
R <sup>2</sup>	0.985	0.988	0.971

Note: Standard errors are given in parentheses.

<sup>a</sup>Number of data points over the four years, 1990-3.

\* Significant at .05 level.

\*\* Significant at .01 level

Source: Our computations from data in IRS-SOI data tapes for 501(c)(3) nonprofits, 1990-3.

Table 5.5. *Dependent variable: Total labor-compensation costs, 1990 (Form 990-T returns)*

Variable	Coefficients		
	Hospitals (N = 24)	Universities (N = 12)	Museums (N = 7)
Gross UBI	0.224** (.037)	0.143** (.011)	0.046* (.017)
Constant	\$42,743* (20,016)	\$35,517 (20,177)	\$12,765 (11,541)
R <sup>2</sup>	0.736	0.702	0.178

Note: Standard errors are given in parentheses.

\* Significant at the .05 level.

\*\* Significant at the .01 level.

Source: Random sample of nonprofit organizations filing IRS Form 990-T (UBIT) tax returns drawn from the larger SOI annual sample of nonprofit organizations.

to no increase in actual compensation costs, but does lead to an increase in the compensation costs that are allocated to taxable income.

Commercialism in the form of unrelated business activity is growing. The number of filers of UBIT returns has doubled between 1985 and 1995, from 24,103 to 50,034 (Herman 1997). Between 1990 and 1993, the latest year for which data are available, gross activity (unrelated business income) increased by nearly 35 percent, from \$3.5 billion to \$4.7 billion (in nominal dollars). At

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the same time that gross income was soaring, opportunities to avoid taxation by allocating joint costs appear to have been broadly recognized, and so much more in expenses were deducted that taxable income actually fell. Aggregate net taxable unrelated business income, -\$631 million in 1990, dropped to -\$1.2 billion in 1993 (Riley 1995, 1997).

If further analysis sustains our findings, the consequences are dramatic. Most, if not all, of the labor-compensation costs reported on UBIT returns reflect not true costs of the activities but only allocation of fixed costs that would have been incurred even were there less or no unrelated business activity. This does not imply any illegalities, but it does raise questions about accounting rules for joint-cost allocations between taxed and untaxed activities.

**Policy implications**

The theory and the evidence presented above suggest that differential taxation of nonprofits and for-profits creates opportunities for nonprofits to earn above-normal returns on commercial ventures, thus helping them overcome a "natural" aversion to pursuing profits in ancillary markets. As Rose-Ackerman (1982) first observed in the context of a model assuming no such aversion, this means that changes in the taxation of for-profit firms, while not specifically applying to nonprofits, can nonetheless raise or lower the tax premium that nonprofits can earn from commercial activity in competition with for-profits. Indeed, even though the taxation of nonprofits has remained essentially unchanged for many years, changes during the 1980s that occurred in the tax treatment of their for-profit corporate competitors first decreased and then increased the tax premiums that nonprofits could potentially earn from commercial ventures.

In the early 1980s, changes in business taxation set in motion by the Economic Recovery Tax Act of 1981 (ERTA) significantly reduced the effective tax rate on corporate profits. The effect of this change was to reduce the gap between the return that nonprofits could obtain on commercial activity in markets dominated by private corporate producers and the return that nonprofits could earn on passive investments. For the five years in which ERTA was in effect, differential taxation of nonprofits should, in theory, have reduced the relative financial incentives to engage in active commercial activity.

The Tax Reform Act of 1986 (or TRA 1986), however, raised the effective federal tax rate on corporate profits. This should have increased the return available to nonprofits on commercial activity in markets dominated by corporate producers, thereby creating stronger tax incentives for nonprofits to invest in commercial activities, particularly those "related" to their exempt mission.<sup>4</sup>

<sup>4</sup> The same point can be stated differently. One can imagine three organizational forms that compete with each other: for-profit corporations, for-profit unincorporated businesses, and non-profit organizations. If the tax system works to the disadvantage of for-profit corporations, it will

### Differential taxation, commercialization of nonprofit revenues

The effect of TRA 1986 on the incentive to engage in unrelated business activity, however, is ambiguous. On one hand, because the UBIT parallels the corporate income tax, increasing the effective tax rate on corporate income would have reduced the incentive of nonprofits to engage in unrelated business activities *if the income from such activities was actually taxed*. On the other hand, raising the effective corporate tax rate could have the opposite effect of encouraging nonprofits to engage in unrelated business activities if the income from such activities was effectively tax exempt – because of either lax enforcement or cost shifting. This latter possibility seems to have been plausible, in light of both the small amount of aggregate UBIT taxable income reported by nonprofits in 1991 and our empirical analysis of the effects of UBIT filing status on reported expense ratios of nonprofits.

Whatever the changes in incentives, however, competition between tax-exempt nonprofits and private firms poses numerous issues that were discussed in Chapter 1 – in particular, whether nonprofit commercial activities, whatever their goal, are efficient uses of resources and fair to the taxed organizations. This subject has received considerable attention, beyond the scope of this chapter (Rose-Ackerman 1982; Weisbrod 1988; Hansmann 1989; Steinberg 1991). The preceding discussion, however, highlights two points that have not been emphasized in this literature: The first is that differential taxation of nonprofits is likely to provide the greatest financial incentive to pursue profit in activities that are economically related to nonprofits' primary mission-related outputs. The second is that such increased competition with for-profits may be economically efficient. It may encourage nonprofits to use existing resources to expand the output of ancillary goods that, without differential taxation, would be profitable to produce, but which would not be produced because of nonprofits' aversion to profit-making activities.

### Conclusion

A central theme of our analysis is that the effects of incentives operating through the tax system on nonprofits' commercial activities are best understood in a framework that explicitly accounts for the interaction between differential taxation and the following: nonprofit executives who may be averse to commercial activity, donors whose giving may be sensitive to such activity by the nonprofits, and cost complementarities between nonprofit core activities and the

presumptively work to the advantage of the other two organizational forms. The boundaries of tax-induced competition between these organizational forms will shift in response to changes in tax policy. ERTA shifted these boundaries in favor of for-profit corporations, and by implication against unincorporated businesses and nonprofits, while subsequent tax changes had the opposite effect. We are grateful to David Bradford for suggesting this point.

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secondary money-raising commercial efforts. Within this framework, differential taxation encourages nonprofits to pursue commercial ventures they would otherwise avoid, by providing excess financial returns that nonprofits can exploit because of their tax-exempt status. The opportunities to earn such excess returns, however, are likely to be greatest in markets for ancillary goods that are related via cost and revenue complementarities to the organization's primary mission-related outputs. This limits and channels the extent to which differential taxation encourages greater commercialism among nonprofits.

The framework also yields several predictions, which we have examined empirically. As expected, we find that the propensity of nonprofit organizations to undertake both tax-exempt and taxable commercial activities depends on the nature of their primary mission-related output and size (as proxied by NTEE industry category and assets); on the relative importance of public versus private contributions; and on the size of the excess return created by differential taxation of nonprofit and for-profit business. We also find that organizations that engage in taxable commercial activities are more likely to apportion joint costs so as to shift such costs from tax-exempt to taxable sources of income.

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## Determinants of donations in private nonprofit markets

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## Determinants of donations in private nonprofit markets

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### Abstract

We estimate the responsiveness of donations to a number of economic variables, including price, advertising, and the availability of revenue from such other sources as government grants and program service sales. Utilizing a set of IRS data on individual nonprofit organizations in each of seven industries — including hospitals and higher education — for the years 1982–1994, we find distinct overall patterns as well as notable variation across industries. A nonprofit organization's fundraising expenditures are estimated to exert two countervailing effects on donations — the direct, advertising and information, effect augments donations, while the indirect effect, on the 'price' of donating, has a negative effect. We do not find evidence that fundraising is carried to the profit-maximizing levels. In some industries fundraising is substantially short of that level, while in other industries it is excessive, implying that the marginal return to fundraising is exceeded by the cost. Focusing on whether revenue from other sources affects donations to a nonprofit organization, we find evidence that revenue from either government grants or from the organization's own program sales activity generally does not crowd-out private donations. To the contrary, in most industries there are significant positive effects. © 2000 Elsevier Science S.A. All rights reserved.

*Keywords:* Donations; Crowd-out; Fundraising

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### 1. Introduction

Donations are important for nonprofit organizations because the collective good nature of much of their output limits user fees as a source of revenue (Weisbrod,

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1998a). In this paper we seek to determine the factors influencing private donations to nonprofit organizations. We test the hypothesis that voluntary giving, which reflects the demand for non-profits' output, is responsive to conventional market variables such as price and advertising, as well as to other sources of income such as government grants and program service revenue.

Weisbrod and Dominguez (1986) estimated the donations' function facing the nonprofit organization in each of a number of industries. They defined the relevant *price* to a donor as the after-tax cost of contributing a marginal dollar of *output*, not simply a marginal dollar. Specifically, they modeled the price of giving as a decreasing function of the percentage of donations used for fundraising, the theory being that donors perceive fundraising costs as not constituting charitable 'output'. In their model, while fundraising has an expected *negative* price effect on donations, it may also have a *positive* advertising effect on donations through the information it conveys to donors. To be sure, donors' knowledge of prior fundraising expenditures as a percentage of donations is incomplete, but such information is available and so it may be embodied in a non-profit's reputation. Weisbrod and Dominguez estimated the effects of both price and information, and both were found in a number of industries.

Using this model, which had been applied to nonprofits in the US, Posnett and Sandler (1989) estimated the determinants of donations for charities in the UK. More recently, Khanna et al. (1995) re-examined the determinants of charitable giving for UK nonprofits using later data and an organization fixed-effects model. Kingma (1995) estimated a similar donations equation for the American Red Cross, analyzing the effects of the nonprofit organization's profit from saleable services on donations to it. Most recently, Khanna and Sandler (1997) allowed for the possible endogeneity of government grants and found evidence that an increase in government grants led to an increase in private donations.

This paper advances research on the factors affecting charitable donations to a non-profit organization in a given industry, along a number of lines.

1. We utilize a large panel data set of IRS form-990 returns for nonprofit organizations for the period 1982–1994.
2. Recognizing the possible endogeneity of price and fundraising expenditures in a model of revenue from donations, we use a two-stage least-squares, fixed-effects specification to estimate the model consistently.

In the next section we describe a model of the representative nonprofit organization in a given industry. In Section 3 we discuss the variables and develop two empirical specifications. Section 4 describes the data, and Section 5 presents and discusses our estimates of the forces influencing private donations to nonprofits in each of seven industries — higher education, hospitals, museums, scientific research organizations (e.g. the Carnegie Institution of Washington),

libraries, organizations providing services to the handicapped (e.g. the New York State Association for Retarded Children), and those providing services to the poor (e.g. American National Red Cross). Section 6 presents concluding remarks.

## 2. The model

We view nonprofit organizations as private suppliers of collective goods. Private donors contribute money in return for an implicitly agreed-upon level of provision and quality of output. We hypothesize that potential donors' willingness to provide funds to a particular type of collective good output — which we see as the demand for the collective good — depends, as it does for purely private goods, on price, quality, and the information about price and quality available to the donor.

Following Weisbrod and Dominguez (1986), we assume that donors are interested in contributing not *money* but *output*. This distinction is important for the specification of the price variable, which is discussed below. We assume that donors perceive their marginal contribution to output to be proportional to the amount of money given, *net of fundraising expenses*, and that donors perceive the marginal fundraising expense associated with their particular donations as equal to the nonprofit's average overall ratio of fundraising expenditures to donations.

We assume further that nonprofit organizations are well informed about the qualities of their own outputs and about their 'prices', and that potential donors observe the price of contributing to the output of a particular nonprofit organization but are uncertain about key qualities of the collective output.<sup>1</sup> Thus, nonprofit organizations have an incentive to provide particular information to potential donors about the qualities and marginal social products of their outputs, if doing so will increase donations.

In private-goods markets, the transfer of information on the qualities of a firm's output is often accomplished through advertising (Nelson 1970, 1974). We postulate that in the case of collective goods provided by private nonprofit organizations, fundraising expenditures play the same role. Thus, we hypothesize, following Weisbrod and Dominguez, that fundraising expenditures have two countervailing effects on charitable contributions: they *increase* contributions directly, by reducing information costs for donors, but they may also *reduce* contributions by increasing the price of giving — i.e. by decreasing the average fraction of total revenue devoted to output, as opposed to fundraising. The net

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<sup>1</sup>Quality includes not only the characteristics of the good or service provided, but also the characteristics of the target recipient group or clientele, such as the poor or children (see Steinberg and Weisbrod, 1998).

effect of these countervailing forces determines the size and sign of the total elasticity of charitable contributions with respect to fundraising expenditures.<sup>2</sup>

Donations may be sensitive not only to price but to other sources of nonprofit organization revenue. Prior research has considered the possibility that government grants or the organization's self-generated commercial sales, or 'program service revenues', may crowd-out (or crowd-in) private donations (Abrams and Schmitz, 1984; Roberts, 1984; Rose-Ackerman, 1981). This has generated quite mixed findings across studies and industries (Posnett and Sandler, 1989; Kingma, 1995; Khanna et al., 1995; Segal and Weisbrod, 1998). We also control for these other sources of revenue and estimate their effects on donations.

In addition, we consider possible simultaneity in fundraising decisions. Just as fundraising expenditures may influence donations, so may the level of donations received in a given period influence fundraising expenditures. We explore this in the next section.

### 3. Empirical specifications

We use the following empirical model of the demand for the output of the  $i$ th nonprofit organization, in year  $t$ :

$$\begin{aligned} \ln \text{DON}_{it} = & \beta_0 + \beta_1 \ln \text{FUND}_{it-1} + \beta_2 \ln \text{PRICE}_{it} + \beta_3 \text{AGE}_{it} \\ & + \beta_4 (\text{Age} \cdot \ln \text{FUND}_{it-1}) + \beta_5 \ln \text{GRANT}_{it-1} + \beta_6 \ln \text{PSR}_{it-1} \\ & + u_{it}, \end{aligned} \quad (1)$$

where  $u_{it}$  is assumed to be distributed independently and identically. We assume that donations to a given nonprofit in 1 year depend on its fundraising expenditures in the prior year, and that each nonprofit organization is willing to accept unlimited donations. The dependent variable,  $\ln \text{DON}_{it}$ , is the natural logarithm of the dollar amount of private donations received by organization  $i$  in year  $t$ .  $\ln \text{FUND}_{it-1}$  measures the organization's expenditures on fundraising in the previous year.  $\ln \text{GRANT}_{it-1}$  and  $\ln \text{PSR}_{it-1}$  denote respectively, the natural logarithms of government grants and program service revenues that the organization received in the previous year. AGE, the number of years the organization has existed as a nonprofit entity, may affect donations in two ways — directly, as a source of information about organization reputation, and indirectly, by influencing the productivity of fundraising (i.e. through interaction with  $\text{FUND}_{t-1}$ ). We expect

<sup>2</sup>We assume, as did Weisbrod and Dominguez (1986), that prospective donors assume that the marginal social product of a donation equals the average social product, as measured by the fraction of total organization revenue that is devoted to program services rather than fundraising. Of course, the marginal and average need not be equal and donors may or may not be sensitive to either (Rose-Ackerman, 1982; Steinberg, 1986).

that older organizations benefit from a reputational effect, and that the effectiveness of a given level of fundraising depends on the stock of reputational goodwill.

$\ln \text{PRICE}_{it}$ , the natural logarithm of the ‘price’ of contributing a dollar of output to the organization, is defined as

$$\text{PRICE}_{it} = (1 - T)/(1 - F_{it-1}), \quad (2)$$

where  $T$  is the marginal income tax rate facing a donor, and  $F_{it-1}$  is the share of donations revenue spent by the organization on fundraising in the previous period.

Incorporating this specification of PRICE into Eq. (1) and rewriting, we obtain the equation to be estimated:

$$\begin{aligned} \ln \text{DON}_{it} = & C_0 + \beta_1 \ln \text{FUND}_{it-1} + \beta_2 \ln \text{PRICE}_{it} + \beta_3 \text{AGE}_{it} \\ & + \beta_4 (\text{Age} \cdot \ln \text{FUND}_{it-1}) + \beta_5 \ln \text{GRANT}_{it-1} + \beta_6 \ln \text{PSR}_{it-1} \\ & + u_{it}, \end{aligned} \quad (3)$$

where  $C_0 = \beta_0 + \beta_2 \ln(1 - T)$  and  $\ln \text{PRICE}_{it} = \ln(1/(1 - F_{it-1}))$  is the cost to a donor of purchasing an additional dollar of expenditure on output. All the nonprofits we analyze are exempt from profits taxation under section 501(c)(3) of the Internal Revenue Code, and so donations to all of them are deductible to donors who itemize. Thus, our formulation assumes that donors’ allocations of contributions among nonprofits responds only to the part of PRICE that reflects the efficiency with which each nonprofit organization turns donations into final output, not on personal income tax rates,  $T$ .<sup>3</sup>

We include government grants and program service revenue as additional regressors in Eq. (3) to control for the possible crowding-out (crowding-in) effects of these other sources of revenue on donations. (On revenue interdependencies see Weisbrod, 1998b.) We also include dummy variables to control for the effects on private donations of changes in income tax laws in 1984 and 1986.

In an alternative formulation we estimate a two-stage fixed-effects model. Since our price variable is a function of lagged donations, and current donations are our dependent variable, the single-equation OLS procedure with organizational fixed effects gives biased estimates.

When we introduce organizational fixed effects to our model we have

$$\begin{aligned} \ln \text{DON}_{it} = & \gamma_1 \ln \text{FUND}_{it-1} + \gamma_2 \ln \text{PRICE}_{it} + \gamma_3 \text{AGE}_{it} \\ & + \gamma_4 \ln \text{GRANT}_{it-1} + \gamma_5 \ln \text{PSR}_{it-1} + \mu_i + u_{it}, \end{aligned} \quad (3')$$

<sup>3</sup>In the original formulation of the price variable by Weisbrod and Dominguez (1986), an organization’s administrative expenses, as a fraction of donations revenue, also entered the computation of PRICE. That is,  $\text{PRICE} = 1/(1 - F - A)$ , where  $F$  is the share of fundraising expenditures in donations and  $A$  is the share of administrative expenditures in donations. Suitable data on the latter are not available, and have been disregarded in our analysis.

where  $\mu_i$  is the organizational fixed effect. When we first-difference Eq. (3') the organization fixed-effect disappears, and we get

$$\begin{aligned} \Delta \ln \text{DON}_{it} = & \gamma_1 \Delta \ln \text{FUND}_{it-1} + \gamma_2 \Delta \ln \text{PRICE}_{it} + \gamma_3 \Delta \text{AGE}_{it} \\ & + \gamma_4 \Delta \ln \text{GRANT}_{it-1} + \gamma_5 \Delta \ln \text{PSR}_{it-1} + \Delta u_{it}, \end{aligned} \quad (4)$$

where,  $\Delta \ln \text{DON}_{it} = \ln \text{DON}_{it} - \ln \text{DON}_{it-1}$ ;  $\Delta \ln \text{PRICE}_{it} = \ln \text{PRICE}_{it} - \ln \text{PRICE}_{it-1}$ ; and so on.

Note that applying OLS estimation to Eqs. (3') or (4) are equivalent, and since lagged donations are correlated with the lagged error term, and  $\ln \text{PRICE}_{it}$  is a function of lagged donations, applying OLS to Eqs. (3') or (4) will yield *biased* estimates. To overcome this problem we use a 2SLS technique (Anderson and Hsiao, 1981). Specifically, we use lagged variables,  $\Delta \ln \text{PRICE}_{it-1}$  and  $\Delta \ln \text{GRANT}_{it-1}$ , as instruments for  $\Delta \ln \text{PRICE}_{it}$ .

It is also plausible that in a given year nonprofits decide on the level of their fundraising expenditures taking into account their incoming flow of donations, in which case fundraising is endogenous. With  $\text{FUND}_{it-1}$  dependent on  $\text{DON}_{it-1}$ ,  $\text{FUND}_{it-1}$  is correlated with the error term when we use fixed effects. Thus, we instrument  $\Delta \ln \text{FUND}_{it-1}$ , using the four variables,  $\Delta \ln \text{FUND}_{it-2}$ ,  $\Delta \ln \text{GRANT}_{it-1}$ ,  $\Delta \ln \text{PSR}_{it-1}$  and  $\Delta \text{AGE}_{it}$ . In this estimation we omit the interaction term of fundraising expenditures with age because it is highly correlated with  $\Delta \ln \text{FUND}_{it-1}$ .<sup>4</sup>

We prefer a model such as our two-stage model, which includes organization-specific effects. Ideally, however, the two-stage model would use instruments other than lagged values of the endogenous variables. We present estimates from both our single equation and two-stage models, making clear when the estimates are, and are not, robust to the choice of model.

#### 4. Data

Our data are from IRS Form 990 samples drawn by the Statistics of Income (SOI) Division of the Internal Revenue Service, for each year 1982–94 with the exception of 1984 when no sample was taken. The SOI samples include all nonprofits that are exempt from taxation under section 501(c)(3) of the Internal Revenue Code (donations to them are tax-deductible on personal income tax returns) and that have assets of at least \$10m, as well as a small probability sample of smaller organizations.

<sup>4</sup>A 2SLS model reduces the significance of coefficients in general. Having highly co-linear variables in the regression causes further reduction in the significance of coefficients.

We undertake time series analyses using lagged regressors to estimate Eq. (3). Since we use lagged variables an organization must be present in the sample in at least 2 consecutive years to be included in our single equation model, and in 3 consecutive years to be included in our 2SLS model, which requires two lags.<sup>5</sup> The CPI was used to deflate all nominal variables, with 1987 as the base year.

We examine each of the seven industries studied by Weisbrod and Dominguez (1986) — identifying industries, as they did, by the activity codes obtained from the IRS Exempt Organization Master File. The industries are listed in Table 1, along with selected descriptive statistics.<sup>6</sup> We also examine the higher education and hospital industries, using an alternate industry identifier, the National Taxonomy of Exempt Organizations (NTEE),<sup>7</sup> to see whether our results are sensitive to the precise measure of industry composition.

In order to use observations that would otherwise be unusable because  $\ln \text{PRICE}$  would be undefined, we used certain adjustment mechanisms when estimating Eqs. (3) and (4). Following the convention adopted by Weisbrod and Dominguez to deal with cases in which donations and fundraising (in the prior year) were positive and equal, or fundraising exceeded donations, which would imply an infinite PRICE, we set PRICE equal to a large but arbitrary number in those cases —  $\ln \text{PRICE} = 7$ . When either donations or fundraising expenditures were zero while the other was positive we added an arbitrarily small number, \$1, to the zero amount.<sup>8</sup> If either government grants or program service revenues were not reported or were reported as zero, we again set the values at \$1.

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<sup>5</sup>Possibility of lengthier and more complex time lags among variables deserves attention in future research. Since we utilize lagged values of fundraising expenditures as instruments we cannot also treat them as dependent variables. In the OLS model, however, we use twice-lagged values of fundraising expenditures to control for the possibility that fundraising expenditures may have effects that extend beyond the next year. This inclusion does not affect the coefficients on the other variables except for the once-lagged fundraising variable, on which it has a slightly decreasing effect. The twice-lagged fundraising variable is found to be significant (and positive) only for two out of seven industries — hospitals and providers of services to the poor — and is insignificant for the others.

<sup>6</sup>Not shown in the table are changes over time. Fundraising, for example, as a percentage of total revenues, shows a gradual increasing time trend in most of the seven industries studied. In higher education, for example, ratios were in the range of 1.6 to 1.9% between 1982 and 1988, showing no trend, but increased thereafter, to 2.1% in 1989 and to 2.5% in 1994, the latest year for which data are available. Why the stability was replaced by a rising trend deserves further study. In the hospital industry, the fundraising percentage fluctuated in the narrow range of 0.1 to 0.2% throughout the 1982–1988 period, but increased to 0.3% in 1989 and remained essentially stable thereafter.

<sup>7</sup>The National Taxonomy of Exempt Entities, which provides a classification of 501(c)(3) organizations, was developed by the National Center for Charitable Statistics (NCCS), operated by Independent Sector. The Urban Institute, whose web site provides a description and history of the NTEE (Urban Institute, 1998), now runs NCCS.

<sup>8</sup>We also estimated Eq. (3) using only those organizations with non-zero donations and fundraising expenditures. Results remain essentially the same.



Table 1  
Means and standard deviations<sup>a</sup>

Industry <sup>b</sup>	Private donations	Fundraising expenditures	Price	Gov. grants	Program service rev.	Age	% Donations in total rev.	% Fund. in total rev.
OLS model								
Library (61)	\$1,636,440 (5,421,295)	\$148,969 (548,588)	3.02 (16.83)	\$5,127,351 (17,216,908)	\$360,720 (1,989,117)	36 (19)	27	1.9
Art Exhibit, Museum, Zoo (60, 91)	2,784,000 (4,779,923)	208,156 (402,419)	3.81 (19.29)	1,485,682 (3,864,582)	1,377,432 (2,732,859)	54 (230)	37	3.0
Supply goods								
services to poor (560, 575)	1,105,964 (2,085,918)	138,089 (390,316)	2.03 (11.08)	2,150,203 (7,289,992)	5,412,636 (12,988,239)	11 (11)	33	4.1
Hospitals (150)	1,184,639 (5,711,874)	55,573 (182,801)	5.51 (25.19)	681,045 (4,555,636)	59,178,463 (82,085,410)	39 (65)	3	0.2
Aid to handicap. (160)	807,667 (1,699,251)	91,693 (260,215)	3.16 (16.45)	1,435,097 (5,487,787)	5,876,060 (8,462,928)	58 (242)	18	1.4
Scientific research (161)	5,557,405 (9,168,917)	474,599 (1,175,574)	2.46 (13.78)	9,472,318 (29,367,883)	35,111,282 (92,785,236)	36 (18)	27	2.5
Higher education (30)	4,958,429 (18,316,276)	549,159 (1,252,034)	6.36 (32.97)	5,462,067 (30,217,075)	24,583,302 (59,128,018)	44 (118)	14	2.0
2 SLS model								
Hospitals (150)	1,221,646 (5,975,633)	56,798 (184,299)	35.58 (191.06)	718,110 (4,722,206)	63,334,474 (86,537,885)	40 (66)	3	0.7
Scientific research (161)	5,923,313 (9,541,301)	503,568 (1,243,603)	7.27 (81.88)	9,836,558 (29,631,437)	39,190,007 (100,214,917)	37 (17)	27	2.5
Higher education (30)	5,218,307 (18,679,627)	587,020 (1,322,183)	32.94 (180.65)	5,661,026 (30,413,095)	26,526,130 (62,954,381)	46 (121)	13	2.0

<sup>a</sup> Source: SOI tapes years 1982, 1983, 1985–1994 and the IRS Exempt Organization Master File.

<sup>b</sup> Industry is identified by 'activity codes' from the IRS Exempt Organization Master File.

Table 2  
Donations function: OLS estimates<sup>a,b,c</sup>

Industry <sup>d</sup>	Total fundraising elasticity ( $\beta_1$ )	Total age elasticity ( $\beta_2$ )	Partial fundraising elasticity ( $\beta_1$ )	Price elasticity ( $\beta_3$ )	Partial age elasticity ( $\beta_3$ )	Interaction effect ( $\beta_4$ )	Govern. grants elasticity ( $\beta_5$ )	Program service revenue elasticity ( $\beta_6$ )	Constant	No. of obs.	R <sup>2</sup>
Library	0.21 <sup>e</sup> (13.99)	0.006 <sup>e</sup> (5.39)	0.10 <sup>e</sup> (1.96)	-0.33 <sup>e</sup> (-2.04)	-0.01 (-1.06)	0.003 <sup>e</sup> (2.69)	0.04 <sup>e</sup> (2.08)	-0.004 (-0.17)	12.52 <sup>e</sup> (15.51)	228	0.39
Art exhibit.	-0.02 (-0.19)	-0.001 <sup>e</sup> (-22.60)	0.15 <sup>e</sup> (6.10)	-0.77 <sup>e</sup> (-5.83)	-0.0001 (-0.05)	-0.0001 (-0.73)	0.01 (0.61)	0.04 <sup>e</sup> (1.93)	12.75 <sup>e</sup> (20.49)	290	0.23
Museum, Zoo	0.05 (1.46)	-0.02 <sup>e</sup> (-8.95)	0.26 <sup>e</sup> (6.04)	-0.75 <sup>e</sup> (-2.46)	0.002 (0.08)	-0.005 <sup>e</sup> (-2.02)	-0.11 <sup>e</sup> (-4.21)	-0.02 (-0.58)	11.21 <sup>e</sup> (10.36)	177	0.21
Supplying goods and services to the poor	0.07 <sup>f</sup> (1.52)	0.002 <sup>e</sup> (62.61)	0.10 <sup>e</sup> (8.42)	-0.52 <sup>e</sup> (-21.30)	0.0004 (0.94)	0.0004 (1.58)	0.05 <sup>e</sup> (11.53)	0.04 <sup>e</sup> (5.73)	10.89 <sup>e</sup> (75.66)	5914	0.13
Hospitals	-0.05 (-0.53)	0.001 <sup>e</sup> (12.16)	0.16 <sup>e</sup> (6.90)	-0.63 <sup>e</sup> (-4.35)	0.001 (1.03)	-0.0001 (-1.21)	0.05 (0.29)	-0.02 (-0.94)	12.33 <sup>e</sup> (13.95)	327	0.15
Aid to handicap.	0.01 (0.49)	-0.01 <sup>e</sup> (2582.36)	0.13 <sup>e</sup> (4.36)	-0.76 <sup>e</sup> (-6.14)	-0.01 <sup>e</sup> (-2.07)	-0.0001 (-0.03)	0.10 <sup>e</sup> (9.00)	0.03 <sup>e</sup> (2.94)	13.22 <sup>e</sup> (30.91)	681	0.24
Scientific research	-0.43 (-1.63)	-0.001 <sup>e</sup> (-28.60)	0.15 <sup>e</sup> (17.11)	-0.42 <sup>e</sup> (-11.62)	0.001 (0.80)	-0.0001 <sup>e</sup> (-1.65)	0.06 <sup>e</sup> (8.36)	0.08 <sup>e</sup> (6.68)	11.70 <sup>e</sup> (49.8)	1387	0.33
Higher education											

<sup>a</sup> The equation estimated is:  $\ln DON_{it} = C_0 + \beta_1 \ln FUND_{it-1} + \beta_2 \ln PRICE_{it} + \beta_3 AGE_{it} \times \ln FUND_{it-1} + \beta_4 \ln GRANT_{it-1} + \beta_5 \ln PSR_{it-1} + \beta_6 \ln d84 + \beta_7 d86 + \epsilon_{it}$

<sup>b</sup> Source: SOI tapes years 1982, 1983, 1985–1994 and the IRS Exempt Organization Master File.

<sup>c</sup> The *t*-statistics are in parentheses. The point estimates in columns 1 and 2 are evaluated at the mean values of right hand side variables in Eqs. (5) and (6).

<sup>d</sup> Industry is identified by 'activity codes' from the IRS Exempt Organization Master File.

<sup>e</sup> Significant at 10% or better.

<sup>f</sup> Significant at 12%.

Table 3  
Donations function: 2SLS estimates<sup>a,b,c</sup>

Industry <sup>d</sup>	Total fundraising elasticity ( $g_f$ )	Partial fundraising elasticity ( $\gamma_f$ )	Price elasticity ( $\gamma_2$ )	Age elasticity ( $\gamma_3$ )	Govern. grants elasticity ( $\gamma_4$ )	Program service revenue elasticity ( $\gamma_5$ )	Number of obs.	$R^2$
Hospitals	0.10 <sup>e</sup> (4.29)	0.10 <sup>e</sup> (4.56)	-0.26 <sup>e</sup> (-4.56)	-0.0007 (-1.05)	0.012 <sup>e</sup> (1.97)	0.002 (0.43)	4714	f
Higher education	-0.22 (-1.36)	0.12 <sup>e</sup> (4.14)	-0.21 <sup>e</sup> (-3.78)	-0.0009 <sup>e</sup> (-1.95)	0.009 (0.94)	0.02 <sup>e</sup> (3.06)	1054	f
Scientific research	-0.17 <sup>e</sup> (-5.01)	0.13 <sup>e</sup> (2.49)	-2.58 <sup>e</sup> (-5.40)	-0.03 <sup>e</sup> (-3.61)	0.02 (1.36)	0.03 <sup>e</sup> (2.34)	535	f

<sup>a</sup> The equation estimated is:  $\Delta \ln \text{DON}_{it} = \gamma_f \Delta \ln \text{FUNDP}_{it} + \gamma_2 \Delta \ln \text{PRICEP}_{it} + \gamma_3 \Delta \text{AGE}_{it} + \gamma_4 \Delta \ln \text{GRANT}_{it-1} + \gamma_5 \Delta \ln \text{PSR}_{it-1} + \Delta d86_{it} + \varepsilon_{it}$ , where  $\Delta \ln \text{FUNDP}_{it-1}$ , and  $\Delta \ln \text{PRICEP}_{it}$  are the predicted values from the first stage regression.

<sup>b</sup> Source: SOI tapes years 1982, 1983, 1985–1994 and IRS Exempt Organization Master File.

<sup>c</sup> The  $t$ -statistics are in parentheses. The point estimates are evaluated at the mean values of right hand side variables in Eq. (5).

<sup>d</sup> Industry is identified by 'activity codes' from the IRS Exempt Organization Master File.

<sup>e</sup> Significant at 10% or better.

<sup>f</sup> The  $R^2$  is not an appropriate measure of goodness of fit with two-stage least squares.

## 5. Results and discussion

### 5.1. Effects of fundraising

Our estimates of the partial fundraising elasticity,  $\beta_1$  in Eqs. (3) and (4), appear in Table 2 (for the single-equation model) and Table 3 (for the 2SLS fixed-effects model). They measure the *direct* effect, through advertising and information, of fundraising on donations. For our industry estimates of Eq. (3) (Table 2, column 3) we find this direct effect to be positive and significant, as expected, in all seven industries. The *indirect* effect of fundraising expenditures on donations — the coefficient on the PRICE variable,  $\beta_2$  — is negative and significant, again as expected, in all seven industries (column 4).

The total elasticity of fundraising,  $g_f$  (column 1) captures both the direct and indirect effects of fundraising expenditures on donations. Differentiating Eq. (3) with respect to  $\ln \text{FUND}_{it-1}$ , and manipulating, we obtain the total fundraising elasticity of donations for organization  $i$  in period  $t$  as

$$g_{fit} = \beta_1 + \beta_2 Y_{it-1} + \beta_4 \text{AGE}_{it}, \quad (5)$$

where

$$Y_{it-1} = \text{FUND}_{it-1} / (\text{DON}_{it-1} - \text{FUND}_{it-1}).$$

The estimates of total fundraising elasticities,  $g_f$ , in Eq. (3), evaluated at the mean values for each industry, are shown in the first column of Table 2. Those elasticities are significantly different from zero only for libraries where the sign is positive. (It is significant and positive at 12% significance level for hospitals.)

Turning to our two-stage, fixed-effect estimation (Table 3) we again find, as with the previous model, that the partial fundraising elasticities are significantly positive and the price elasticities are significantly negative. These consistencies hold for each of the three industries — hospitals, higher education, and scientific research — for which the sample size was large enough to be useful. (In the two-stage model almost all coefficients, for industries with smaller samples, lose their significance.) For the *total* fundraising elasticity, however, our 2SLS model estimates are significant for two out of three industries — positive for hospitals and negative for scientific research organizations — in contrast with the insignificant effects estimated for the single equation model. Higher education organizations have an estimated insignificant total fundraising elasticity in both models.

Our findings from the OLS model, of generally insignificant total fundraising elasticities, are similar to those found by Weisbrod and Dominguez (1986) in their

<sup>9</sup>They cannot reject the hypothesis that these nonprofits maximize *gross* revenue from fundraising.

examination of comparable IRS data at an earlier period, 1972–74. Pooling the data for those years, they found the total fundraising elasticity to be insignificant in all seven industries, implying that non-profits fundraise until the marginal donation raised from a dollar spent on fundraising is zero.

Our findings from the 2SLS model for 1982–94, however, contrast with those found by Weisbrod and Dominguez (1986). This model, with fixed effects, using later IRS data for the same industries, and also using panel data rather than pooled data, discloses that the total fundraising elasticities are significant for two of the three industries examined — though positive for hospitals and negative for scientific research organizations.

Having found that hospitals, (2SLS model, Table 3) and libraries (OLS model, Table 2) exhibit positive and significant total fundraising elasticities, we further test whether they are maximizing *net* donative revenue — net of fundraising costs. A nonprofit organization intent on maximizing the amount of net revenue available for its charitable mission will fundraise until  $dDON/dFUND=1$ , provided that revenue from sources other than private donations is independent of fundraising. In that case  $g_f$  would equal to  $FUND/DON$  (since  $g_f$  is defined as  $d\ln DON/d\ln FUND$ , which equals  $dDON/dFUND \times FUND/DON$ ). When we carry out this test we reject the hypotheses that hospitals and libraries maximize net revenue: they fall short of fundraising that will achieve that end.

Posnett and Sandler (1989), in their cross-sectional study of UK charities in 1985, find evidence for net revenue maximizing behavior for three out of four subsets of UK charities. However, in a subsequent time series study of UK charities for the period 1983–1990, and using a fixed-effect specification, Khanna et al. (1995) find that nonprofits, in the aggregate, fall short of net revenue maximization. Their aggregate results, however, mask variation among industries; they find that two of the same four industries studied — health and overseas charities — do maximize net revenue from fundraising, but religious charities exceed fundraising levels that would maximize net revenue<sup>9</sup> and social welfare charities fundraise less than net revenue maximization would imply. Khanna and Sandler (1997) analyzed the same data but took into account the possible endogeneity of government grants, and they found that religious charities are net revenue maximizers, while the other three nonprofit industries fall short of net revenue maximization.

Our new findings about the fundraising behavior of nonprofit organizations — although for a different country, a different set of industries, and a different time period — have some similarities to the two most recent studies for the UK. We find that fundraising does affect donations, both directly and indirectly. The findings that nonprofits in general, do not maximize net revenue, falling short in two out of seven industries and over-spending in others — call for further analysis. Inefficiency is a possible explanation, given the absence, in nonprofit organizations, of owners having residual property rights. Another potential explanation, as noted above, involves revenue interdependencies; the total effect of increased

fundraising may be to increase private donations, but it could also decrease, or increase, other revenue such as from government grants. A third possibility is that nonprofits seek to maximize an objective function that includes more than net revenue — e.g. they may be averse to fundraising activities (Weisbrod, 1998b) in some cases and pro-fundraising in others. Differences among industries remain a puzzle.

### 5.2. Effects of organization age

The total effect of organization AGE — our proxy for the nonprofit's reputational stock — on donations, for organization  $i$  in period  $t$ , is derived by differentiating Eq. (3) with respect to AGE:

$$g_{ait} = \beta_3 + \beta_4 \ln \text{FUND}_{it-1}. \quad (6)$$

The estimates of the total age elasticity, partial age elasticity, and interaction of age with fundraising expenditures appear in Tables 2 and 3 for our two models. Again we find noteworthy differences among industries. The OLS model (Table 2) discloses no statistically significant direct effect of organization age on donations (the partial age elasticity) for six of the seven industries, while for the seventh, scientific research organizations, age has a negative effect — a loss of 1% of donations per year of organization age. The 'interaction effect' of age with fundraising expenditures is small, even for the three industries for which it is statistically significant. For libraries, for example, the positive estimated interactive effect, 0.003, indicates that an additional 10 years of organization age, other variables constant, is associated with a 3% increase in the productivity of fundraising — apart from the direct effect of age. For higher education organizations the interactive effect, while also significant, is tiny but negative; an additional 10 years of organization age is associated with a decrease of one-tenth of 1% in the productivity of fundraising.

Turning to the total age elasticity, we estimate it to be significant in all industries in the OLS model (column 2 in Table 2), and in two out of three industries in the 2SLS model (column 4 in Table 3). It is, however, positive in some industries and negative in others.

A negative effect of age on donations is somewhat surprising. Perhaps age is a proxy not only for reputation, which may increase with age, but also for organization wealth, with donors displaying a preference for organizations with less wealth. It may also proxy unmeasured outputs, with younger and less-wealthy organizations being regarded as being less tradition-bound and more contemporary — e.g. a younger scientific research organization that deals with a recent and severe illness, such as AIDS, may attract more donations than an older nonprofit that deals with an illness that donors no longer regard as so important and

deserving of donative support, such as tuberculosis. An organizational fixed-effects model might or might not fully capture such otherwise-unobserved output quality.

### 5.3. *Effects of government grants*

It is plausible, a priori, that exogenous changes in a nonprofit organization's revenue from other sources will shift the donor demand function and hence, the willingness of people to give donations. The underlying forces may well be complex. Other things equal, an increase in revenue from government grants should decrease consumers' marginal valuation of output, thereby having a negative effect on private donations — that is, a crowding-out effect. On the other hand, increased government grants could be taken by prospective donors as a signal of government approval and social need, which could bring a positive effect on private donations.

In our estimates of Eq. (3), in Table 2, we find evidence that government grants do not crowd-out donations. To the contrary, they have a positive effect on private donations in six of the seven industries, significantly in four — libraries, hospitals, scientific research, and higher education. Only for non-profits supplying money, goods and services to the poor is there evidence of a significant and negative, crowding-out, effect. When we estimate the 2SLS model with fixed effects (Table 3) we again find positive effects of government grants on donations in all three industries, although they are substantially smaller and less significant; the effect is significant only for hospitals.

Our findings of very little evidence of crowding-out of private donations by government grants to non-profits are consistent with earlier work. For the UK, no evidence of crowding-out has been found in two studies (Khanna et al., 1995; Khanna and Sandler, 1997). Those studies found evidence, as we have, that government grants have *positive* effects on donations to hospitals. They also found such effects for other industries for which we do not have counterparts (health and social welfare nonprofits). Positive effects of government grants on private donations have also been found for the American Red Cross (Kingma, 1995).

### 5.4. *Effects of program service revenue*

Just as government grants can affect donor demand for added output, so may a nonprofit's revenue from program services — its own revenue-generating sales activities. As with government grants, both positive and negative forces may operate. Increased program service revenue (PSR) may diminish donations as the marginal utility of output falls. At the same time, increased PSR may stimulate donations insofar as donors wish to reward a nonprofit's self-help, perhaps regarding that as a source of information about management's motivation to pursue its social mission.

We find no evidence that program service revenue crowds out donations in any

industry and with either model; for no industry is there a significant negative coefficient on PSR (Tables 2 and 3). To the contrary, in both models we find evidence of positive, crowding-in, effects for the higher education and scientific research industries. We also find crowd-in effects for arts organizations and hospitals in the OLS model. Again the estimated effects are generally smaller in the 2SLS fixed-effects model.

Prior research also provided no evidence that private donations are affected negatively by ‘autonomous income’ (which includes income from rent and fees — components of our PSR measure), and some evidence of positive effects (Khanna et al., 1995; Khanna and Sandler, 1997). The study of Red Cross commercial activities, however, did find that profits they generated crowded out donations (Kingma, 1995). One must be careful, however, about the measurement of ‘profit’ since, being the difference between sales revenue and ‘costs’, it may include fundraising expenditures.<sup>10</sup>

### 5.5. *Effects of changes in tax laws*

Significant changes were made in federal tax laws in 1984 and 1986, in ways that affected incentives for charitable donations. The Deficit Reduction Act of 1984 (DEFRA) tightened compliance provisions for charitable contributions by requiring signed written appraisals for contributions of property of \$5000 or more. On the other hand, donations were encouraged through an increase of the limitation on certain contributions to private foundations, from 20 to 30% of adjusted gross income. The Tax Reform Act of 1986 (TRA 86) also had a number of provisions likely to affect private donations. It reduced the tax incentive for contributions by lowering the marginal income tax rates for both individuals and corporations. It also reduced the number of taxpayers that itemized deductions, by increasing the standard deduction and limiting or disallowing certain itemized deductions. In addition, the non-itemizer deduction for charitable donations expired, as previously scheduled, at the end of 1986. Countervailing these negative influences on donations is the income effect of the reduced income tax rates, which increased after-tax incomes (Auten et al., 1992 for a review of the effects of tax reform on charitable contributions).

Thus, in both 1984 and 1986 there were changes having both positive and negative effects on incentives to donate. Coefficients on dummy variables that control for these changes are not reported here but are available upon request. Overall, we find that their effects on private donations differed among industries. For the 1984 tax law changes, we estimated a significant negative effect on

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<sup>10</sup>Cordes and Weisbrod (1998) show how allocations of joint costs between a nonprofit’s ‘unrelated’ and taxed activities and its untaxed (mission-related) activities can understate the profitability of the former. This can bias the estimated profit from unrelated business activity and, hence, the relationship between profit and private donations to the organization.



donations to libraries and higher education, but not to any of the other five industries. For the 1986 changes we estimated more pervasive effects — again negative and significant for higher education and libraries but also for scientific research organizations, though not for the other four industries.

### 5.6. Effects of changes in industry identifiers

A question not studied in prior research is the sensitivity of parameter estimates to the precise designation of the ‘industry’. We have examined this issue, using an alternative specification of industry. As an alternative to using the ‘activity code’ designations from the IRS Exempt Organization Master File, codes that are self-reported by each nonprofit but in some cases arguably are out-of-date, we replicated the two-stage model using the industry identifiers provided by the National Taxonomy of Exempt Entities (NTEE). Developed by Independent Sector and its National Center for Charitable Statistics in the early 1980s, it involves an external designation of industry (Urban Institute, 1998).<sup>11</sup>

Applying the NTEE codes to the SOI samples, we re-estimated the 2SLS fixed-effects model for the two largest industries — hospitals and higher education — to see whether results are robust to industry definitions. (Results are available upon request.) For hospitals we find a closer match to the activity code sample — though the NTEE sample is smaller — and our parameter estimates are quite similar. When the NTEE codes are applied to the SOI samples of ‘universities, colleges and trade schools’, however, there are nearly twice as many organizations in the industry as were identified by their activity codes. Using the larger set of organizations identified by the NTEE identifiers, we find, by contrast with the prior analysis using activity codes, that total fundraising elasticity is positive and significant, and that PSR does crowd-out donations in higher education.<sup>12</sup>

## 6. Concluding remarks

We sought to shed additional light on the factors influencing private donations to nonprofit organizations in seven industries. Using the US panel data set of IRS form-990 returns for the period 1982–1994 we found, as expected, that fundraising expenditures have two countervailing effects on donations. They *increase* dona-

<sup>11</sup>The NTEE is a mixed notation organization classification system of 26 major groups collapsible into 10 major categories and divisible into over 645 subgroups’ (Urban Institute, 1998; see also Stevenson et al., 1997).

<sup>12</sup>When we break our NTEE sample into two components — universities and colleges (including trade schools) — we find significant differences between them. Neither, however, is a close match to the findings from our sample identified by activity codes. Heterogeneity among organizations makes the choice of how to aggregate organizations into an ‘industry’ quite important.

tions directly, arguably by reducing information costs for donors, but they *decrease* contributions indirectly, by increasing the ‘price’ of giving — i.e. by decreasing the average fraction of total revenue devoted to output. The total effect of fundraising, direct and indirect — that is the total elasticity of donations with respect to fundraising — is generally positive. However, we find that nonprofits generally do not devote resources to fundraising at levels that maximize net profit from fundraising. Nonprofits fall short of net revenue maximization in some industries while exceeding it in others.

When we examine the effect on a nonprofit organization’s donative revenue of its income from other sources we find little evidence of a negative, crowding-out, relationship. To the contrary, we find substantial evidence of positive effects. Increases in either a nonprofit’s receipt of government grants, or revenue from its own program services may provide favorable information to potential donors about the reputation or the trustworthiness of a nonprofit organization. We also find that tax law changes in 1984 and 1986 seem to have had negative effects on donations for several industries.

The heavy involvement of the nonprofit sector in the provision of collective goods poses revenue problems that have traditionally brought reliance on charitable donations. The literature estimating the donations functions for nonprofits in various industries is showing responsiveness of donations to such conventional economic forces as price, advertising, and other revenues in a world of underinformed consumer-donors. While further study is needed, research covering a wide variety of industries in both the US and UK discloses both considerable variations across industries and some consistent overall patterns.

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## **Interdependence of commercial and donative revenues**

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### **Introduction and overview**

As Chapter 3 outlines, nonprofit organizations' principal sources of finance are donations and sales. That is, they can generate revenue through some form of contribution, or they may sell products and services. Proxy measures for the former are what the Internal Revenue Service terms "contributions, gifts, and grants," and for the latter, what it terms "program service revenues" (PSRs), which include user fees and revenue from ancillary activities. Since we utilize these data extensively, it is important to be clear that PSRs encompass all sales-generating activities, whether central to the nonprofit's mission or not. Moreover, "mission relatedness" of an activity is determined by the nonprofit and also by the IRS – and these two perspectives may differ. While some activities that generate program service revenues will be treated by the IRS as taxable, because they are unrelated to organization mission, and other activities as related and, hence, not taxable, the nonprofit's own view may differ. It may judge that an activity is not central to its mission even though the IRS considers the income generated nontaxable; similarly, the nonprofit may view an activity as central to its mission even though the IRS determines it to be unrelated.

In the short run, nonprofits have additional sources of revenue – they may receive interest and dividends from investments, and can borrow and draw down assets; but in the long run their financial health depends on their ability to generate donations and to sell services profitably. This chapter asks: Are these two revenue sources – one philanthropic, the other commercial – interrelated? More particularly, does a change in donative revenue – for example, a cut in government grants – influence nonprofits' commercial activity, or vice versa?

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We examine the hypotheses that nonprofits' commercial sales activities are mechanisms for financing their principal, tax-exempt mission, and that nonprofits prefer to avoid such activities, engaging in them reluctantly and then only for their profitability. If sales activities are "nonpreferred," there are several testable implications: One, on which we focus, is that those activities are undertaken to a degree that varies inversely with the nonprofit's revenue from the preferred source, donations. If there is aversion to commercial activity, despite its potential financial contribution to the organization's mission, then donations would "crowd out" commercial activities, with decreased donations causing expansion of commercial activity and increased donations diminishing it.

A second testable implication of an aversion to commercial activity is that nonprofits engage in it less than would maximize profit and, hence, less than would maximize revenue to finance their preferred, mission-related activities. Testing this hypothesis is beyond the scope of this chapter, but our results do shed a bit of light on it. One piece of prior evidence is the finding that nonprofits spend less on fund-raising than would maximize their net profitability (Weisbrod and Dominguez 1986; but see also Steinberg 1986). It seems plausible that an aversion to engaging in fund-raising would reflect a larger predisposition to avoid activities that are, themselves, not part of the organization's mission, apart from their net revenue.

If there is aversion to commercial activity, revenue from donations would be preferred to an equivalent sum from profitable sales activity. A plausible conjecture, therefore, is that an exogenous decrease in donations would be offset, but less than fully, by an increase in net, after-tax revenue from commercial activity. To test the magnitude of such crowding out, however, it is necessary to estimate the profitability of commercial sales, the fraction of increased gross revenue from sales that can be used to cross-subsidize mission-related activities. Little is known about the profitability of various nonprofit-sector commercial activities, and meaningful data are unavailable (although Chapter 5 makes a foray into that area).

#### **Theoretical relationships between revenues from donations and from program services**

The relationship between revenue from donations and from commercial activity can take a variety of forms, as Chapter 3 indicates. If nonprofits are indeed averse to commercial activity, donations will crowd out commercial activity, and there will be a negative relationship between the two forms of revenue. There could, alternatively, be a positive relationship, "crowding in," if increased commercial activity is viewed favorably by donors and leads to increased donations. In addition to such interrelations between revenue sources, there could

### Interdependence of commercial and donative revenues

be interrelations between costs: Producing commercial goods and raising donations could be subject to economies of scope. Finally, the two forms of revenue could be independent and unrelated, as would be the case if nonprofits acted as profit maximizers in the commercial markets in order to obtain as much net revenue as possible for support of their missions, and if commercial and mission-related activities were separable in their costs and revenues.

Crowding out of commercial activity by donations is most likely when it involves sale of goods and services that are viewed by the nonprofit's management as most unrelated to the nonprofit's mission – activities engaged in only for their financial contribution. It may also apply, however, to activities that are related to the mission. For example, as Chapter 3 shows, nonprofits frequently, though not always, can demand user fees of the persons they serve in pursuit of their mission. Colleges can charge students tuition, hospitals can charge patients fees, and museums and zoos can charge visitors admission. They may prefer to avoid such user fees, however, lest they inadvertently discourage utilization by persons in the target population (Chapter 4), which would make this revenue-raising source nonpreferred. For-profit firms, by contrast, are presumed to be indifferent among alternative money-generating activities, caring only about the net profitability. Thus, while a private firm would be expected to pursue commercial market opportunities at maximum profit levels, if nonprofits prefer to avoid commercialism they will engage in it reluctantly, whether or not the IRS treats it as taxable and only if the organization cannot obtain “sufficient” donations – in short, only if the net revenue it generates is great enough not only to be profitable (after any tax) but to overcome the disutility of engaging in it.

Contemporary concern about escalating college tuition illustrates the issues and trade-offs. Rising college production costs, not accompanied by offsetting government grants or private donations, have forced choice between retrenchment, on one hand, and raising additional commercial revenue either from user fees or ancillary activities. All are occurring, but along with sharp rises in tuition – “tuition and fees doubling from 1976 to 1994” – has come increasing concern about the effects, including “pricing as many as 6.7 million students out of higher education” (Applebome 1997, A17). In terms of the analytic framework we utilize, public and private donations and grants are the preferred sources of revenue, but their shortfall may have led to increased use of a nonpreferred source, user fees. As Chapters 3 and 4 explain, the aversion to user fees as a source of revenue is caused by their negative effect on the target population – in this case, students. This is despite the increased use of price discrimination, in the form of student financial aid, in attempts to minimize the adverse effect of increased tuition on the target population of students.

As the tuition example makes clear, the hypothesis that nonprofits have preferences among alternative revenue sources is separate from legal definitions of “related” and “unrelated” business activities and their differential tax treatment.

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For a nonprofit organization there are no tax consequences of obtaining revenue from user fees rather than from donations, although there is a difference to the payers, since donations are tax deductible, at least for itemizers. The nonprofit's preference for donations is the consequence of the hypothesized negative effect of user fees on the organization's mission, not on tax considerations. A mission that encompasses distributional goals, as discussed in Chapters 3 and 4, would cause a nonprofit not to be indifferent between a dollar of revenue from donations and a dollar from user fees.

So, too, a nonprofit may not be indifferent between raising funds through user fees and netting an equal amount through after-tax profit from provision and sale of other, non-mission-related outputs – termed *ancillary* in Chapter 3. Whatever their legal form, and whether or not the IRS applies the Unrelated Business Income Tax (UBIT) to them, these are activities that are seen by the nonprofit as elements outside of its mission, and in some cases incompatible with that mission. Aversion to ancillary activities may reflect a view that commercialism – acting in ways identified with private firms, and thinking about markets and profitability in their terms – detracts from the spirit and goals appropriate to nonprofits. To the extent this is the case, as noted above, there is no necessary identity between what a tax authority, the IRS, treats as unrelated and what the organization leadership regards as not contributing to its mission. Thus, a nonprofit hospital that decides to open a major heart-transplantation unit, which it expects to generate substantial profit, knows that this will be regarded by the IRS as a mission-related activity, and hence nontaxable, even if the hospital would not be establishing that unit were it not for its profitability.

An aversion to commercial activity has the same effect as a tax on it, increasing the effective marginal cost of production and thus decreasing the effective marginal profit from commercial activity. This leads to our central hypothesis:

*Commercial activity in any form – whether involving user fees or expansion into ancillary markets – can be expected to be sensitive to the level of donations, changing inversely to it.*

This chapter examines the microeconomic empirical evidence to determine whether there is a negative causal relationship between donations and commercial activity. We do not study separately revenue resulting from UBIT activities and from untaxed activities, which are aggregated in program services (but see Chapter 5, which does examine some relationships between the two).

During the 1980s the nonprofit sector, as a whole, became increasingly reliant on sales revenue relative to donative revenue. As Table 6.1 shows, “contributions, gifts and grants” (donations) to charitable (501(c)(3)) organizations from both private and government sources declined as a share of total revenue between 1982 and 1993, while the share from program services (sales) grew.

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Table 6.1. *Revenues from donations<sup>a</sup> and from commercial activities for charitable 501(c)(3) nonprofits, 1982-93<sup>b</sup> (in billions of constant dollars)<sup>c</sup>*

Tax year	Donations (CGG)	Total revenues	Component as % of total revenue			
			Total CGG	Private CGG	Govt. CGG	Program service revenue (PSR)
1982	\$42.79	\$203.42	21.0	11.2	9.8	63.4
1983	46.59	231.78	20.7	10.9	9.8	65.9
1985	51.83	249.43	20.8	11.3	9.4	62.6
1986	54.85	266.86	20.6	12.9	7.6	64.3
1987	54.30	273.56	19.8	11.7	8.2	68.2
1988	58.38	299.79	19.5	10.9	8.6	67.5
1989	61.70	320.73	19.2	10.8	8.5	68.4
1990	64.80	332.25	19.5	10.9	8.6	70.6
1991	63.71	359.54	17.7	9.8	7.9	70.3
1992	71.80	383.15	18.7	10.2	8.5	71.0
1993	70.78	390.63	18.1	9.9	8.2	71.3

<sup>a</sup>Reported to the IRS as "contributions, gifts, and grants" (CGG).

<sup>b</sup>Excluding 1984, for which data are not available.

<sup>c</sup>All dollar values are deflated by the Consumer Price Index for All Urban Consumers (1982-4 = 100).

Source: Entries for 1982 and 1983 are derived from Hodgkinson et al., *Nonprofit Almanac 1992-1993*. San Francisco: Jossey-Bass, 1992, tab. 4.5. Entries for 1985-93 are authors' calculations from the IRS, Statistics of Income Division, data tapes.

Of course, revenue, whatever its source, is not equivalent to profit. The true margin of expected net revenue from any source is an important determinant of a nonprofit's choice among revenue sources, but evidence is difficult to obtain. What we expect, but cannot test, is that organization mission will cause differential preferences among potential sources, so that it will not be the case that marginal profitability from all sources will be equated, let alone equated with the opportunity cost of capital.

In our theoretic framework we emphasize this distinction between the nonprofit's preferred and nonpreferred activities: The organization prefers to engage in its mission-related pursuits; it becomes involved in revenue raising, a nonpreferred activity, only as necessary to achieve its mission. Some donations may come to the organization with little or no effort, but such exogenous income may be judged by the nonprofit to be suboptimal and lead it to devote resources to increasing contributions or to profit-making commercial activities. Fund-raising to garner additional contributions and program services to garner sales revenues are quite similar in their goal, which is largely to generate re-



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sources that would permit expansion of the mission-related activities. This also is the intention behind user fees, as discussed above.

Seldom is a source of revenue entirely exogenous, entirely independent of organizational effort. We judge, however, that there is a greater measure of such independence with respect to contributions, gifts, and grants (CGG) than for commercial sales revenues. Changes in federal government funding of grants to hospitals, universities, and arts organizations, for example, can dramatically change donative revenue, as has been the case recently with sharply diminished federal grants to the National Endowment for the Arts (“Republican Effort to Eliminate Arts Agency Survives Challenge” 1997) and to public television (see Chapter 13).

In a later section we turn to empirical tests to determine to what extent, if any, nonprofit commercial activity in the form of program service revenue is a response to changes in exogenous revenue from donations. Difficulties emerge as we look for operational counterparts to the concepts of preferred and nonpreferred sources of revenue, and the differential tax treatment of various forms of revenue creates another force affecting organization choice among alternative sources of revenue.<sup>1</sup>

Available data from the IRS Form 990 return (Appendix) provide proxy measures that map (imperfectly) to the aforementioned theoretic concepts: CGG to the preferred, unconstrained revenue sources, and PSR to the nonpreferred revenue sources that involve activities, including commercial sales, sometimes seen by nonprofits as digressions from their missions.

Our concept of a nonprofit’s commercial activity encompasses all endeavors that involve a transaction with a consumer paying for output received. Payment, of course, is a matter of degree. A “pure” nonprofit organization is one that finances production entirely through unrestricted donations generated costlessly and distributes its charitable output, at a zero price, to all “deserving” persons: Output is simply given away. This polar case is the ideal for two reasons:

- 1 Only with a zero price can the organization be reasonably assured that no deserving person is being denied access to its service, although some nonprice form of rationing might be required if the total quantity available is insufficient.
- 2 Only by remaining free of commercial activity can the nonprofit concentrate its managerial resources on providing services rather than on debates over the appropriateness of engaging in the sale of other goods and services in order to raise money.

<sup>1</sup> “Contributions, gifts, and grants,” as reported on the IRS Form 990 information return, sometimes constitute what we would term *sales* – e.g., for the naming of a building at a hospital, college, or community center. At the same time, some revenue reported as sales – “program service revenues” on the Form 990 – has a substantial donative element, as when consumers pay more for a service provided by a nonprofit than they would pay to a for-profit firm.

### Interdependence of commercial and donative revenues

In the contrasting case, typical of a private firm, the organization receives no donations, gives away nothing, and charges a profit-maximizing price for its output. The distinction between a nonprofit's reliance on donations and on revenue from sales is central to this chapter's focus on whether donative revenue crowds out program service revenue.

Actual nonprofit organizations are arrayed on a continuum in terms of the percentage of revenue they derive from sales. The purely donative nonprofit derives none of its revenue from sales (Hansmann 1980); at the opposite pole are nonprofits that derive all of their revenue from sales. One index based on this finance-source characteristic is the *collectiveness index*, the proportion of an organization's total revenue derived from donations (see Weisbrod 1988 for discussion and application). Table 6.2, based on IRS tax data for charitable nonprofit organizations in 1987, displays a complementary metric: the proportion of total revenue that comes from commercial sources. Its value varies substantially by industry, with health organizations being the most commercial (with sales accounting for 89 percent of total revenue) and community-improvement organizations being the least (only 11 percent).

The more use a nonprofit organization makes of prices to raise revenue, the more it is emulating the private sector; whether such commercial activity takes a form that involves competition with the private sector is another matter. Chapter 1 shows how nonprofits' commercialism takes both forms, and Chapter 9 illustrates well the growing collaboration between universities and private enterprise in scientific research. The current chapter attempts to explain the forces affecting the commercialism of the nonprofit sector – its increased dependence on revenue from sales – independently of whether it involves competition or cooperation with for-profit firms.

We have reviewed, within the context of the multiproduct model presented in Chapter 3, building on James (1983), the reasons for expecting one or another relationship between the level of a nonprofit's commercial activity and its revenue from donations. One analytic perspective indicates that exogenous contributions and commercial activity will be either unrelated or inversely related, depending on the degree to which commercial activity itself, apart from the revenue it generates, detracts from the goals of the nonprofit; but other perspectives suggest positive relationships between donative and commercial revenues. We explore several of these possibilities, including the effects of a change in service provision by other organizations, economies of scope in production, complementarities in revenues, and price rationing of output.

The section on the empirical relationships between donations and sales uses our newly developed panel of tax-return data covering the period 1985–93 for large nonprofit “charitable” – 501(c)(3) – nonprofit organizations. Much of the prior empirical research on the mix of revenue sources used cross-sectional data and focused on a single industry, such as universities (James 1983) or social-service agencies (Schiff and Weisbrod 1991). We examine each of five indus-

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Table 6.2. *Percentage of charitable 501(c)(3) nonprofits engaging in unrelated business activity<sup>a</sup>*

NTEE classification and code	% filing UBIT return <sup>b</sup>	PSR as % of total revenue	No. of observations
Science and technology research institutes, services (U)	9.3	46	128
Health – general and rehabilitative (E)	9.2	89	3,369
Disease, disorder, medical disciplines (G)	6.3	36	167
Arts, culture, and humanities (A)	6.1	27	666
Educational institutions and related activities (B)	4.9	56	2,040
Community improvement, capacity building (S)	4.6	11	488
Religion related, spiritual development (X)	4.5	54	234
Human services – multipurpose and other (P)	3.1	41	893
Recreation, sports, leisure, athletics (N)	3.0	50	183
Mental health, crisis intervention (F)	2.5	43	179
Philanthropy, voluntarism, and grant making (T)	2.3	24	492
Housing, shelter (L)	1.9	68	702
Youth development (O)	1.2	69	185

<sup>a</sup>The data are an asset-based sample, and the estimates presented are weighted averages based on the sampling weights. However, differences in asset distribution across industries may skew the estimates.

<sup>b</sup>The UBIT return, Form 990-T, is required for all nonprofits that receive at least \$1,000 in gross unrelated business income in a given year.

Source: Authors' calculations from the IRS, Statistics of Income Division, data tapes.

tries, using a variety of techniques. The panel data permit us to consider time lags and organization-specific effects.

Our findings may be summarized as follows:

1. Aggregate trends for the panel show that although sales revenues are increasing faster than donative revenue, both have increased in real terms. We attempt to determine whether the slower rate of growth in donations caused any part of the increase in commercial activity. We begin by documenting the positive cross-sectional correlations between contributions and sales. Not surprisingly, there is a scale effect such that larger organizations tend to receive larger amounts of revenue from each type of source, donative and commercial. The panel nature of the data lets us control for organization-specific attributes of the nonprofit that do not change over time, including the scale of the organization, its geographic location, and its efficiency.

2. Controlling for organization-specific (fixed) effects, for the full panel of nonprofits, we find a significant negative relationship between donations and

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sales revenues, consistent with the theory that nonprofit organizations have an aversion to commercial activity.

3. Taking a longer view, we also examine the relationship by using the change in three-year averages, 1985–7 compared with 1991–3, and again find a strong negative relationship.

4. All of these approaches assume that donations are exogenous, an assumption we relax in two ways. First, we use fund-raising expenditures to remove, or instrument out, whatever portion of donations is within the organization's control. These expenditures prove to be an important influence on donations: Current and lagged values of fund-raising expenditures, in conjunction with firm-specific effects and lagged contributions, explain about a third of the year-to-year variation in donations. Second, we use lagged donations, rather than current donations, as a regressor to explain the extent of commercial activity. These produce some changes but do not alter the overall tenor of our findings. Regression analyses based on log values of the dependent and independent variables, however, reveal substantially smaller results, near zero and even positive for some industries.

5. Finally, we employ a statistical test of causality that allows for a feedback effect whereby variation in sales revenues causes changes in donative behavior, and that also allows both donations and commercial activity to be simultaneously affected by unspecified and unmodeled forces, such as government spending, changes in the economic environment, or changes in need. The perspective presented in Chapter 3 and summarized above portrays nonprofit organizations in two dimensions: the types of services they produce and their sources of revenue, with the two being related. Thus, anything altering the donative revenue that a nonprofit realizes without its having to produce the non-preferred output would affect the level of commercial activity in the opposite direction. A drop in government grants, such as has affected many of the nonprofit subsectors examined in Part II of this volume, is likely to bring expansion of nonpreferred commercial output, other things equal. That prediction of a negative relationship could be reversed, however, if, as is also noted in Chapter 3, there were more complex interdependencies, so that a change in commercial activity had further effects.

In addition to direct effects of donations on commercial activity, there could also be reciprocal effects, of commercial activity on donations. These would be positive if donors favored nonprofits' self-help, revenue-raising efforts and rewarded them, or negative if donors disapproved of commercial activity.<sup>2</sup>

In addition to revenue interdependencies, there could be cost interdependencies. If the production processes are complementary, an increase in ancillary-

<sup>2</sup> In the latter case, this effect would strengthen the expectation of a negative relationship between donations and sales.

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good production will decrease costs for the mission-related outputs, thereby reducing revenue needs. Because of such interdependencies of costs and revenues – about which little is known – an exogenous decrease in donations could have a positive, negative, or zero effect on commercial activity, even if the direct effect we hypothesize is negative. In such cases of interdependent revenues or costs, the effect on the nonprofit of an exogenous change in donations would be to shift the donations function or the cost function for the preferred good. Thus, reality may be more complex than our simple model. No strong prediction can be made.

Little is known regarding whether managers or donors are indifferent as to the nature of the nonprofit's revenue-generating tactics, and whether they generally regard commercial activity as detracting from the organization mission, apart from the revenue generated. Anecdotal evidence, however, suggests that nonprofits do sometimes forgo opportunities to obtain added revenue because they prefer to avoid engaging in those activities. For example, recently Oxford University turned down a gift of \$34 million, to establish a new school of business, apparently because it reached a judgment that a business school was incompatible with its mission – that is, “with the historical values of the university”; the view was expressed that “education should prepare people for public service, not profit” (Ibrahim 1996). It is not clear, however, whether such decisions reflect a sense of organization mission or a recognition of effects on other donors.

It is hard to say which set of assumptions about organization objectives, revenue interdependencies, and cost interdependencies is more likely. Moreover, we conjecture that the more likely set differs across industries: Donors to arts organizations, hospitals, colleges, and antipoverty activities need not respond in the same way to increased commercial activity in ancillary markets. Similarly, opportunities for nonprofits to utilize their preferred-good inputs to expand production in ancillary markets may well be more limited in some industries than in others. Day-care centers, for example, employ inputs that are quite specific to use by young children and are in use for much of the day and even evenings, and so appear to have relatively little potential for utilization in ancillary revenue-generating activities. Hospitals are more promising loci for production of ancillary outputs, as they provide services that involve a wide variety of inputs for inpatients and outpatients, health-care related but also involving food preparation, laundry, television rental, and so on, and that have substantial excess capacity.

*Changes in provision of the preferred service by other suppliers*

The multiproduct model is extendable in several directions that provide further insight into the relationship between contributions and commercial activities.

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We consider the case of a nonprofit that is concerned with the aggregate level of provision of the preferred good, not simply with its own production. An exogenous decrease in production by others would raise the marginal utility schedule for the nonprofit's own production, and its desire to increase production.

Would this cause the organization to engage in more commercial activity? Again, the answer depends on whether the commercial activity is a neutral or a nonpreferred activity. A decrease in provision by government agencies or by other nonprofits has essentially identical implications for a specific nonprofit organization as we described for a fall in the organization's revenue from donations. In all these cases the effect is to increase the marginal utility of the nonprofit's preferred output and, hence, to cause it to pursue added revenue more aggressively. Diminished donations, *ceteris paribus*, reduce production of the preferred good, moving the organization back along its marginal utility schedule to a greater marginal utility of output. A fall in exogenous provision shifts the entire schedule outward, again increasing marginal utility from added output of the preferred good. The result in both cases is an increase in the marginal utility of the preferred output, which could be great enough to overcome the disutility from additional ancillary commercial activity. Thus, we expect such commercial activity to be correlated negatively with a decline in provision by other agencies and organizations. Again, however, this result relies on commercial activity being nonpreferred, and it could be strengthened or weakened by revenue and cost interdependencies, as explained above.

Analogous to a change in other providers' output of the preferred good would be a change in the overall magnitude of social "need" for the nonprofit's services. To see this, consider a nonprofit social service agency that observes an increase in poverty. This would be equivalent to a decrease in other suppliers' – nonprofit or governmental – provision of antipoverty services, and it would increase the willingness of a nonprofit organization to initiate or expand production of profit-generating ancillary goods. As we have noted, it could also increase private donations. If such a simultaneous increase in both sources of revenue occurred, it would not reflect a change in one causing the change in the other, but the simultaneous effect on both revenue sources of the exogenous change in need or in production by others of the preferred good. The point, which becomes important when we turn to the empirical work, is that findings of correlation or, for that matter, lack of correlation, between donations and commercial activity can reflect many plausible scenarios and, hence, are difficult to interpret.

### *Price discrimination in the provision of preferred goods*

Nonprofits' commercial revenue from "sales" can come not only from sales of an ancillary, nonpreferred good, but also, as we pointed out earlier, from fees

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charged to consumers of the preferred, mission-related good. Thus, a positive correlation between donative and commercial revenue may also result from the increased use of price as a rationing mechanism for preferred goods. Access to preferred goods that are of the private-good type can be rationed by varying price according to recipients' perceived ability to pay, while also taking account of the nonprofit's target consumers – those it seeks to help the most.

Thus, a decrease in, say, government grants could cause nonprofit hospitals to charge private-pay patients more; and colleges could increase their full tuition, collecting more from students with the greatest demand while increasing financial aid to those with more elastic demand, possibly leaving their net prices unchanged. Such price discrimination might be interpreted as a form of non-preferred activity, engaged in reluctantly, at less than profit-maximizing levels, thus being responsive to exogenous changes in revenue. Nonprofits that have distributional goals, seeking to provide the preferred output to particular beneficiaries, can choose to use additional donations to cut prices below marginal cost to their target consumers. (For further analysis of price discrimination by nonprofit firms with distributional goals, see Chapter 4 and Steinberg and Weisbrod 1997.) Recognizing the role of prices and price discrimination of preferred goods is important, for nonprofits' commercial (i.e., private-enterprise-like) activity is not limited to markets for ancillary goods.

Price discrimination cannot be used, however, for preferred goods that are collective in nature. Universities can discriminate in their pricing of education, a private-type preferred good, but cannot do so in their provision of collective goods, such as basic research. Zoos can discriminate in admission fees to viewers, but not in their provision of the collective good, animal species breeding. (For an analysis of commercialism in zoos and aquariums, see Chapter 11.) Nonprofits whose missions are to provide collective goods have little opportunity to charge user fees, and so their options are more limited.

In light of the complexities we have discussed, it is not surprising that our findings, reported in the next section, indicate no simple and consistent pattern. There is considerable variation among industries, some showing negative effects of donations on their commercial activity, but others showing positive effects, and still others showing none. In addition, findings are not entirely robust to alternative specifications. Negative relationships between donations and commercial activity are found in some specifications, although by no means uniformly. The industry studies in Chapters 8–13 further demonstrate the variation in provision of ancillary outputs and in dependence on user fees.

### **The empirical relationships between donations and sales**

A crude measure of a nonprofit's ancillary activity is its engagement in money-raising activities that the IRS regards as unrelated to their tax-exempt mission,

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thereby generating income that is subject to the UBIT. Table 6.2 (see the previous section) shows, for 1987, wide variation in the percentage of nonprofits in each industry that reported such income, ranging from 1.2 percent in the youth-development sector to 9.2 percent in the health sector. Our empirical analyses in the next subsection suggest a pattern, but one that varies among industries.

We assembled the panel data used for this study from Internal Revenue Service Form 990 tax returns collected annually between 1985 and 1993. The sampling scheme used by the IRS Statistics of Income (SOI) Division is based on the asset level reported on the nonprofit's tax return. The composition of the SOI sample varies from year to year, with larger (greater asset) nonprofits being more likely to be included than smaller ones. Although the sample varies over time, all organizations with more than \$50 million in assets (not controlling for inflation) are included each year. Our analysis uses the "balanced" panel of the 2,679 nonprofit firms observed in all nine years. These large organizations, though only a small percentage of all nonprofits, represent a substantial portion of the total assets and revenue activity in the nonprofit sector.

There are two sources of possible bias from the use of this panel of nonprofits. First, in addition to the fact that nonprofits with low asset levels are underrepresented, only "surviving" organizations are included; that is, organizations that cease to exist or, for any other reason, do not file a return in any of the sample years are not in the panel. Similarly, nonprofits that are "large" (over \$50 million in assets) in some year but not in others are excluded from the panel if data for them are not available in the years when their assets fall below the threshold. Nonetheless, the relationship between organizational revenue from sales and from donations (referred to in the IRS Form 990 returns as "contributions, gifts, and grants") is worth examining for this important subset of nonprofits. Our findings will not necessarily be generalizable, however, to the full population of nonprofit organizations, most of which are small. There is, on the other hand, a positive dimension to the limited sample: The focus on large organizations provides a degree of homogeneity that is useful given the limited information available from the tax returns.

Two-thirds of our panel consists of nonprofit organizations involved in health and education activities, as characterized by Independent Sector using their National Taxonomy of Exempt Entities, which has been adopted by the IRS. Table 6.3 presents the industrial distribution of the organizations studied. We analyze first the combined sample of all organizations, and then the nonprofits in each of the five industries for which the panel includes over a hundred organizations – specifically, hospitals (NTEE code E22), which are approximately 70 percent of the health category (code E), and universities (code B43), which are about 40 percent of the education category (code B), along with housing and shelter, human services, and arts, culture, and humanities.



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Table 6.3. *Industrial composition of balanced panel of 501(c)(3) tax returns, 1985-93, based on the National Taxonomy of Exempt Entities (NTEE)*

NTEE classification and code	Frequency	% of sample
Health – general and rehabilitative (E)	1,121	41.8
Hospitals, general (E22)	(779)	(29.1)
Educational institutions and related activities (B)	643	24.0
University or technological institute (B43)	(265)	(9.9)
Housing, shelter (L)	155	5.8
Human services – multipurpose and other (P)	143	5.3
Arts, culture, and humanities (A)	128	4.8
Philanthropy, voluntarism, and grant making (T)	92	3.4
Community improvement, capacity building (S)	89	3.3
Science and technology research institutes, services (U)	37	1.4
Youth development (O)	31	1.2
Disease, disorder, medical disciplines (G)	28	1.0
Religion related, spiritual development (X)	27	1.0
Mutual, membership benefit organizations, other (Y)	21	0.8
Animal, related (D)	20	0.7
Mental health, crisis intervention (F)	20	0.7
International, foreign affairs, and national security (Q)	19	0.7
Public, society benefit – multipurpose and other (W)	19	0.7
Recreation, sports, leisure, athletics (N)	17	0.6
Medical research (H)	16	0.6
Employment, job related (J)	14	0.5
Environmental quality, protection, and beautification (C)	13	0.5
Unknown/unclassified (Z)	12	0.4
Social sciences (V)	6	0.2
Public protection (I)	4	0.1
Food, nutrition, agriculture (K)	2	0.1
Public safety (M)	2	0.1
Totals	2,679	99.7 <sup>a</sup>

Source: Authors' calculations from the IRS, Statistics of Income Division, data tapes.

<sup>a</sup>Does not equal 100% because of rounding.

The upper portion of Table 6.4 (rows 2-5) presents descriptive statistics on the organizations in the panel at the beginning of the time interval, 1985.<sup>3</sup> All values are in millions of constant dollars, adjusted by the Consumer Price Index (1982-4 = 100). In 1985 the average nonprofit in the panel received \$6 million in contributions, gifts, and grants while generating more than five times that

<sup>3</sup> Data are also available for 1982 and 1983, although not for 1984, when the IRS did not take a sample. Because of the missing year, we examine data only for the period beginning with 1985.

Table 6.4. Descriptive statistics for balanced panel of 501(c)(3) tax returns, 1985-93

	Full balanced panel	University or technol. inst. NTEE code B43	Hospital, general NTEE code E22	Housing, shelter NTEE code L	Human services - multipurpose & other NTEE code P	Arts, culture, humanities NTEE code A
1. Number of organizations	2,697	265	779	155	143	128
2. CGG (mil. of 1982-4\$)	1985 average (\$)	24.4	1.3	0.6	3.9	7.9
3. Program service revenue (mil. of 1982-4\$)	32.4	53.6	57.0	4.1	5.6	3.6
4. Assets (mil. of 1982-4\$)	87.9	222.5	73.3	18.0	20.2	48.2
5. Pct. filed a UBIT return	23	34	36	5	10	26
6. Real growth of CGG revenue	1985-93 (% change)	18	38	44	17	9
7. Real growth of program service revenue	61	38	63	16	50	47
8. Real growth of assets	53	19	43	22	9	42
9. Increase in fraction filing UBIT return	15	25	24	0	-1	10

Abbreviations: CGG, Contributions, gifts, and grants; NTEE, National Taxonomy of Exempt Entities; UBIT, Unrelated Business Income Tax.  
Source: Authors' calculations from the IRS, Statistics of Income Division, data tapes.

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– \$32.4 million – in program service revenues. The size and relative importance of these revenue sources varies widely by industry: The average hospital is far more commercial, receiving only \$1.3 million in contributions but having \$57 million in sales revenues. At the other extreme, the average arts organization in our panel received more than twice as much in contributions as in sales revenues. Row 5 of the table displays the fraction of firms filing a Form 990-T tax return, reflecting their receipt of revenue from unrelated business activities. This measure again discloses great variation among industries in their involvement in commercial activity, in this case with unrelated ancillary activities: More than a third of hospitals and universities filed a UBIT return, compared to only 5 percent of the housing and shelter organizations.

Such variation in commercial activity is consistent with our prior view that because of the differing technologies of production in the various mission-focused activities, there would be variation among industries in their potential not only for developing profitable markets for ancillary goods, whether legally related or unrelated, but also in their opportunities to generate revenue from user fees for mission-related activities. At the same time, these findings are also consistent with other models, such as that organization objective functions, including aversion to ancillary activities and to user fees for mission-related activities, differ across industries.

Between 1985 and 1993 the revenue from each of the two principal sources, contributions (i.e., CGG) and sales, increased substantially in constant dollars. Contributions, gifts, and grants to nonprofits in our panel grew by more than 21 percent (row 6), but sales grew 61 percent (row 7), nearly three times as much. There has, indeed, been increasing reliance of nonprofit organizations on commercial activity. Consistent with this view, the fraction of nonprofits filing a tax return for unrelated business activity increased from 23 percent in 1985 to 38 percent eight years later.

This upward growth trend, however, masks variation over time: Although average real contributions grew continuously for our panel of nonprofits, there was variation from year to year in that growth. Moreover, in any particular year many nonprofits did not experience growth, with 40–60 percent of the sample experiencing a decline.

The discussion of the earlier section, “Theoretical relationships between revenues from donations and from program services,” suggested that a decline in exogenous donations to a nonprofit organization may cause it to turn, if reluctantly, to increased commercial activities in order to cross-subsidize its preferred activities, implying a negative “crowding out” relationship between donations and commercial activity (see also Chapter 3). Other parts of the analysis, however, suggested a positive, “crowding in” relationship, due to such additional forces as the possible effects of commercial activity on donations and the abil-

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Table 6.5. Regression analysis of balanced panel of 501(c)(3) tax returns, 1985-93

Specification <sup>a</sup>	Estimate
<i>Effect on program service revenue of:</i>	
1. Contributions	0.76**
2. Contributions, w/ firm effects	-0.09**
3. Contributions, w/ firm and time effects	-0.13**
4. Contributions, w/ firm effects instrumenting for the possible endogeneity of contributions	-0.13**
5. Lagged contributions, w/ firm effects	-0.43**
<i>Effect on log program service revenue of:</i>	
6. Log contributions <sup>b</sup>	0.10**
7. Log contributions, w/ firm and time effects <sup>b</sup>	-0.02
<i>Long-run regression analysis avg. (1991-3) - avg. (1985-8):</i>	
8. Effect on program service revenue of contributions	-1.05**
9. Effect on log program service revenue of log contributions <sup>b</sup>	-0.02
<i>Long-run regression analysis omitting zero values, avg. (1991-3) - avg. (1985-8):</i>	
10. Effect on program service revenue of contribution	-0.73**
11. Effect on log program service revenue of log contributions <sup>b</sup>	-0.02
<i>Statistical tests for the direction of causality<sup>c</sup></i>	
12. Significance of lagged contributions on program service revenue	0.01
13. Significance of lagged program service revenue on contributions	0.40

<sup>a</sup>All dollar values are deflated by the Consumer Price Index for All Urban Consumers (1982-4 = 100).

<sup>b</sup>Log-log regression models use zero in place of log(0).

<sup>c</sup>Tests are based on a vector autoregression with firm fixed effects, and two lags of contributions, program service revenue, and fund-raising expenditures. Longer-lagged values are used as instruments.

\* Statistically significant at the .10 level.

\*\* Statistically significant at the .05 level.

Source: Authors' calculations from the IRS, Statistics of Income Division, data tapes.

ity of the organization to utilize the resources from its preferred goods in the production of ancillary goods.

To test these relationships we apply a more disaggregate, microlevel analysis. We begin by describing the methodology and results for the full panel of organizations in Table 6.5. The panel data permit us to examine changes over time while controlling for unobserved organization characteristics that do not change over time; that is, we employ a "fixed-effect" regression model that

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takes into account characteristics of each organization that, although not directly observable, are specific to the organization over time.

Our findings indicate that unobserved heterogeneity among organizations is of major importance. Rows 1 and 2 of Table 6.5 present the regression estimates of the effect of a one-dollar increase in contributions on the contemporaneous level of sales, with and without inclusion of a firm-specific component; the results differ significantly and substantially. The regression without the fixed effect estimates that a one-dollar increase in contributions is associated with a seventy-six-cent increase in sales activity – no crowding out effect here. We believe, however, that this estimate reflects scale differences across organizations such that larger organizations receive more revenue, both commercial and donative, than smaller ones. The regression estimate reflects a positive correlation due to scale but does not reflect causality. Inclusion of fixed effects, which we believe to be important, results in a statistically significant negative coefficient on contributions. As implied by the cross-subsidization model with aversion to commercial activity, changes in total contributions are negatively correlated with changes in gross sales revenue.

The negative result for the fixed-effect model in the pooled sample of organizations is robust to a variety of alternative specifications, including the addition of time-trend variables to capture aggregate economic conditions (row 3), the inclusion of fund-raising expenditures in an attempt to deal with the possible endogeneity of donations (row 4), and the use of a one-year lagged independent variable instead of contemporaneous donations to deal with endogeneity as well as effects over time (row 5). Controlling for the endogenous portion of contributions somewhat increases the negative relationship between donations and sales. The coefficient displayed in row 5 of Table 6.5 suggests that a one-dollar decline in exogenous donations causes an increase in commercial activity of forty-three cents, although the profit available to cross-subsidize preferred activities is surely less.

As a further robustness check we estimate the model in logs rather than levels, with (row 7) and without (row 6) fixed effects. These results are much closer to zero, suggesting that large values – which receive relatively less weight in the logarithmic formulation – have significant influence on our estimates, even though the data sample is already limited to organizations with large amounts of assets, and even though we used fixed effects. The log-log model with fixed effects again produces a negative coefficient, but it is not statistically significant. The interpretation of the estimate in row 7 is that a 1 percent decrease in donations causes a 0.02 percent increase in commercial activity.

The effect of changes in contributions on sales activity might well depend not on single-year, transitory changes, but on changes expected to be “permanent.” The single-year changes might measure fluctuations that are smoothed across time, which may induce fluctuations in assets rather than sales. More-

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over. data for any given year can be misleading, since year-end donations may sometimes be reported in the next year. To address these concerns we use three-year averages of the data in the regression model. That is, for each nonprofit we form the average of gross sales and of contributions for 1985–8 and, again, for 1991–3; then we compute the change in each variable between the two periods, thereby smoothing effects that might result from, say, a large amount of donations arriving either shortly before or shortly after the end of a nonprofit's fiscal year. Row 8 of Table 6.5 presents these estimates based on a specification in levels. The result, again, is strongly negative and statistically significant. However, the log–log specification (row 9) continues to produce a statistically insignificant result.

The difference between the level and log specifications led us to explore the data further. We noted that there were particularly large fluctuations involving transitions to or from zero contributions. For example, the returns for the New England Medical Center Hospital (EIN 042374071) report contribution above \$20 million per year for 1985–8, zero contributions for the next two years, and then contribution levels above \$40 million for the next three years. Perhaps such zeros are reporting error; perhaps they reflect large transitions of organizations undergoing radical change – we do not know how to explain such anomalies. Moreover, although the Internal Revenue Service scrutinizes tax returns for internal consistency, it does not examine the consistency of the returns over time. In order to reduce the effect of large transitions involving zero contributions, we repeated the long-run analyses, omitting from the estimation of mean contributions any reported zero. Thus, if an organization had two years with positive donations followed by a year with zero, we used the two positive values but excluded the year with the zero contributions. As we expected, the estimates for the effect of contributions on sales are somewhat smaller in absolute value than had been found when the zero observations were included, but they remain largely consistent with the earlier analysis.

Overall, we find somewhat mixed relationships between an organization's donative income and its revenue from sales. For the aggregate sample, Table 6.5 shows that a number of formulations, particularly those employing firm-specific effects, indicate significant, negative relationships (lines 2–5), whereas others, based on log values, show effects that are negative but insignificant (lines 7 and 9) or, in one case, positive and significant (line 6). The differences between relationships observed in levels and in logs are noteworthy. For reasons not well understood, there seem to be larger absolute responses, but smaller percentage responses of sales activity.

Negative relationships in Table 6.5 generally show effects less than unity. At the outset of this chapter we conjectured that when nonprofits use commercial activity to replace lost CGG, they replace them only partially. Moreover, since commercial revenue is only partially profit, the replacement rate is even lower

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than is indicated by the coefficients on sales. This finding is consistent with the hypothesized aversion to commercial activity, although we cannot be certain as to the influence of cost and revenue interdependencies.

The structural regression models employed thus far assume that causality runs from donations to sales. Explanations put forth in the theory section, however, suggest that even if causation does run in that direction, it could simultaneously run in the reverse direction – fluctuations in commercial revenue affecting donative revenue – or that both variables could be responding to a third variable omitted from the analysis. One way to detect such relationships is to use a system of simultaneous equations to determine whether fluctuations in one variable precede fluctuations in the other, after controlling for all other available information. A statistical model that provides a test of such so-called *Grainger causality* is the panel vector autoregression described in Holtz-Eakin, Newey, and Rosen (1988). Using it, we relate current sales activity to the preceding two years' data on donations, fund-raising, and sales revenue. Separately, there is an equation with donations as the dependent variable and the same set of regressors. All of the data are *first-differenced* – that is, differences between years are used – to remove the firm-level effect we identified as important in the earlier analyses. This transformation, combined with the presence of a lagged dependent variable, produces a correlation between the error term in the regression and the transformed right-hand-side variable that is eliminated using earlier data as an instrument. That is, we regressed the change in sales activity in year  $t$  on the changes in sales, contributions, fund-raising, and assets in years  $t-1$  and  $t-2$  while using the data prior to  $t-2$  as instruments.

Using this technique on the data for all industries, we find evidence that contributions statistically cause – that is precede – changes in sales, but sales do not cause contributions. The causality tests in row 12 of Table 6.5 reports the significance level of a joint  $F$ -test measuring the degree to which lagged contributions are a significant predictor of current sales after controlling for the organizational fixed effect and prior values of all the variables.

#### *Industry-specific effects of donations on sales revenue*

Results for five industry subsamples are presented in Table 6.6, which we have limited to the most important specifications. These five subsamples constitute 55 percent of our aggregate sample; the balance consists of nonprofits (shown in Table 6.3) in industries for which samples are quite small.

Our findings for the housing/shelter and arts/culture sectors largely match the aggregate estimates – in our preferred, fixed-effect, formulations (rows 2 and 4) – in both the nonlog and log estimates. The estimates from the log-log specification, insignificant for the combined sample, are negative and statistically significant for the two industries (row 4).

Table 6.6. Regression analysis by industry of balanced panel of 501(c)(3) tax returns, 1985-93

Specification <sup>a</sup>	University or technol. inst. NTEE code B43	Hospital, general NTEE code E22	Housing, shelter NTEE code L	Human services - multipurpose & other NTEE code P	Arts, culture, humanities NTEE code A
<i>Effect on program service revenue of:</i>					
1. Contributions	0.92**	2.54**	0.67**	1.63**	0.10**
2. Contributions, w/ firm and time effects	0.15**	-0.01	-0.38**	1.21**	-0.15**
<i>Effect on log program service revenue of:</i>					
3. Log contributions <sup>b</sup>	0.21**	0.08**	0.18**	0.27**	0.33**
4. Log contributions, w/ firm and time effects <sup>b</sup>	-0.02	0.02**	-0.22**	0.14**	-0.10**
<i>Long-run regression analysis, avg. (1991-3) - avg. (1985-8)</i>					
5. Effect on PSR of contributions	0.34**	0.78**	-0.43	2.95**	-0.23**
6. Effect on log PSR of log contributions <sup>b</sup>	-0.01	0.03	-0.27**	0.19	-0.06
<i>Statistical tests for the direction of causality<sup>c</sup></i>					
7. Significance of lagged contributions on PSR	0.32	0.22	0.01	0.01	0.81
8. Significance of lagged PSR on contributions	0.06	0.30	0.27	0.01	0.36

<sup>a</sup>All dollar values are deflated by the Consumer Price Index for All Urban Consumers (1982-4 = 100).

<sup>b</sup>Log-log regression models use zero in place of log(0).

<sup>c</sup>Tests are based on a vector autoregression with firm fixed effects, and two lags of contributions, program service revenue, and fund-raising expenditures. Longer-lagged values are used as instruments.

\* Statistically significant at the .10 level.

\*\* Statistically significant at the .05 level.

Source: Authors' calculations from the IRS, Statistics of Income Division, data tapes.



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For the other three industries, however, findings are quite different. Between contributions and sales for universities and human-service organizations, we find relationships that are both positive and statistically significant, but the relationship is essentially zero for hospitals (row 2). The log estimates (row 4) are also positive and significant, except for in the case of universities, where there is no significant effect. These three industries comprise 44 percent of our aggregate sample. The fact that we find positive relationships between contributions and sales for them, but negative relationships for the aggregate, indicates that there are many organizations in the panel that exhibit negative relationships in industries where samples were too small to analyze.

The association of increased donations with increased, rather than decreased, commercialization in an industry is not consistent with the simple multiproduct organization model in which commercial activities are disliked. It is consistent, however, with that model if, in those industries, there are economies of scope in production – that is, cost complementarities or complementarities in revenue. As we explained earlier, there is no reason to believe that such interdependencies are equally important across industries. We also noted other circumstances that could elicit a finding of a positive relationship between donations and sales, even if commercial activity is disliked; for example, a reduction in government grants could cause a simultaneous increase in private contributions and commercial activity. There is a clear need to learn more about both cost and revenue interdependencies in nonprofit organizations before it will be possible to state with confidence the effect on commercial activity of changes in some source of donative revenue.

The results of tests of causality from commercial activity to donations also vary by industry. Rows 7 and 8 indicate that fluctuations in donations affect commercial activity in the housing sector, while in the university sector it appears that the driving force is the reverse, from sales to donations. In two industries, hospitals and arts, there is no evidence of causation in either direction, suggesting that both donations and sales are being influenced by a third factor. In another industry, human services, there is evidence of significant causation running in both directions.

**Concluding remarks**

The appropriate model for nonprofit behavior remains far from settled. So, too, is an understanding of how nonprofits come to have particular combinations of revenue from donations and from sales of goods and services, and particular combinations of revenue from mission-related and unrelated activities. However, a multigood production model, in which nonprofits determine the extent of activity in several sectors, is promising. Using data for 2,679 nonprofits observed from 1985 to 1993, we estimated a set of structural and reduced-form

### **Interdependence of commercial and donative revenues**

models that suggest that exogenous declines in donations yield significant increases in commercial activity for some industry sectors but not for others. The results vary considerably by industry, a finding that is understandable in light of differential organization goals as well as differences in interdependencies among revenue opportunities and in cost interdependencies between mission-related and ancillary goods production. Our findings indicate strongly the need for more analyses of output and revenue determination in specific industries where nonprofits play a major role.

Several questions raised during the analysis require further research. First, within our model of nonprofit behavior, contributions are considered exogenous. Relaxing this simplification involves determining the extent to which organizations can influence contributions, including the effect of a nonprofit's commercial activities on willingness of individuals and organizations to give it donations, and the extent to which other unspecified events affect both sales and donations. For example, changes in sources of sales revenue, such as through the adoption of Medicare and Medicaid in the health industry, can affect organization behavior and, in turn, the supply of donations (including volunteer time). Second, a dynamic model of behavior suggests that nonprofits may draw down assets in response to exogenous transitory fluctuations in donations.

Debate over whether government spending on social welfare programs has crowded out private donations, so that current and prospective reductions in government support will lead to increased private donations, illustrates the importance of these issues. In addition, our findings that reduced donations have quite different effects on commercial revenue-raising activity in the higher-education, hospital, arts, housing, and human-services components of the nonprofit sector highlight the danger of generalizing about the responses of the sector, as a whole, to exogenous changes in donations.

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# Getting It Right: Verifying the Classification of Public Charities in the 1994 Statistics of Income Study Sample

*Nicholas A. J. Stengel, Linda M. Lampkin, and David R. Stevenson*

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**C**haritable organizations play a vital role in this country. They include health, human services, arts and culture, education, research, and advocacy organizations and range in size from the neighborhood homeless shelter to the largest hospitals and universities in the United States. Because of the wide range of activities, services, and programs, it is difficult to understand the work of the nonprofit sector without a classification system that groups similar charities by purpose, type, or major function. The National Taxonomy of Exempt Entities (NTEE) offers a definitive classification system for nonprofit organizations recognized as tax-exempt under Internal Revenue Code 501(c)(3). The system, developed by the National Center for Charitable Statistics (NCCS), with the guidance of leading nonprofit scholars and practitioners, is used by the Internal Revenue Service to code all new organizations and all the organizations in the annual Statistics of Income (SOI) study sample. It is also used by the NCCS, Independent Sector, the Foundation Center, AAFRC Trust for Philanthropy, and many grantmakers, foundations, researchers, and others working with nonprofit organizations. A description of the structure of the system and a list of the major groups can be found in the Appendix. The complete manual is on the NCCS web site at <http://www.nccs.urban.org>.

The Service had originally classified the charities using the Standard Industrial Classification (SIC) system, the standard for all Federal government reporting of economic activity. Because the broad SIC codes were not detailed enough to adequately describe the varied activities of the charities, however, the Service developed its own system of Activity Codes to provide the additional information it needed. The Service later added NTEE codes, the system specifically designed for tax-exempt entities, as it became more widely used within the nonprofit sector.

Two major changes in the classification systems used for charities by the Internal Revenue Service occurred

in 1999. First, the SIC coding system was replaced by the North American Industry Classification System (NAICS). NAICS, created as a result of the North American Free Trade Agreement, was designed to measure all inputs and outputs for the economies of the United States, Canada, and Mexico. Like SIC, its focus is on economic activity; it does not provide for detailed descriptions of nonprofit activities, services, and purposes. In fact, charities classified under NAICS occupy eleven different (two-digit) major Economic Sectors. Of the 200,465 nonprofit organizations that filed IRS Forms 990 in 1996, there were 68,514 (35 percent) classified in the "Other Services" category in NAICS; these nonprofits are mostly human service providers which serve a vital function in the nonprofit sector.

Second, to provide an appropriate level of detail for IRS needs, NCCS redesigned NTEE and created NTEE-Core Codes (NTEE-CC), a streamlined version of the classification system. The new system was developed at the request of the Service (seeking a smaller and more concise coding system) and the research community (seeking a more consistent system with greater inter-coder reliability). Its creation eliminated little-used categories, strengthened the hierarchical nature of the system, aligned it closely with the North American Industry Classification System (NAICS), created full definitions for each category, and developed rules for placing an entity with a particular classification.

The new system is now used by the Exempt Organizations/Employee Plans Division of the Service to classify exempt organizations as they apply for tax-exempt status. Since the use of NAICS is required, the Service dropped its Activity Codes. Starting in January 1999, newly-applying organizations receive both an NTEE-CC classification and a NAICS classification. IRS reports will be completed using the NAICS classifications, as required, but the more comprehensive portrait of the sector will also be available using the NTEE-CC codes.

## ■ Research Questions

With the increasing use of the NTEE-CC by the Service and in the nonprofit sector, NCCS undertook the task of verifying the NTEE code of each record in the 1994 Statistics of Income (SOI) study sample of 501(c)(3) organizations. The resulting study allowed NCCS to:

- ❑ test the new NTEE-CC system with a large dataset;
- ❑ establish a verified dataset for use by nonprofit researchers; and
- ❑ identify common errors in using the system.

### *Testing NTEE-CC with a Large Dataset*

The SOI file is a weighted sample of 10,980 public charities filing Forms 990 and 990-EZ in 1994. It includes all filing organizations with assets over \$10 million (defined as “asset level 7”) and a representative sample of all other filing 501(c)(3) organizations, based on asset levels. Though there are other data bases with larger numbers of nonprofit organizations, the SOI file is often used for research, because the data are double-entered and meticulously checked for errors. While the SOI Division and NCCS have participated in a number of studies to check the inter-coder reliability of NTEE codes on the file, no checks of the classifications using outside sources had been completed using such a large or popular dataset.

A test of the new codes and definitions in NTEE-CC, which contains over 475 codes and over 1,000 possible permutations of the 4th digit common code (see Appendix), required a sample file that is large and diverse enough to contain several examples of all available codes and organizations that are large enough to be found in secondary sources like directories of associations and/or web pages. The SOI sample met both criteria.

### *Creating a Verified Dataset for Research*

Verifying the NTEE-CC classifications of organizations in the SOI file was necessary to produce a more

accurate file for the research community. Past efforts to correct classifications have met with limited success, as the only information available to coders was the organization name and the often inaccurate IRS Activity Code, a category that the organization self-selects on Forms 1023 and 1024. At the SOI Division, coders had information from an organization’s Form 990, but their classifications were never able to be verified because no one else had wide access to those forms.

In addition, definitions of the NTEE codes themselves were problematic. The NTEE existed for almost 15 years without comprehensive definitions. During that period, rules of thumb proliferated among the organizations and agencies that use the system, with serious consequences for the reliability of the system. For example, during the creation of the NTEE-CC, five practitioners, each with at least three full years of experience with the system, used five separate and distinct definitions for “voluntary health organization.”

Another problem area was education and health nonprofits, organizations that constitute a sizable proportion of the SOI sample. Although the definitions of major categories for these types of organizations are clear, very fine distinctions in the descriptions of their purposes or activities may affect their placement in one centile level code versus another. For example, the NTEE-CC now has clear definitions of “hospital system” (E21) and “hospital” (E22), but distinguishing between them in practice is more difficult. Different interpretations could easily shift hundreds of millions of dollars of assets into the wrong category.

The use of secondary sources to verify the classification of SOI records permitted us to test the codes and definitions and thereby improve the reliability of the file.

### *Identifying Common Errors*

The last goal of the study was to permanently improve both the codes and the system for coding for the future, not just for the 1994 SOI sample. The lessons learned while working on the 1994 file were transferred in two ways. First, codes for large organizations that were difficult to classify were hard-coded into future SOI files. For example, the Aeneas Venture

Corporation's Form 990 contains little information useful for accurate classification, but a phone call revealed that it is a supporting foundation of Harvard College. That organization will never have to be researched again, correcting an ongoing error. Second, common pitfalls such as the distinction between a retirement home (L22) and a continuing care facility (P75) were explored during the verification. NCCS has now developed prescriptive rules to increase the accuracy of classification.

## ■ Methodology

NCCS staff created a data base containing the SOI records and all codes that had been assigned on other files and in other verifications, including a major project funded by the Mellon Foundation. The person completing the verification added a new code and noted the source of information. As much information as possible was appended to the file—down to page numbers of individual directories—so that future researchers could replicate and verify the NCCS work. A total of 42 different research tools, from directories to web pages to other government datasets, were used by the verification team.

The verification consisted of three distinct phases. First, sources such as higher education directories and health directories were used to enhance definitions and test the rules for commonly used codes (such as distinctions between day camps for children and bible camps), as well as verify existing codes. The very largest organizations, more than half of the file, were verified in this manner.

Next, smaller organizations were tracked down in secondary sources. Records were found in such sources as listings of Roman Catholic retirement facilities and museums, the Conservation Directory, and Galenet's *Encyclopedia of Associations*. Almost 90 percent of the organizations in the SOI file were verified within these first two phases.

The remaining 10 percent of organizations included several hundred organizations from asset level 7 that could not be located in directories. For example, the Aeneas Venture Corporation required looking at the zip code and the assets-to-expenses ratio in the SOI file.

The organization appeared to be a foundation in support of Harvard or the Massachusetts Institute of Technology. Eventually, a paper trail led to contact with a person who confirmed its status.

The remainder were small organizations that could not be found, including many without phone numbers and with bad addresses. All had low asset levels, and it is possible that they were not even active four years after the date of the sample. Where no information was available, coders again used the name and NTEE codes assigned by other organizations like Independent Sector and the Foundation Center to check the classification, noting that no additional information could be obtained. For five organizations, the original SOI classification of Z—Unknown was not changed.

All told, the project used 42 different methods of verification. Ten coders spent over 1,000 hours of staff time coding and then rechecking the work.<sup>1</sup>

## ■ General Findings

### *Intercoder Reliability*

In addition to accuracy of codes assigned, it was important that coders working with the same information would apply the same code to a given organization. Reliability among coders working on the project, based on internal checks on work completed, was about 90 percent. The rate approached 100 percent for phase one, over 90 percent for phase two, and just below 80 percent for phase three. As phase three included verification using little or no secondary data, this drop was considered reasonable. In addition, the phase three organizations had few assets, so the impact on the allocation of sector finances was limited. As the historic rate of agreement in classification at the NTEE Major Group level had been 80 percent for the organizations in the whole file, these rates were actually a major achievement and evidence of the improvements in NTEE-CC.

As a further check, the Foundation Center<sup>2</sup> reviewed NCCS classifications of about 1,250 of the largest organizations in the file. They differed with NCCS on only two percent of the codes. On the basis of this project, NCCS is confident that the new structure of the system

will help coders consistently find the same codes, assuming adequate information is available.

### *Veracity of Classification*

For the first time, notes on the sources of information used for classification and an indication of the confidence level of the code have been recorded in a file. About 81 percent of the file was verified with “high confidence.” Confidence levels were assigned according to the amount of information available on a given record. The percentage records grows to 88 percent when organizations classified with “high or fair confidence” are grouped. This is a big achievement for a sector that formally used codes based only on information from one Form 990 or very often just the organization name. For the larger organizations, with assets over \$10 million, NCCS coded 89 percent with “high” and 93 percent with “high or fair confidence.” This is the best classified and most completely documented dataset of public charities ever assembled.

### *Impact on Portrait of Nonprofits*

There were few dramatic changes in the portrait of public charities using the newly verified SOI sample. NCCS did verify that the SOI editors were producing quality codes using a system that, at the time, was less than ideal. The changes made in the file have been documented so that the research community can use the file with more confidence than ever before.

Even more importantly, NCCS concluded that the new NTEE-CC system did not radically change the overall profile of the sector. Table 1 details the NTEE breakout of the SOI sample before and after the verification. As one would expect, the two groups which saw the most change in raw numbers were the largest; P—Human Services (195) and E—Health (142). In terms of percentage change, the table shows that the Social Research (52.9 percent) and Civil Rights (33.3 percent) Major Categories saw the most adjustment. These categories, however, tended to describe relatively few organizations having low assets.

Next, we found that the new system of common codes (see Appendix), which is vital for separating rev-

enue streams, is being used with almost zero error. Last, more than a dozen types of common errors were identified. NCCS will emphasize these areas in training sessions and is planning a guidebook on using the NTEE system to accurately classify the sector.

## ■ **Specific Findings**

### *Relationship between Verified and Original Coding of SOI Sample*

Figure 1 illustrates the percentage of codes changed through the verification process for the major groups, and the decile and centile level changes within the major groups, listed by the NTEE major categories (with the exception of “Unknown,” which was not included in this analysis). Overall, over 30 percent of the codes at the major group, decile level, or centile level were changed. But the rate of concurrence at the major group level was 81 percent, with agreement approaching 90 percent for the major groups within the major categories of Arts, Education, Environment, and Health. More changes were made in the more detailed decile and centile levels of codes. Other major groups tended to have more changes, particularly International; Public, Societal Benefit; and Religion. Major Group Y—Membership, Mutual Benefit has high and consistent match rates, but only accounted for one percent of the whole sample.

These results are typical of past studies. Organizations in the human services, international, public/societal benefit, and religion categories historically tend to be more difficult to code correctly and consistently, partly because of the very nature of multipurpose charities. For example, the NTEE system is designed to address a number of needs in its classification of organizations that deliver human services. For selecting the correct code for a youth camp that teaches citizenship, a decision must be made about the basis for classification—should it be the services provided by an organization (citizenship education) or the type of organization (camp) or population served (youth)? Should a housing facility for the elderly be classified differently than one for children? With the prescriptive definitions now included in the NTEE-CC, such decisions are no longer up to individual coders, and these organizations will be

more consistently coded in the new system.

### *Changes in Codes by Major Groups*

Table 2 shows the differences in the classification groupings of the charities before and after the verification process. While there was little net change in terms of the number of organizations in any one major group as shown by Table 1, hundreds of code changes within the Major Groups were made. The major groups with the highest percentage of changes were Z—Unknown (as NCCS was able to classify all but five organizations); V—Social Service Research Institutes, Services (88.2%); and T—Philanthropy, Voluntarism, and Grantmaking Foundations (90.2%). The number of organizations in each of these major groups is quite small, excepting a large number changed in Major Group T to move public charities described under a code reserved for Private Foundations (T20). The major groups with the greatest number of changes were E—Health—General and Rehabilitative and B—Education, but the changes represented a small percentage of the categories. In these groups, most change occurred in distinguishing between colleges, universities, and support groups; and hospitals, hospital systems, and hospital foundations. These two major groups containing most of the largest nonprofit organizations were, thus, subjected to the greatest scrutiny by the classification team.

The new and more complete definitions in NTEE-CC allowed greater accuracy in coding, particularly in major groups Q through W. Although the classifications of the higher education organizations and health facilities that dominate asset level 7 in the file, accounting for almost 60 percent of the assets reported by all organizations in the unweighted SOI file, were scrutinized carefully and much more accurately defined at the decile and centile levels, there was little net change in the total numbers in those major groups.

### *Clarification of Elderly Care Classifications*

The most significant coding changes came in elderly housing categories described in Table 3. Because of the lack of precise definitions, prior to the creation of NTEE-CC, coders would use a number of classifications for elder care facilities, including E91—Nursing,

Convalescent Facilities; P75—Senior Continuing Care Communities; or L22—Senior Citizens' Housing/Retirement Communities. After the verification and discussion with the SOI editors, NCCS created prescriptive rules for coding that will ensure consistency and accuracy in the future. This accomplishment is significant because current policy developments regarding long-term care for the elderly demand clear accounting of charitable capacity to serve this population.

### *Changes in Assets by Major Group*

The changes in coding, found in Table 4, led to little overall impact in distribution of assets of charities within the major groups. The only large change was in S—Community Improvement, Capacity Building, because one organization with large assets was moved to another group. The outlier is discussed as an issue for further study below.

The fact that the project resulted in little net change is encouraging, as it means the existing SOI file presented a reasonably accurate portrait of the charities' assets. The changes made in the verified file were often subtle, yet add value to the file in the form of robust and definitive codes. Certainly, the confidence level of researchers using the file will be greatly enhanced.

## ■ **Issues for Discussion and Future Study**

### *Changing the Measure of Classification Quality*

When the NTEE (and now NTEE-CC) codes are checked on any given dataset, about 80 percent of the codes will typically match at the major group level. In the past, disagreement at the major group level was used to indicate the quality of the data. It was thought that if the coders cannot even agree on the first level, then more precise classifications were virtually useless. This led to skepticism of the entire NTEE system and, indeed, was a major factor in the creation of NTEE-CC.

The verification project has allowed NCCS to study common major group ambiguity and identify patterns. The vast majority of the differences in classification at the major group level are not gross errors, but differences in shades of meaning. For example, Senior Care

facilities might be classified in one of three major groups (E—Health—General and Rehabilitative; L—Housing, Shelter; or P—Human Services—Multipurpose and Other). The classification chosen by any given coder would depend on the description provided of the organization's activities and purposes. Another example is the placement of residential and custodial care organizations, which could be in one of five major groups (F—Mental Health, Crisis Intervention; I—Crime, Legal-Related; J—Employment, Job-Related; L—Housing, Shelter; or P—Human Services—Multipurpose and Other). There is an even finer distinction between voluntary health organizations and services to promote the independence of specific populations, located in major groups G—Diseases, Disorders, Medical Disciplines and P—Human Services—Multipurpose and Other, respectively.

If these types of differences in major groups are not counted as major errors, which of course they are not, inter-coder reliability rises above 90 percent. Because strengthening the hierarchical structure of the system is not an attractive option due to the careful balance of the existing system, NCCS plans a future project to define more useful error measures for coders and data users.

### *Controlling for Errors*

The NCCS analysis of errors in coding found a number of recognizable patterns in the appropriate use of certain codes. This is especially true of Major Group P—Human Services—Multipurpose and Other, rather than more specific major groups like I—Crime, Legal-Related or L—Housing, Shelter.

In addition, errors are more common with major groups Q—International through X—Religion. Through that range of codes, the average agreement rate in the NCCS study was below 50 percent. This rate may be even more problematic as the SOI editors begin to classify organizations tax-exempt under IRC Sections 501(c)(4) through (9) in the 1997 study sample. NCCS will focus on these groups in training and will develop rules to help counter ambiguity. As usage of the NTEE-CC system expands, NCCS will work to devise solutions and publish guides to promote consistent and reliable usage.

### *Studying Placement of Community Improvement Organizations*

Major Group S—Community Improvement, Capacity Building includes community development councils, economic development organizations, trade groups, service clubs, and nonprofit management services. Prior to the verification project, this major group had about \$2 billion in assets, but its new total in the verified file is \$13.8 billion. Much of the change code occurred when the Common Fund for Nonprofit Organizations (with \$10 billion in assets) was moved from Major Group B—Education, as a result of tighter definitions of educational support services. But this dramatic change in assets masked a much more profound change in this group as a whole.

Many small community organizations were reclassified from Major Group S into more specific major groups within human services. At the same time, new definitions of foundations, common codes, and Major Group S itself resulted in very large organizations being added to the group, such as the Common Fund for Nonprofit Organizations and Fidelity Investments Charitable Gift Fund (formerly in Major Group T—Philanthropy, Voluntarism, and Grantmaking Foundations). The change in definitions recognized that smaller community organizations do give grants as well as perform direct service. Likewise, larger organizations like those mentioned above have expanded their foundation roles to include portfolio management and a full range of nonprofit management (S50) services. As a result, Major Group S now includes grantmaking and support organizations not elsewhere defined in Major Group T and the common codes. Examples include Community Development Corporations that are by nature grantmaking but also provide direct service and trade organizations that often hold significant assets for the benefit of for-profit organizations.

Groups that perform services and support other organizations are becoming more prominent with the increased reliance on pass-through and block grants by governments. Future research on these types of organizations might call for disaggregating Major Category VII—Public, Societal Benefit, which currently groups a number of widely varying types of organizations, in-



cluding R—Civil Rights, Social Action, Advocacy; S—Community Improvement, Capacity Building; T—Philanthropy, Voluntarism, and Grantmaking Foundations; U—Science and Technology Research Institutes, Services; V—Social Science Research Institutes, Services; and W—Public, Society Benefit—Multipurpose and Other. Separating these disparate activities into new Major Categories would enhance the quality of research on the sector as a whole.

## ■ Conclusion

The verification of the classification of organizations in the 1994 Statistics of Income study sample of public charities was a long and difficult process. As a result of that work, NCCS has shown that the new NTEE-CC system is reliable and easier to use for organizational coding than the older version. In addition, the nonprofit research community has a dataset that can be used with increased confidence. Also, future SOI studies will be affected as the benefits of this verification are carried into the next year's sample. Last, NCCS has also been able to identify areas of the system that need more detailed attention for training of coders, and potential areas for future modifications of the system.

The verified SOI file, complete with annotations on the changes and sources of information, is available on the NCCS web site at <http://nccs.urban.org>, along with NTEE-C manual and complete definitions.

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## ■ Footnotes

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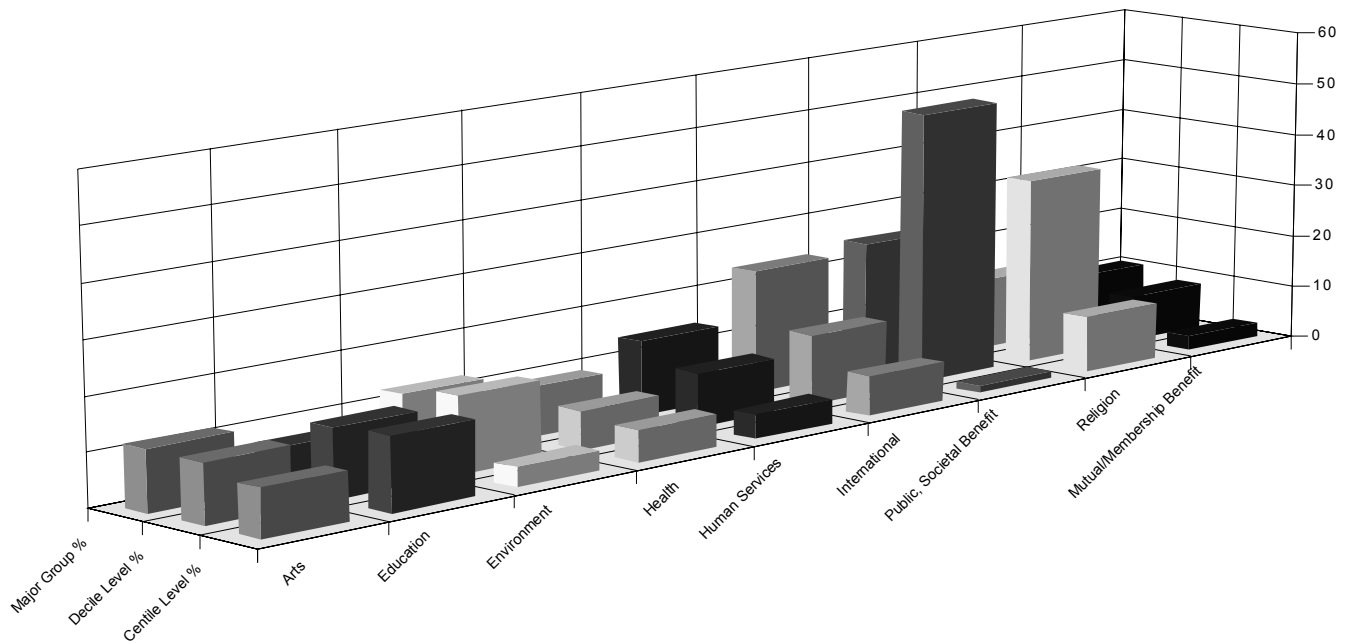
<sup>2</sup> Special thanks to Ruth Kovacs of the Foundation Center for her help on this project.

Table 1.--Public Charities in SOI File Before and After Verification by NTEE Major Group

NTEE Major Group	Before Verification		After Verification		% Change
	Original SOI File	% of Original SOI File	NCCS - Verified SOI File	% of NCCS - Verified SOI File	
A - Arts	643	5.9	613	5.6	4.7
B - Education	2265	20.6	2219	20.2	2.0
C - Environment	126	1.1	122	1.1	3.2
D - Animals	89	0.8	84	0.8	5.6
E - Health, General	3964	36.1	3822	34.8	3.6
F - Mental Health	183	1.7	187	1.7	2.2
G - Disease	137	1.2	135	1.2	1.5
H - Medical Research	111	1.0	117	1.1	5.4
I - Crime	44	0.4	46	0.4	4.5
J - Employment	86	0.8	76	0.7	11.6
K - Food	22	0.2	24	0.2	9.1
L - Housing	447	4.1	411	3.7	8.1
M - Public Safety	32	0.3	33	0.3	3.1
N - Recreation	123	1.1	126	1.1	2.4
O - Youth Development	119	1.1	121	1.1	1.7
P - Human Services	1281	11.7	1476	13.4	15.2
Q - International	107	1.0	100	0.9	6.5
R - Civil Rights	15	0.1	20	0.2	33.3
S - Community Improvement	171	1.6	224	2.0	31.0
T - Philanthropy	579	5.3	540	4.9	6.7
U - Science Research	110	1.0	128	1.2	16.4
V - Social Research	17	0.2	26	0.2	52.9
W - Public Benefit	50	0.5	62	0.6	24.0
X - Religion Related	134	1.2	150	1.4	11.9
Y - Mutual Benefit	105	1.0	113	1.0	7.6
Z - Unknown	20	0.2	5	0.0	75.0
<b>Total</b>	<b>10980</b>	<b>100</b>	<b>10980.0</b>	<b>100.0</b>	

Source: 1994 Statistics of Income Study Sample of Public Charities with NTEE codes adjusted at NCCS.

**Figure 1.--Percentage of Codes Changed in NCCS Verified 1994 SOI File by NTEE Major Category**



**Table 2.--Number of Codes Changed by Verification Project by NTEE Major Group**

NTEE Major Group	Original SOI File	Major Group Changes	Decile Level Changes	Centile Level Changes	Total Number Changed	% Changed
A - Arts	643	74	73	59	206	32.0
B - Education	2265	165	298	314	777	34.3
C - Environment	126	18	22	8	48	38.1
D - Animals	89	9	9	0	18	20.2
E - Health, General	3964	304	268	224	796	20.1
F - Mental Health	183	26	16	34	76	41.5
G - Disease	137	48	19	3	70	51.1
H - Medical Research	111	30	21	6	57	51.4
I - Crime	44	7	7	2	16	36.4
J - Employment	86	24	9	3	36	41.9
K - Food	22	4	2	1	7	31.8
L - Housing	447	77	22	20	119	26.6
M - Public Safety	32	4	14	2	20	62.5
N - Recreation	123	15	22	11	48	39.0
O - Youth Development	119	11	15	2	28	23.5
P - Human Services	1281	160	127	57	344	26.9
Q - International	107	25	14	8	47	43.9
R - Civil Rights	15	5	3	1	9	60.0
S - Community Improvement	171	42	35	4	81	47.4
T - Philanthropy	579	125	397	0	522	90.2
U - Science Research	110	26	39	6	71	64.5
V - Social Research	17	13	2	0	15	88.2
W - Public Benefit	50	21	8	2	31	62.0
X - Religion Related	134	18	47	14	79	59.0
Y - Mutual Benefit	105	11	9	3	23	21.9
Z - Unknown	20	18	0	0	18	90.0
<b>Total</b>	<b>10980</b>	<b>1280</b>	<b>1498</b>	<b>784</b>	<b>3562</b>	<b>32.4</b>

Source: 1994 Statistics of Income Study Sample of Public Charities with NTEE codes adjusted at NCCS.

Table 3.--Changes in Elderly Care Classifications

**Senior Citizens' Housing / Retirement Communities originally coded as L22**

(n=149)

<b>Codes after Verification</b>	<b>Number of Organizations</b>	<b>% of Organizations</b>
<b>No Change — L22</b> - Senior Citizens Housing / Retirement Communities	92	61.7
Change to — P75 - Senior Continuing Care Communities	42	28.2
Change to — E91 - Nursing Homes	0	0.0
Change to — supporting organizations - common codes 11 & 12	1	0.7
Change to — other	14	9.4

**Senior Continuing Care Communities originally coded as P75**

(n=462)

<b>Codes after Verification</b>	<b>Number of Organizations</b>	<b>% of Organizations</b>
<b>No Change — P75</b> - Senior Continuing Care Communities	413	89.4
Change to — L22 - Senior Citizens Housing / Retirement Communities	13	2.8
Change to — E91 - Nursing Homes	19	4.1
Change to — supporting organizations - common codes 11 & 12	1	0.2
Change to — other	16	3.5

**Nursing / Convalescent Facilities originally coded as E91**

(n=432)

<b>Codes after Verification</b>	<b>Number of Organizations</b>	<b>% of Organizations</b>
<b>No Change — E91</b> - Nursing Homes	211	48.8
Change to — L22 - Senior Citizens Housing / Retirement Communities	2	0.5
Change to — P75 - Senior Continuing Care Communities	167	38.7
Change to — supporting organizations - common codes 11 & 12	4	0.9
Change to — other	48	11.1

Source: 1994 Statistics of Income Study Sample of Public Charities with NTEE codes adjusted at NCCS.

**Table 4.--Assets by Public Charities in 1994 SOI File Before and After Verification by NTEE Major Group  
(in millions of dollars)**

<b>NTEE Major Group</b>	<b>Original SOI File</b>	<b>NCCS - Verified SOI File</b>	<b>% Change</b>
A - Arts	18,998.8	17,655.6	-7.1
B - Education	182,495.7	171,992.5	-5.8
C - Environment	3,190.3	3,019.6	-5.4
D - Animals	1,989.2	1,752.4	-11.9
E - Health, General	171,686.7	170,621.9	-0.6
F - Mental Health	1,461.0	1,492.4	2.1
G - Disease	3,254.8	2,588.9	-20.5
H - Medical Research	11,843.3	12,643.7	6.8
I - Crime	277.4	291.4	5.1
J - Employment	605.8	447.8	-26.1
K - Food	122.8	79.0	-35.6
L - Housing	849.2	740.0	-12.9
M - Public Safety	168.8	160.8	-4.7
N - Recreation	1,258.2	1,324.6	5.3
O - Youth Development	1,148.8	1,157.9	0.8
P - Human Services	12,739.5	14,748.2	15.8
Q - International	2,977.5	2,966.1	-0.4
R - Civil Rights	132.9	121.4	-8.7
S - Community Improvement	2,129.2	13,831.8	549.6
T - Philanthropy	19,202.3	17,863.7	-7.0
U - Science Research	4,519.5	5,281.1	16.8
V - Social Research	395.0	585.1	48.1
W - Public Benefit	1,875.3	1,114.0	-40.6
X - Religion Related	3,392.6	3,467.5	2.2
Y - Mutual Benefit	6,438.9	8,788.1	36.5
Z - Unknown	1,627.6	45.6	-97.2
<b>Total</b>	<b>454,781.0</b>	<b>454,781.0</b>	<b>0.0</b>

Source: 1994 Statistics of Income Study Sample of Public Charities with NTEE codes adjusted at NCCS.

NOTE: The increase in Major Group S is largely attributable to an outlier moved from Education--The Common Fund for Nonprofits.

## Appendix—A Brief Guide to the NTEE System \*

Designed by a team of experts, the new NTEE-CC includes approximately two-thirds, or about 400, of the 645 categories in the original NTEE. Though the majority of the differences in the NTEE-CC are a result of collapsing lesser-used codes, improvements were also included. With its ease of use and consistent hierarchical logic, the new NTEE-CC will serve as the best instrument for tax-exempt status determination, NAICS linkage, and nonprofit organizational classification.

### ■ Using the NTEE-CC

The NTEE-CC classification system divides the universe of nonprofit organizations into 26 major groups under 10 broad categories as follows:

	<u>Major Group</u>
I. Arts, Culture, and Humanities	A
II. Education	B
III. Environment and Animals	C, D
IV. Health	E, F, G, H
V. Human Services	I, J, K, L, M, N, O, P
VI. International, Foreign Affairs	Q
VII. Public, Societal Benefit	R, S, T, U, V, W
VIII. Religion-Related	X
IX. Mutual/Membership Benefit	Y
X. Unknown, Unclassified	Z

Within the major groups, organizations are broken down according to logical divisions (decile level codes) and subdivisions (centile level codes). Organizations that exist across all or most of the 26 major groups are treated separately and are given what are known as “common codes.”

Major Groups (1st Digit)	Alphabetic
Decile Codes (2nd Digit)	Numeric
Centile Codes (3rd Digit)	Alphanumeric
Common Codes (2nd-4th Digit)	Numeric

**Major Groups.** The major groups represent broad subsectors, such as health, education, and youth devel-

opment, of the charitable organization universe. For descriptions, see the Definitions section.

**Decile Codes.** Decile codes subdivide organizations in the major groups by specific activity areas, such as Higher Education within the Education major group. See the Definitions section for a full listing of decile codes.

**Centile Codes.** Centile codes subdivide organizations in the decile codes into specific types of organizations. For example, junior colleges, undergraduate colleges, and universities have separate centile codes within Higher Education (B40). See the Definitions section for a full listing.

**Common Codes.** Common codes represent activities of organizations, such as research, fundraising, and technical assistance, which are common to all major groups. The seven common codes used are:

- 01 Alliance/Advocacy Organizations
- 02 Management and Technical Assistance
- 03 Professional Societies/Associations
- 05 Research Institutes and/or Public Policy Analysis
- 11 Monetary Support—Single Organization
- 12 Monetary Support—Multiple Organizations
- 19 Nonmonetary Support Not Elsewhere Classified (N.E.C.)

Common codes differ from other codes in that a fourth digit is available. This digit, used within the common code framework, indicates a kind of organization within a group of organizations. For example, B114 would designate college and university fundraising under B11 Monetary Support. The “4” was chosen from the decile level, B40 Higher Education Institutions. Conversely, high school booster clubs would be classified as B112 (B11 Monetary Support—Single Organization plus B20 Elementary, Secondary Education, K-12.)

Another example of coding is classifying the tax-exempt “St. Christopher Hospital” as E22; the major group is E for Health, and the decile and centile codes (22) designate a General Hospital. A professional society called “The Learned Society of Landscape Photog-

raphers” would be given an NTEE-CC code of A034; the major group is A for Arts, the common code 03 designates the organization as a professional society, and the fourth digit (4) signifies visual arts organizations.

An organization that raises funds for a specific organization, such as a single hospital (“Friends of St. Christopher Hospital”), receives a code of E112; an organization that raises funds for several hospitals (“Friends of Memphis Hospitals”) receives a code of E122.

When a coder knows the appropriate major group category for an organization but is not sure of decile or centile designation, the decile and centile codes of 99 should be assigned.

## **National Taxonomy of Exempt Entities— Core Codes**

### **■ Summary**

#### **A Arts, Culture, and Humanities**

- A01 Alliance/Advocacy Organizations
- A02 Management & Technical Assistance
- A03 Professional Societies, Associations
- A05 Research Institutes and/or Public Policy Analysis
- A11 Single Organization Support
- A12 Fundraising and/or Fund Distribution
- A19 Nonmonetary Support N.E.C.\*\*
- A20 Arts, Cultural Organizations—Multipurpose
- A23 Cultural, Ethnic Awareness
- A25 Arts Education
- A26 Arts Council/Agency
- A30 Media, Communications Organizations
- A31 Film, Video
- A32 Television
- A33 Printing, Publishing

- A34 Radio
  - A40 Visual Arts Organizations
  - A50 Museum, Museum Activities
  - A51 Art Museums
  - A52 Children’s Museums
  - A54 History Museums
  - A56 Natural History, Natural Science Museums
  - A57 Science and Technology Museums
  - A60 Performing Arts Organizations
  - A61 Performing Arts Centers
  - A62 Dance
  - A63 Ballet
  - A65 Theater
  - A68 Music
  - A69 Symphony Orchestras
  - A6A Opera
  - A6B Singing, Choral
  - A6C Music Groups, Bands, Ensembles
  - A6E Performing Arts Schools
  - A70 Humanities Organizations
  - A80 Historical Societies, Related Historical Activities
  - A84 Commemorative Events
  - A90 Arts Service Organizations and Activities
  - A99 Arts, Culture, and Humanities N.E.C.
- #### **B Education**
- B01 Alliance/Advocacy Organizations
  - B02 Management and Technical Assistance
  - B03 Professional Societies, Associations
  - B05 Research Institutes and/or Public Policy Analysis
  - B11 Single Organization Support
  - B12 Fundraising and/or Fund Distribution

- B19 Nonmonetary Support N.E.C.
- B20 Elementary, Secondary Education, K - 12
- B21 Kindergarten, Preschool, Nursery School, Early Admissions
- B24 Primary, Elementary Schools
- B25 Secondary, High School
- B28 Specialized Education Institutions
- B30 Vocational, Technical Schools
- B40 Higher Education Institutions
- B41 Community or Junior Colleges
- B42 Undergraduate College (4-year)
- B43 University or Technological Institute
- B50 Graduate, Professional Schools (Separate Entities)
- B60 Adult, Continuing Education
- B70 Libraries
- B80 Student Services, Organizations of Students
- B82 Scholarships, Student Financial Aid Services, Awards
- B83 Student Sororities, Fraternities
- B84 Alumni Associations
- B90 Educational Services and Schools—Other
- B92 Remedial Reading, Reading Encouragement
- B94 Parent/Teacher Group
- B99 Education N.E.C.

**C Environmental Quality, Protection, and Beautification**

- C01 Alliance/Advocacy Organizations
- C02 Management and Technical Assistance
- C03 Professional Societies, Associations
- C05 Research Institutes and/or Public Policy Analysis
- C11 Single Organization Support
- C12 Fundraising and/or Fund Distribution

- C19 Nonmonetary Support N.E.C.
- C20 Pollution Abatement and Control Services
- C27 Recycling Programs
- C30 Natural Resources Conservation and Protection
- C32 Water Resource, Wetlands Conservation and Management
- C34 Land Resources Conservation
- C35 Energy Resources Conservation and Development
- C36 Forest Conservation
- C40 Botanical, Horticultural, and Landscape Services
- C41 Botanical Gardens, Arboreta and Botanical Organizations
- C42 Garden Club, Horticultural Program
- C50 Environmental Beautification and Aesthetics
- C60 Environmental Education and Outdoor Survival Programs
- C99 Environmental Quality, Protection, and Beautification N.E.C.

**D Animal-Related**

- D01 Alliance/Advocacy Organizations
- D02 Management and Technical Assistance
- D03 Professional Societies, Associations
- D05 Research Institutes and/or Public Policy Analysis
- D11 Single Organization Support
- D12 Fundraising and/or Fund Distribution
- D19 Nonmonetary Support N.E.C.
- D20 Animal Protection and Welfare
- D30 Wildlife Preservation, Protection
- D31 Protection of Endangered Species
- D32 Bird Sanctuary, Preserve
- D33 Fisheries Resources
- D34 Wildlife Sanctuary, Refuge



D40 Veterinary Services	E80 Health, General and Financing
D50 Zoo, Zoological Society	E86 Patient Services—Entertainment, Recreation
D60 Other Services—Specialty Animals	E90 Nursing Services (General)
D61 Animal Training, Behavior	E91 Nursing, Convalescent Facilities
D99 Animal-Related N.E.C.	E92 Home Health Care
<b>E Health—General and Rehabilitative</b>	E99 Health—General and Rehabilitative N.E.C.
E01 Alliance/Advocacy Organizations	<b>F Mental Health, Crisis Intervention</b>
E02 Management and Technical Assistance	F01 Alliance/Advocacy Organizations
E03 Professional Societies, Associations	F02 Management and Technical Assistance
E05 Research Institutes and/or Public Policy Analysis	F03 Professional Societies, Associations
E11 Single Organization Support	F05 Research Institutes and/or Public Policy Analysis
E12 Fundraising and/or Fund Distribution	F11 Single Organization Support
E19 Nonmonetary Support N.E.C.	F12 Fundraising and/or Fund Distribution
E20 Hospitals and Related Primary Medical Care Facilities	F19 Nonmonetary Support N.E.C.
E21 Community Health Systems	F20 Alcohol, Drug and Substance Abuse, Dependency Prevention and Treatment
E22 Hospital, General	F21 Alcohol, Drug Abuse, Prevention Only
E24 Hospital, Specialty	F22 Alcohol, Drug Abuse, Treatment Only
E30 Health Treatment Facilities, Primarily Outpatient	F30 Mental Health Treatment—Multipurpose and N.E.C.
E31 Group Health Practice (Health Maintenance Organizations)	F31 Psychiatric, Mental Health Hospital
E32 Ambulatory Health Center, Community Clinic	F32 Community Mental Health Center
E40 Reproductive Health Care Facilities and Allied Services	F33 Group Home, Residential Treatment Facility—Mental Health Related
E42 Family Planning Centers	F40 Hot Line, Crisis Intervention Services
E50 Rehabilitative Medical Services	F42 Rape Victim Services
E60 Health Support Services	F50 Addictive Disorders N.E.C.
E61 Blood Supply Related	F52 Smoking Addiction
E62 Ambulance, Emergency Medical Transport Services	F53 Eating Disorder, Addiction
E65 Organ and Tissue Banks	F54 Gambling Addiction
E70 Public Health Program (Includes General Health and Wellness Promotion)	F60 Counseling, Support Groups
	F70 Mental Health Disorders
	F80 Mental Health Association, Multipurpose

F99 Mental Health, Crisis Intervention N.E.C.

**G Diseases, Disorders, Medical Disciplines**

- G01 Alliance/Advocacy Organizations
- G02 Management and Technical Assistance
- G03 Professional Societies, Associations
- G05 Research Institutes and/or Public Policy Analysis
- G11 Single Organization Support
- G12 Fundraising and/or Fund Distribution
- G19 Nonmonetary Support N.E.C.
- G20 Birth Defects and Genetic Diseases
- G25 Down Syndrome
- G30 Cancer
- G40 Diseases of Specific Organs
- G41 Eye Diseases, Blindness and Vision Impairments
- G42 Ear and Throat Diseases
- G43 Heart and Circulatory System Diseases, Disorders
- G44 Kidney Disease
- G45 Lung Disease
- G48 Brain Disorders
- G50 Nerve, Muscle, and Bone Diseases
- G51 Arthritis
- G54 Epilepsy
- G60 Allergy-Related Diseases
- G61 Asthma
- G70 Digestive Diseases, Disorders
- G80 Specifically Named Diseases
- G81 AIDS
- G83 Alzheimer's Disease
- G84 Autism
- G90 Medical Disciplines
- G92 Biomedicine, Bioengineering
- G94 Geriatrics

G96 Neurology, Neuroscience

G98 Pediatrics

G9B Surgery

G99 Diseases, Disorders, Medical Disciplines N.E.C.

**H Medical Research**

- H01 Alliance/Advocacy Organizations
- H02 Management and Technical Assistance
- H03 Professional Societies, Associations
- H05 Research Institutes and/or Public Policy Analysis
- H11 Single Organization Support
- H12 Fundraising and/or Fund Distribution
- H19 Nonmonetary Support N.E.C.
- H20 Birth Defects, Genetic Diseases Research
- H25 Down Syndrome Research
- H30 Cancer Research
- H40 Specific Organ Research
- H41 Eye Research
- H42 Ear and Throat Research
- H43 Heart, Circulatory Research
- H44 Kidney Research
- H45 Lung Research
- H48 Brain Disorders Research
- H50 Nerve, Muscle, Bone Research
- H51 Arthritis Research
- H54 Epilepsy Research
- H60 Allergy-Related Disease Research
- H61 Asthma Research
- H70 Digestive Disease, Disorder Research
- H80 Specifically Named Diseases Research
- H81 AIDS Research
- H83 Alzheimer's Disease Research
- H84 Autism Research

H90 Medical Specialty Research  
 H92 Biomedicine, Bioengineering Research  
 H94 Geriatrics Research  
 H96 Neurology, Neuroscience Research  
 H98 Pediatrics Research  
 H9B Surgery Research  
 H99 Medical Research N.E.C.

**I Crime, Legal-Related**

I01 Alliance/Advocacy Organizations  
 I02 Management and Technical Assistance  
 I03 Professional Societies, Associations  
 I05 Research Institutes and/or Public Policy Analysis  
 I11 Single Organization Support  
 I12 Fundraising and/or Fund Distribution  
 I19 Nonmonetary Support N.E.C.  
 I20 Crime Prevention N.E.C.  
 I21 Delinquency Prevention  
 I23 Drunk Driving Related  
 I30 Correctional Facilities N.E.C.  
 I31 Transitional Care, Half-Way House for Offenders, Ex-Offenders  
 I40 Rehabilitation Services for Offenders  
 I43 Services to Prisoners and Families—Multipurpose  
 I44 Prison Alternatives  
 I50 Administration of Justice, Courts  
 I51 Dispute Resolution, Mediation Services  
 I60 Law Enforcement Agencies (Police Departments)  
 I70 Protection Against, Prevention of Neglect, Abuse, Exploitation  
 I71 Spouse Abuse, Prevention of  
 I72 Child Abuse, Prevention of  
 I73 Sexual Abuse, Prevention of

I80 Legal Services  
 I83 Public Interest Law, Litigation  
 I99 Crime, Legal-Related N.E.C.

**J Employment, Job-Related**

J01 Alliance/Advocacy Organizations  
 J02 Management and Technical Assistance  
 J03 Professional Societies, Associations  
 J05 Research Institutes and/or Public Policy Analysis  
 J11 Single Organization Support  
 J12 Fundraising and/or Fund Distribution  
 J19 Nonmonetary Support N.E.C.  
 J20 Employment Procurement Assistance, Job Training  
 J21 Vocational Counseling, Guidance and Testing  
 J22 Vocational Training  
 J30 Vocational Rehabilitation  
 J32 Goodwill Industries  
 J33 Sheltered Remunerative Employment, Work Activity Center N.E.C.  
 J40 Labor Unions, Organizations  
 J99 Employment, Job-Related N.E.C.

**K Food, Agriculture, and Nutrition**

K01 Alliance/Advocacy Organizations  
 K02 Management and Technical Assistance  
 K03 Professional Societies, Associations  
 K05 Research Institutes and/or Public Policy Analysis  
 K11 Single Organization Support  
 K12 Fundraising and/or Fund Distribution  
 K19 Nonmonetary Support N.E.C.  
 K20 Agricultural Programs  
 K25 Farmland Preservation

K26 Livestock Breeding, Development, Management  
 K28 Farm Bureau, Grange  
 K30 Food Service, Free Food Distribution Programs  
 K31 Food Banks, Food Pantries  
 K34 Congregate Meals  
 K35 Eatery, Agency, Organization-Sponsored  
 K36 Meals on Wheels  
 K40 Nutrition Programs  
 K50 Home Economics  
 K99 Food, Agriculture, and Nutrition N.E.C.

### **L Housing, Shelter**

L01 Alliance/Advocacy Organizations  
 L02 Management and Technical Assistance  
 L03 Professional Societies, Associations  
 L05 Research Institutes and/or Public Policy Analysis  
 L11 Single Organization Support  
 L12 Fundraising and/or Fund Distribution  
 L19 Nonmonetary Support N.E.C.  
 L20 Housing Development, Construction, Management  
 L21 Public Housing Facilities  
 L22 Senior Citizens' Housing/Retirement Communities  
 L25 Housing Rehabilitation  
 L30 Housing Search Assistance  
 L40 Low-Cost Temporary Housing  
 L41 Homeless, Temporary Shelter For  
 L50 Housing Owners, Renters Organizations  
 L80 Housing Support Services—Other  
 L81 Home Improvement and Repairs  
 L82 Housing Expense Reduction Support  
 L99 Housing, Shelter N.E.C.

### **M Public Safety, Disaster Preparedness, and Relief**

M01 Alliance/Advocacy Organizations  
 M02 Management and Technical Assistance  
 M03 Professional Societies, Associations  
 M05 Research Institutes and/or Public Policy Analysis  
 M11 Single Organization Support  
 M12 Fundraising and/or Fund Distribution  
 M19 Nonmonetary Support N.E.C.  
 M20 Disaster Preparedness and Relief Services  
 M23 Search and Rescue Squads, Services  
 M24 Fire Prevention, Protection, Control  
 M40 Safety Education  
 M41 First Aid Training, Services  
 M42 Automotive Safety  
 M99 Public Safety, Disaster Preparedness, and Relief N.E.C.

### **N Recreation, Sports, Leisure, Athletics**

N01 Alliance/Advocacy Organizations  
 N02 Management and Technical Assistance  
 N03 Professional Societies, Associations  
 N05 Research Institutes and/or Public Policy Analysis  
 N11 Single Organization Support  
 N12 Fundraising and/or Fund Distribution  
 N19 Nonmonetary Support N.E.C.  
 N20 Recreational and Sporting Camps  
 N30 Physical Fitness and Community Recreational Facilities  
 N31 Community Recreational Centers  
 N32 Parks and Playgrounds  
 N40 Sports Training Facilities, Agencies  
 N50 Recreational, Pleasure, or Social Club

- N52 Fairs, County and Other
- N60 Amateur Sports Clubs, Leagues, N.E.C.
- N61 Fishing, Hunting Clubs
- N62 Basketball
- N63 Baseball, Softball
- N64 Soccer Clubs, Leagues
- N65 Football Clubs, Leagues
- N66 Tennis, Racquet Sports Clubs, Leagues
- N67 Swimming, Water Recreation
- N68 Winter Sports (Snow and Ice)
- N69 Equestrian, Riding
- N6A Golf
- N70 Amateur Sports Competitions
- N71 Olympics Committees and Related International Competitions
- N72 Special Olympics
- N80 Professional Athletic Leagues
- N99 Recreation, Sports, Leisure, Athletics N.E.C.

**O Youth Development**

- O01 Alliance/Advocacy Organizations
- O02 Management and Technical Assistance
- O03 Professional Societies, Associations
- O05 Research Institutes and/or Public Policy Analysis
- O11 Single Organization Support
- O12 Fundraising and/or Fund Distribution
- O19 Nonmonetary Support N.E.C.
- O20 Youth Centers, Clubs, Multipurpose
- O21 Boys Clubs
- O22 Girls Clubs
- O23 Boys and Girls Clubs (Combined)
- O30 Adult, Child Matching Programs
- O31 Big Brothers, Big Sisters

- O40 Scouting Organizations
- O41 Boy Scouts of America
- O42 Girl Scouts of the U.S.A.
- O43 Camp Fire
- O50 Youth Development Programs, Other
- O51 Youth Community Service Clubs
- O52 Youth Development—Agricultural
- O53 Youth Development—Business
- O54 Youth Development—Citizenship Programs
- O55 Youth Development—Religious Leadership
- O99 Youth Development N.E.C.

**P Human Services—Multipurpose and Other**

- P01 Alliance/Advocacy Organizations
- P02 Management and Technical Assistance
- P03 Professional Societies, Associations
- P05 Research Institutes and/or Public Policy Analysis
- P11 Single Organization Support
- P12 Fundraising and/or Fund Distribution
- P19 Nonmonetary Support N.E.C.
- P20 Human Service Organizations—Multipurpose
- P21 American Red Cross
- P22 Urban League
- P24 Salvation Army
- P26 Volunteers of America
- P27 Young Men’s or Women’s Associations (YMCA, YWCA, YWHA, YMHA)
- P28 Neighborhood Centers, Settlement Houses
- P29 Thrift Shops
- P30 Children’s, Youth Services
- P31 Adoption
- P32 Foster Care
- P33 Child Day Care

- P40 Family Services
- P42 Single Parent Agencies, Services
- P43 Family Violence Shelters, Services
- P44 Homemaker, Home Health Aide
- P45 Family Services, Adolescent Parents
- P46 Family Counseling
- P50 Personal Social Services
- P51 Financial Counseling, Money Management
- P52 Transportation, Free or Subsidized
- P58 Gift Distribution
- P60 Emergency Assistance (Food, Clothing, Cash)
- P61 Travelers' Aid
- P62 Victims' Services
- P70 Residential, Custodial Care
- P72 Half-Way House (Short-Term Residential Care)
- P73 Group Home (Long Term)
- P74 Hospice
- P75 Senior Continuing Care Communities
- P80 Services to Promote the Independence of Specific Populations
- P81 Senior Centers, Services
- P82 Developmentally Disabled Centers, Services
- P84 Ethnic, Immigrant Centers, Services
- P85 Homeless Persons Centers, Services
- P86 Blind/Visually-Impaired Centers, Services
- P87 Deaf/Hearing-Impaired Centers, Services
- P99 Human Services—Multipurpose and Other N.E.C.
  
- Q International, Foreign Affairs, and National Security**
- Q01 Alliance/Advocacy Organizations
- Q02 Management and Technical Assistance
- Q03 Professional Societies, Associations

- Q05 Research Institutes and/or Public Policy Analysis
- Q11 Single Organization Support
- Q12 Fundraising and/or Fund Distribution
- Q19 Nonmonetary Support N.E.C.
- Q20 Promotion of International Understanding
- Q21 International Cultural Exchange
- Q22 International Student Exchange and Aid
- Q23 International Exchanges, N.E.C.
- Q30 International Development, Relief Services
- Q31 International Agricultural Development
- Q32 International Economic Development
- Q33 International Relief
- Q40 International Peace and Security
- Q41 Arms Control, Peace Organizations
- Q42 United Nations Association
- Q43 National Security, Domestic
- Q70 International Human Rights
- Q71 International Migration, Refugee Issues
- Q99 International, Foreign Affairs, and National Security N.E.C.
  
- R Civil Rights, Social Action, Advocacy**
- R01 Alliance/Advocacy Organizations
- R02 Management and Technical Assistance
- R03 Professional Societies, Associations
- R05 Research Institutes and/or Public Policy Analysis
- R11 Single Organization Support
- R12 Fundraising and/or Fund Distribution
- R19 Nonmonetary Support N.E.C.
- R20 Civil Rights, Advocacy for Specific Groups
- R22 Minority Rights
- R23 Disabled Persons' Rights
- R24 Women's Rights

R25 Seniors' Rights	S80 Community Service Clubs
R26 Lesbian, Gay Rights	S81 Women's Service Clubs
R30 Intergroup, Race Relations	S82 Men's Service Clubs
R40 Voter Education, Registration	S99 Community Improvement, Capacity Building N.E.C.
R60 Civil Liberties Advocacy	<b>T Philanthropy, Voluntarism, and Grantmaking Foundations</b>
R61 Reproductive Rights	T01 Alliance/Advocacy Organizations
R62 Right to Life	T02 Management and Technical Assistance
R63 Censorship, Freedom of Speech and Press Issues	T03 Professional Societies, Associations
R67 Right to Die, Euthanasia Issues	T05 Research Institutes and/or Public Policy Analysis
R99 Civil Rights, Social Action, Advocacy N.E.C.	T11 Single Organization Support
<b>S Community Improvement, Capacity Building</b>	T12 Fundraising and/or Fund Distribution
S01 Alliance/Advocacy Organizations	T19 Nonmonetary Support N.E.C.
S02 Management and Technical Assistance	T20 Private Grantmaking Foundations
S03 Professional Societies, Associations	T21 Corporate Foundations
S05 Research Institutes and/or Public Policy Analysis	T22 Private Independent Foundations
S11 Single Organization Support	T23 Private Operating Foundations
S12 Fundraising and/or Fund Distribution	T30 Public Foundations
S19 Nonmonetary Support N.E.C.	T31 Community Foundations
S20 Community, Neighborhood Development, Im- provement (General)	T40 Voluntarism Promotion
S21 Community Coalitions	T50 Philanthropy, Charity, Voluntarism Promotion, General
S22 Neighborhood, Block Associations	T70 Fundraising Organizations That Cross Categories
S30 Economic Development	T90 Named Trusts/Foundations N.E.C.
S31 Urban, Community Economic Development	T99 Philanthropy, Voluntarism, and Grantmaking Foundations N.E.C.
S32 Rural Development	<b>U Science and Technology Research Institutes, Services</b>
S40 Business and Industry	U01 Alliance/Advocacy Organizations
S41 Promotion of Business	U02 Management and Technical Assistance
S43 Management Services for Small Business, Entre- preneurs	U03 Professional Societies, Associations
S46 Boards of Trade	U05 Research Institutes and/or Public Policy Analysis
S47 Real Estate Organizations	
S50 Nonprofit Management	

- U11 Single Organization Support
- U12 Fundraising and/or Fund Distribution
- U19 Nonmonetary Support N.E.C.
- U20 Science, General
- U21 Marine Science and Oceanography
- U30 Physical Sciences, Earth Sciences Research and Promotion
- U31 Astronomy
- U33 Chemistry, Chemical Engineering
- U34 Mathematics
- U36 Geology
- U40 Engineering and Technology Research, Services
- U41 Computer Science
- U42 Engineering
- U50 Biological, Life Science Research
- U99 Science and Technology Research Institutes, Services N.E.C.

**V Social Science Research Institutes, Services**

- V01 Alliance/Advocacy Organizations
- V02 Management and Technical Assistance
- V03 Professional Societies, Associations
- V05 Research Institutes and/or Public Policy Analysis
- V11 Single Organization Support
- V12 Fundraising and/or Fund Distribution
- V19 Nonmonetary Support N.E.C.
- V20 Social Science Institutes, Services
- V21 Anthropology, Sociology
- V22 Economics (as a social science)
- V23 Behavioral Science
- V24 Political Science
- V25 Population Studies
- V26 Law, International Law, Jurisprudence

- V30 Interdisciplinary Research
- V31 Black Studies
- V32 Women's Studies
- V33 Ethnic Studies
- V34 Urban Studies
- V35 International Studies
- V36 Gerontology (as a social science)
- V37 Labor Studies
- V99 Social Science Research Institutes, Services N.E.C.

**W Public, Society Benefit—Multipurpose and Other**

- W01 Alliance/Advocacy Organizations
- W02 Management and Technical Assistance
- W03 Professional Societies, Associations
- W05 Research Institutes and/or Public Policy Analysis
- W11 Single Organization Support
- W12 Fundraising and/or Fund Distribution
- W19 Nonmonetary Support N.E.C.
- W20 Government and Public Administration
- W22 Public Finance, Taxation, Monetary Policy
- W24 Citizen Participation
- W30 Military, Veterans' Organizations
- W40 Public Transportation Systems, Services
- W50 Telephone, Telegraph and Telecommunication Services
- W60 Financial Institutions, Services (Non-Government-Related)
- W61 Credit Unions
- W70 Leadership Development
- W80 Public Utilities
- W90 Consumer Protection, Safety
- W99 Public, Society Benefit—Multipurpose and Other N.E.C.



**X Religion-Related, Spiritual Development**

- X01 Alliance/Advocacy Organizations
- X02 Management and Technical Assistance
- X03 Professional Societies, Associations
- X05 Research Institutes and/or Public Policy Analysis
- X11 Single Organization Support
- X12 Fundraising and/or Fund Distribution
- X19 Nonmonetary Support N.E.C.
- X20 Christian
- X21 Protestant
- X22 Roman Catholic
- X30 Jewish
- X40 Islamic
- X50 Buddhist
- X70 Hindu
- X80 Religious Media, Communications Organizations
- X81 Religious Film, Video
- X82 Religious Television
- X83 Religious Printing, Publishing
- X84 Religious Radio
- X90 Interfaith Issues
- X99 Religion-Related, Spiritual Development N.E.C.

**Y Mutual/Membership Benefit Organizations, Other**

- Y01 Alliance/Advocacy Organizations
- Y02 Management and Technical Assistance
- Y03 Professional Societies, Associations
- Y05 Research Institutes and/or Public Policy Analysis
- Y11 Single Organization Support

- Y12 Fundraising and/or Fund Distribution
- Y19 Nonmonetary Support N.E.C.
- Y20 Insurance Providers, Services
- Y22 Local Benevolent Life Insurance Associations, Mutual Irrigation and Telephone Companies, and Like Organizations
- Y23 Mutual Insurance Company or Association
- Y24 Supplemental Unemployment Compensation
- Y25 State-Sponsored Worker's Compensation Reinsurance Organizations
- Y30 Pension and Retirement Funds
- Y33 Teachers Retirement Fund Association
- Y34 Employee-Funded Pension Trust
- Y35 Multi-Employer Pension Plans
- Y40 Fraternal Beneficiary Societies
- Y42 Domestic Fraternal Societies
- Y43 Voluntary Employees Beneficiary Associations (Non-Government)
- Y44 Voluntary Employees Beneficiary Associations (Government)
- Y50 Cemeteries, Burial Services
- Y99 Mutual/Membership Benefit Organizations, Other N.E.C.

**Z Unknown**

- Z99 Unknown

\* Reprinted from the *National Taxonomy of Exempt Entities—Core Codes Manual*, published by the Urban Institute and the Foundation Center, September 1998.

\*\* N.E.C.--Not elsewhere classified.



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# SOI Sampling Methodology and Data Limitations

## Appendix

**T**his appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see pages 263-265 at the end of this *Bulletin*). More technical information is available, on request, by writing to the Acting Director, Statistics of Income Division N:ADC:R:S, Internal Revenue Service, P.O. Box 2608, Washington, DC 20013-2608.

### Sample Criteria and Selection of Returns

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. As returns are filed and processed for tax purposes, they are assigned to sampling classes (strata) based on such criteria as: industry, presence or absence of a tax form or schedule, accounting period, State from which filed, and various income factors or other measures of economic size (total assets, for example, is among the criteria used for the corporation and partnership statistics). The samples are selected from each stratum over the appropriate filing periods. Thus, sample selection can continue for a given study for several calendar years—3 for corporations because of the incidence of fiscal (non-calendar) year reporting and extensions of filing time. Because sampling must take place before the population size is known precisely, the rates of sample selection within each stratum are fixed. This means, in practice, that both the population and the sample size can differ from those planned. However, these factors do not compromise the validity of the estimates.

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include

*Information for this appendix was compiled under the direction of Beth Kilss, Chief, Statistical Data Section, Special Studies Branch. Major contributions were made by Paul McMahon, Statistical Computing Branch, and Robert Wilson, private contractor.*

the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the estimated processing costs or the target size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master Files based on the taxpayer identification number (TIN), which is either the Social Security number (SSN) or the Employer Identification Number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise, it is counted (for estimation purposes), but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designated from one year's sample are, for the most part, selected for the next year's, so that a very high proportion of the returns selected in the current year's sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

### Method of Estimation

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. "Weights" are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. Weights are used to adjust for the various sampling rates used, relative to the population—the lower the rate, the larger the weight.

For some studies, it is possible to improve the estimates by subdividing the original sampling classes into "post-strata," based on additional criteria or refinements of those used in the original stratification. Weights are then computed for these post-strata using additional population counts. The data on each sample return in a stratum are then multiplied by that weight. To produce the tabulated

**Sample returns are designated by computer from the IRS Master Files based on the taxpayer identification number.**

## SOI Sampling Methodology and Data Limitations

estimates, the weighted data are summed to produce the published statistical totals.

**In transcribing and tabulating data from tax returns, checks are imposed to improve the quality of the statistics.**

### Sampling Variability

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates

from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports, the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in percentage form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its CV to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 2 percent, then the following arithmetic procedure would be followed to construct a 68-percent confidence interval estimate:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ \times 0.02 & \text{(coefficient of variation)} \\ = 3,000 & \text{(standard error of estimate)} \end{array}$$

then:

$$\begin{array}{ll} 150,000 & \text{(sample estimate)} \\ + \text{ or } - 3,000 & \text{(standard error)} \\ = \{147,000, 153,000\} & \text{(68-percent confidence interval).} \end{array}$$

Based on these data, the interval estimate is from 147 to 153 thousand returns. This means that the average estimate of the number of returns lies within an interval computed in this way. Such an estimate would be correct for approximately two-thirds of all possible samples similarly selected. To obtain this interval estimate with 95-percent

confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning sample design, sample selection, estimation method, and sampling variability for a particular SOI study may be obtained, on request, by writing to the Acting Director, Statistics of Income Division, at the address given above.

### Nonsampling Error Controls and Limitations

Although the previous discussion focuses on sampling methods and the limitations of the data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors and inconsistencies, processing errors, and the effects of any early cutoff of sampling. Additional information on nonsampling error as it applies to individual and corporation income tax returns is presented in the separate SOI reports on these returns.

In transcribing and tabulating the information from returns or forms selected for the sample, steps are taken to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during the statistical abstracting and "editing" process that takes place in IRS submission processing centers. This is done to improve data consistency from return to return and to achieve definitions of the data items more in keeping with the needs of major users. In some cases, not all of the data are available from the tax return as originally filed. Sometimes, the missing data can be obtained by the Statistics of Income Division in Washington, DC, through field followup. More often, though, they are obtained through manual or computerized imputation. For this purpose, other information in the return or in accompanying schedules may be sufficient to serve as the basis for making an estimate. Prior-year data for the same taxpayer can be used for this same purpose; or comparable data from business reference books may be substituted.

Data abstracted or "edited" from returns for statistical use are subjected to a number of validation checks, including systematic verifications of a sampling of the work of each tax examiner involved in the SOI process. Data reported on sampled returns and previously transcribed as part of processing for the IRS Master Files are subject to



## SOI Sampling Methodology and Data Limitations

validation as part of the administrative process before SOI processing begins. However, during the administrative process, it is only practical to transcribe corrections to errors that have a direct bearing on the tax reported or the refund claimed. Therefore, during the SOI process, checks must also be made to correct any errors or inconsistencies left in the administrative data before the data can be accepted for the statistics.

The Statistics of Income program includes many more tax return items than are transcribed and perfected for IRS tax administration needs, especially for items reported in tax return schedules in support of the various summary totals reported on the return. Therefore, checks must also be designed to validate these additional data items and to assure that they are consistent with other data entries.

Most of the data validation checks made during the SOI process take the form of computerized tests of each record. In addition to verifying that internal consistency and proper balance and relationships among the tax return items and statistical classifications are maintained, this process is intended to check on consistency with tax law provisions, acceptable reporting practices, and generally accepted accounting principles. Most testing occurs during the data abstracting and editing operation, while the tax return source document is still on hand, although some testing for certain programs occurs later on. Records failing the tests are subjected to further review and correction.

Finally, before publication, the statistics are reviewed for accuracy and reasonableness in light of the tax law provisions, taxpayer reporting variations and other limitations, tolerances and statistical techniques allowed or employed in data processing and estimating, economic conditions, and comparability with other statistical series. However, these controls do not completely eliminate the possibility of error. When discovered, errors in *Bulletin* tables are corrected through published errata.

### Table Conventions

Published estimates subject to excessive sampling variability are identified for most of the statistics by means of an asterisk (\*) presented alongside the estimate or in place of an estimate. Presence of an asterisk means that the sampling rate was less than 100 percent of the population and that there were fewer than 10 sample observations available for estimation purposes. This method produces a rough indication of excessive sampling variability. However, the results will differ somewhat from more precise indicators of excessive sampling variability based on the standard statistical formula. For some of the statistics based on samples, asterisking was not possible because of resource and other constraints. Users should keep this limitation in mind when using these data.

A dash, in place of a frequency or an amount, in any given table cell presenting data based on an SOI sample, indicates either that (1) there were no returns in the population with the particular characteristic, or (2) because of its rarity, instances of the characteristic were not present among the sampled returns. However, for statistics based on returns selected for the sample at the 100-percent rate, a dash indicates a presumption of no returns with the particular characteristic in the population.

In addition to sampling variability, Statistics of Income is required to prevent disclosure of information about specific taxpayers or businesses in its tables. Therefore, a weighted frequency (and the associated amount, where applicable) of less than 3 is either combined with data in an adjacent cell(s) so as to meet the criteria, or deleted altogether. Similar steps are taken to prevent indirect disclosure through subtraction. However, any combined or deleted data are included in the appropriate totals. Most data on tax-exempt, nonprofit organizations are excluded from disclosure review because the Internal Revenue Code and regulations permit public access to most of the information reported by these organizations.



# SOI Projects and Contacts

General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov

Planned Projects, Year*	Primary Analysts	Frequency and Program Content
<b>Americans Living Abroad:</b> 1996 Program 2001 Program	Jeff Curry Maureen Keenan Kahr	This periodic study is conducted every 5 years. It covers foreign income, foreign taxes paid, and foreign tax credit shown on individual income tax returns. Data are classified by size of adjusted gross income and country.
<b>Controlled Foreign Corporations:</b> 1998 Program 1999 Program	John Comisky Susan Daly Randy Miller Jason Wenrich	This annual study provides data on activities of foreign corporations that are controlled by U.S. corporations. Data are classified by industry group and country.
<b>Corporation Foreign Tax Credit:</b> 1998 Program 1999 Program	Scott Luttrell Chris Carson Kathryn Green	This annual study provides data on foreign income, taxes paid, and foreign tax credit reported on corporation foreign income tax returns. Data are classified by industry group and country.
<b>Corporation Income Tax Returns:</b> 1998 Program 1999 Program 2000 Program	Nina Shumofsky Rob Blackwell Janice Washington Glenn Hentz Ellen Legel George Contos Lucy Altounian	Basic data are produced annually and cover complete income statement, balance sheet, tax, tax credits, and details from supporting schedules. Data are classified chiefly by industry group or asset size.
<b>Estate Tax:</b> 1998-2000 Program	Barry Johnson Darien Berkowitz Jacob Mikow	This annual study includes information on gross estate and its composition, deductions, and tax; and information on the age, sex, and marital status of decedents. Basic estate tax return data by year in which returns are filed are produced each year. Also included are data on nonresident aliens who had more than \$60,000 of assets in the United States. Other statistics are available on a year-of-death basis (approximately every 3 years). The most recent study is based on decedents who died in 1995 with returns filed in 1995-1997.
<b>Excise Taxes</b>	Brian Francis	Basic data are collected and processed by three Department of the Treasury agencies: the Internal Revenue Service, the Bureau of Alcohol, Tobacco and Firearms, and the Customs Service. Data by type of tax are shown by Fiscal Year for 1994-1999, and quarterly for 2000 and the first two quarters of 2001.
<b>Exempt Organizations (Charitable and Other, Except Private Foundations):</b> 1998 Program 1999 Program	Paul Arnsberger	This annual study includes balance sheet and income statement data for organizations classified as tax-exempt under subsections 501(c)(3)-(9) of the Internal Revenue Code. The most recent study is for Tax Year 1998.

## SOI Projects and Contacts

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

<b>Planned Projects, Year*</b>	<b>Primary Analysts</b>	<b>Frequency and Program Content</b>
<b>Exempt Organizations (Private Foundations):</b> 1997 Program 1998 Program	Melissa Whitten	This annual study includes balance sheet and income statement data for private foundations and charitable trusts filing a Form 990-PF. The most recent study is for Tax Year 1997.
<b>Exempt Organizations Unrelated Business Income:</b> 1997 Program 1998 Program	Peggy Riley	This annual study includes tabulations of "unrelated business" income and deductions for organizations classified as tax-exempt under the Internal Revenue Code. The most recent study is for Tax Year 1997.
<b>Foreign-Controlled Domestic Corporations:</b> 1999 Program	James Hobbs	This annual study covers domestic corporations with 50-percent-or-more stock ownership by a single foreign "person." It covers balance sheet, income statement, and tax-related data, which are classified by industry group, country, and size and age of the corporations. Data are compared to those for other domestic corporations.
<b>Foreign Recipients of U.S. Income:</b> 1998 Program	Scott Luttrell	This annual study provides data by country on income paid to nonresident aliens and the amount of tax withheld for the U.S. Government.
<b>Foreign Sales Corporations (FSC):</b> 1996 Program  2000 Program	Dan Holik Cynthia Belmonte Dan Holik	These corporations replaced the Domestic International Sales Corporation, or DISC, as of 1985. Balance sheet, income statement, and export-related data are tabulated annually through 1987, and then on a 4-year cycle after 1992.
<b>Foreign Trusts:</b> 1998 Program	Dan Holik Cynthia Belmonte	This periodic study, conducted every 4 years, provides data on foreign trusts that have U.S. "persons" as grantors, transferors, or beneficiaries. Data include country where the trust was created, value of transfer to the trust, and year the trust was created.
<b>Gift Tax:</b> 1998 Program	Martha Eller Darien Berkowitz	This first-time study will provide retrospective data for prior years for filers of 1998 returns; all post-1976 gifts will be recorded. Data cover type and amount of gift; information on donee; and tax computation items.
<b>Individual Income Tax Return Public-Use File</b>	Mario Fernandez Mike Weber	Record-by-record data on CD-ROM's, magnetic tape files, or cartridges, produced annually, contain detailed information obtained from the individual income tax return statistics program, with identifiable taxpayer information omitted to make the file available for public dissemination on a reimbursable basis.

## SOI Projects and Contacts

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

<b>Planned Projects, Year*</b>	<b>Primary Analysts</b>	<b>Frequency and Program Content</b>
<b>Individual Income Tax Returns:</b> 1998 Program 1999 Program 2000 Program 2001 Program	Maureen Keenan Kahr Jeff Curry Mike Strudler	Basic data are produced annually and cover income, deductions, tax, and credits reported on individual income tax returns and associated schedules. Data are classified by size of adjusted gross income, marital status, or type of tax computation.
<b>Individual Income Tax Returns Special Tabulations:</b> Individuals Sole Proprietorships	Mike Weber Mario Fernandez	Special tabulations of selected individual income, deduction, and tax data are produced on a reimbursable basis.
<b>Interest-Charge Domestic International Sales Corporations (IC-DISC):</b> 2000 Program	Dan Holik	These corporations replaced the Domestic International Sales Corporation, or DISC, as of 1985. Balance sheet, income statement, and export-related data are tabulated annually through 1987; thereafter, on a 4-year cycle.
<b>International Boycott Participation:</b> 1999 Program	Susan Daly	This study provides data on business operations of U.S. "persons" in boycotting countries, as well as the requests and agreements to participate in, or cooperate with, international boycotts not sanctioned by the U.S. Government.
<b>Migration Flow and County Income Data</b>	Emily Gross	Migration flow data (based on year-to-year changes in individual income tax return addresses) and county or State income data are available annually on a reimbursable basis. The most recent data are for 1999-2000.
<b>Occupation Studies</b>	Terry Nuriddin	This periodic study classifies individual income tax returns by occupation and contains a dictionary of occupational titles that can be used to enhance the economic data of other individual income tax return studies.
<b>Partnership Returns of Income</b>	Tim Wheeler Bill Pratt	Basic data, produced annually, cover income statement, balance sheet, and details from supporting schedules. Data are classified chiefly by industry group.
<b>Partnership Withholding Study:</b> 1998 Program	Chris Carson	This annual study includes data on U.S. partnership payments to foreign partners. Data are classified by country and recipient type.
<b>Personal Wealth Study:</b> 1995 Program	Barry Johnson	This periodic study provides estimates of personal wealth of top wealth holders that are generated from estate tax return data using the "estate multiplier" technique, in conjunction with both filing-year and year-of-death estate data bases. The most recent data (1995) are based on returns filed from 1995 to 1997.

## SOI Projects and Contacts

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

<b>Planned Projects, Year*</b>	<b>Primary Analysts</b>	<b>Frequency and Program Content</b>
<b>S Corporations</b>	Kelly Bennett Cheryl Flango	Annual study data are collected for the income statement and balance sheet, and from supporting schedules. Data are classified by industry group or asset size.
<b>Sales of Capital Assets:</b> 1998 Program 1999 Program 2000 Program	Janette Wilson	This periodic study provides detailed data on the sales of capital assets reported in the capital gains schedule of the individual income tax return, and on sales of residences and personal or depreciable business property.
<b>Sales of U.S. Real Property Interest by Foreign Persons:</b> 1998 Program	Chris Carson	This annual study provides data on transfers of U.S. real property interests acquired from foreign "persons." Data include the amount realized on transfers, U.S. tax withheld, and countries of foreign persons.
<b>Sole Proprietorships:</b> 1998 Program 1999 Program 2000 Program	Maureen Keenan Kahr Jeff Curry Mike Strudler	Basic data, produced annually, cover business receipts, deductions, and net income reported on Schedule C (for nonfarm proprietors), classified by industry group.
<b>Split-Interest Trust Information Return:</b> 1998 Program 1999 Program	Melissa Belvedere	This first-time study provides information on charitable remainder trusts only. Data include balance sheet, income, deductions, and detail from accumulation and distribution schedules. The most recent study is for Tax Year 1998.
<b>Tax-Exempt Bond Issues:</b> 1997 Program 1998 Program	Marvin Schwartz	This annual study provides information on private activity and governmental bond issues by type of property financed, size of face amount, and State. The most recent studies are 1997 for public purpose bonds and for private activity bonds.
<b>Taxpayer Usage Study:</b>	Mike Weber	Produced annually, this program provides weekly frequencies of specific line entries made by taxpayers, the use of various return schedules and associated forms, and general characteristics of the individual taxpayer population, for returns received during the primary filing season (January through April).
<b>Transactions of Foreign Controlled Corporations:</b> 2000 Program	Heather Duffy	This biennial study includes data on transactions between U.S. corporations and their foreign owners. Data are classified by country and industry group.

## SOI Projects and Contacts

**General Statistical Information: (202) 874-0410 Fax: (202) 874-0964 e-mail: sis@irs.gov**

<b>Planned Projects, Year*</b>	<b>Primary Analysts</b>	<b>Frequency and Program Content</b>
<b>U.S. Possessions Corporations:</b> 1997 Program 1999 Program	Randy Miller	This periodic study, planned for every 2 years, provides data on income statements, balance sheets, tax, and "possessions tax credit" for qualifying U. S. possessions corporations. (Most of these corporations are located in Puerto Rico.)
<b>ZIP Code Area Data</b>	Brian Francis	Statistics on CD-ROM show number of individual income tax returns, exemptions, and several income items by State and 5-digit ZIP code. Data are available for 1997 and 1998 on a reimbursable basis. (Data for Tax Year 1991 are also available, free of charge.)

\*Most projects shown below are currently in progress and, therefore, may not be completed. Many of the data release dates, i.e., the months in which the Statistics of Income Division expects to release data to users, ahead of publication, upon request, are published annually in the Fall issue of the *SOI Bulletin*. For more information about data availability for a particular project, call or fax the numbers shown at the top of the page.





# SOI Products & Services

Statistics of Income (SOI) data are available in electronic formats and in printed publications. For further information on any of the following products and services, or for answers to questions on the availability of SOI data, other statistical services, or release dates for data, please contact SOI's **Statistical Information Services (SIS) Office**:

**Statistical Information Services** (202) 874-0410  
Statistics of Income Division (202) 874-0964 (fax)  
Internal Revenue Service [sis@irs.gov](mailto:sis@irs.gov) (e-mail)  
P.O. Box 2608  
Washington, DC 20013-2608

As its name implies, SIS is best able to answer questions about data. It does not supply tax forms or information about the status of an individual's tax refund or audit examination. Media requests should be directed to the IRS Media Relations Branch, Communications Division, on (202)622-4000.

## Electronic Products and Services

### Products Available Free on the Internet

SOI's internet site offers a combination of files presenting SOI tables, articles about SOI data, and information about SOI products and services, as well as non-SOI products, including annual *IRS Data Book* tables, Compliance Research projections, and nonprofit Master File microdata records. At present, over 1,000 files reside there. Our World Wide Web address is:

[www.irs.gov/tax\\_stats](http://www.irs.gov/tax_stats).

There is also a direct link to our Web site from the Federal Government's "One-Stop Shopping for Federal Statistics" ([www.fedstats.gov](http://www.fedstats.gov)).

At the *Tax Stats* site, you will find several topics and multiple subtopics to select from. These include:

### Announcements

This selection provides information about files recently added to Tax Stats.

### IRS Statistical Overview

- Collections
- Examination Activities
- Number of Returns

- Refunds
- Taxpayer Assistance

### Statistics by Topic

- Corporations
- Employment Taxes
- Estates/Wealth/Gifts
- Excise Taxes
- Individuals
- International
- Partnerships
- Sole Proprietorships
- Tax-Exempt/Employee Plans
- Trusts

### Statistical Publications

- IRS Data Book
- Projections
- Research Bulletins
- SOI Bulletins
- SOI Corporation Reports
- SOI Individual Reports

### Statistics of Income

- Overview
- Products and Services
- Programs and Careers

### Products for Sale From SOI

Many of SOI's data files are available for sale on CD-ROM, diskette, tape, or via e-mail through the Statistical Information Services Office. **Prepayment is required for orders of \$100 or more**, with checks made payable to the **IRS Accounting Section**. Contact SIS for information on specific products, prices, sources, media, and ordering instructions.

The following files are currently available on a reimbursable basis and include data from returns covering corporations, individuals, exempt organizations, and private foundations and charitable trusts. Most of these files are tabulations of aggregated data, but some are files of microdata records.

### Corporation Income Tax Returns

#### Corporation Source Book

A magnetic tape, PC-diskettes, or CD-ROM containing the tabular statistics from the *Corporation Source Book*,

## SOI Products & Services

1998. Price is \$1,500. (See also Printed Publications section below.)

### Individual Income Tax Returns

#### Individual Public-Use Microdata Files

These files include individual income tax returns for 1960, 1962, 1964, and 1966-1996. All of the files have been edited to protect the confidentiality of individual taxpayers. Public-use files of individual income tax returns for 1960, 1962, 1964, and 1966-1991 are available for sale by writing to the Center for Electronic Records (NNX) at the National Archives and Records Administration, Washington, DC 20408, or by calling (301) 713-6630. Files for 1992 through 1996 are available on CD-ROM from the SOI Division. Price for the 1996 SOI file is \$3,300 per year.

#### Individual Nonpublic-Use Microdata Files

These files include individual income tax returns for 1960-1998. They are available to the State tax authorities for \$4,000 per year per State. They contain identifiable data.

#### County-to-County Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by county for the entire United States, including inflows and outflows. The data include the number of returns (which can be used to approximate the number of households), the number of personal exemptions (which can be used to approximate the population), total "adjusted gross income" (starting with 1995-1996), "median adjusted gross income" (starting with 1995-1996), total money income (for years 1992-1993 through 1995-1996), and median total money income (for years 1992-1993 through 1995-1996). Available for 1984-2000. Price is \$200 per year for the entire United States or \$10 per State per year. (All years for the entire United States are also available for \$500.)

#### State-to-State Migration Data

One table, based on the year-to-year changes in the addresses shown on the population of returns from the IRS Individual Master File system. This table presents data on migration patterns by State for the entire United States, including inflows and outflows. The data include the number of returns (which can be used to approximate the number of households), the number of personal exemptions (which can be used to approximate the population), total "adjusted gross income" (starting with 1995-1996), "median adjusted gross income" (starting with 1995-1996), total money income (for years 1992-1993 through 1995-

1996), and median total money income (for years 1992-1993 through 1995-1996). Available for 1989-2000. Price is \$50 per year for the entire United States or \$5 per State per year.

#### County Income Data

One table, based on the population of returns from the IRS Individual Master File system. This table presents data for total "money income," adjusted gross income (total and for selected sources), number of returns (which can be used to approximate the number of households), and number of personal exemptions (which can be used to approximate the population). The data are presented by county (including State totals). Available for 1989-1999 for the entire United States. Price is \$50 per year for the entire United States or \$5 per State per year.

#### ZIP Code Area Data

Statistics are available for Income Year 1997 and 1998 on CD-ROM showing the number of individual income tax returns; the number of personal exemptions (which can be used to approximate population); adjusted gross income; salaries and wages; taxable interest; earned income credit; total tax; number of returns with Schedules C and F and number of Schedules C and F; and number of returns with a Schedule A and amount of Schedule A deductions, by State and 5-digit ZIP code. Price is \$500 for the entire United States; \$25 for a single State. (Data for Income Year 1991 are available free on SOI's internet site: [www.irs.gov/tax\\_stats](http://www.irs.gov/tax_stats).)

#### Tax-Exempt Organizations

##### Microdata Records for Reporting Year 1998

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 9,795 Internal Revenue Code section 501(c)(3) organizations and 14,653 section 501(c)(4)-(9) organizations. Sampling rates ranged from 1 percent for small-asset classes to 100 percent for large-asset classes (i.e., those with assets \$30,000,000 or more). Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Price is \$300.

##### Microdata Records for Reporting Year 1997

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 13,516 Internal Revenue Code section 501(c)(3) organizations and 9,377 section 501(c)(4)-(9) organizations. Sampling rates ranged from 1 percent for small-asset classes to 100 percent for large-asset classes (i.e., those with assets \$30,000,000 or more). Microdata

## SOI Products & Services

records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each organization. Price is \$100.

### **Microdata Records for Reporting Year 1996**

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The sample includes 12,674 Internal Revenue Code section 501 (c)(3) organizations. Sampling rates ranged from less than 1 percent for small-asset classes to 100 percent for large-asset classes (i.e., those with assets \$10,000,000 or more). Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each exempt organization. Price is \$100.

### **Microdata Records for Reporting Year 1995**

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 11,600 Internal Revenue Code section 501 (c)(3) organizations and over 8,800 section 501 (c)(4)-(9) organizations. Sampling rates ranged from less than 1 percent for small-asset classes to 100 percent for large-asset classes (i.e., those with assets \$10,000,000 or more). Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each exempt organization. Price is \$100.

### **Microdata Records for Reporting Year 1994**

Microdata records of all Forms 990 and 990-EZ sampled for the annual SOI study of tax-exempt organizations. The samples include 11,100 Internal Revenue Code section 501 (c)(3) organizations and over 8,500 section 501 (c)(4)-(9) organizations. Sampling rates ranged from less than 1 percent for small-asset classes to 100 percent for large-asset classes (i.e., those with assets \$10,000,000 or more). Microdata records contain information on balance sheets and income statements, as well as weights (to estimate the population), for each exempt organization. Price is \$100.

### **Private Foundations (and Charitable Trusts)**

#### **Microdata Records for Reporting Year 1998**

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes approximately 8,600 returns. Sampling rates ranged from 0.6 percent for small-asset classes to 100 percent for large-asset classes. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Price is \$300.

#### **Microdata Records for Reporting Year 1997**

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes approximately 8,300 returns. Sampling rates ranged from 2 percent for small-asset classes to 100 percent for large-asset classes. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Price is \$200.

#### **Microdata Records for Reporting Year 1996**

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes approximately 7,500 returns. Sampling rates ranged from 2 percent for small-asset classes to 100 percent for large-asset classes. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Price is \$50.

#### **Microdata Records for Reporting Year 1995**

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts. The sample includes approximately 6,400 returns. Sampling rates ranged from 3 percent for small-asset classes to 100 percent for large-asset classes. Microdata records contain information on revenue, expenses, assets, and distributions, as well as weights, for each foundation or trust. Price is \$50.

#### **Microdata Records for Reporting Year 1994**

Microdata records of all Forms 990-PF sampled for the annual SOI study covering private foundations and Internal Revenue Code section 4947 (a)(1) charitable trusts. The file contains both operating and nonoperating foundations and trusts and includes over 51,500 returns, which represent virtually all of the 1994 PF returns filed and processed through early May 1998. Microdata records contain information on revenue, expenses, assets, and distributions for each foundation or trust. Price is \$50.

## **Printed Publications**

### **Publications Available for Sale From GPO**

Recent SOI publications are available from the Superinten-

## SOI Products & Services

dent of Documents, U.S. Government Printing Office, Washington, DC, **by calling (202) 512-1800 or faxing (202) 512-2250.** (Credit cards are accepted.) Publications may also be obtained by using the order form at the end of this *Bulletin* or write to:

### **Superintendent of Documents**

P.O. Box 371954  
Pittsburgh, PA 15250-7954.

If you determine from the Government Printing Office that any of the next four items is out of print, please telephone the **Statistical Information Services Office on (202) 874-0410** for assistance.

### **IRS Data Book 2000**

*Annually, Publication 55B, Stock No. 048-004-02448-9  
Price: \$7*

This volume pertains to Fiscal Year 2000--October 1, 1999, through September 30, 2000. The report provides data on collecting the revenue, enforcing the law, assisting the taxpayer, and managing the system, as well as lists and a chart about the structure and administration of the IRS itself.

### **Statistics of Income (SOI) Bulletin**

*Quarterly, Publication 1136, Stock No. 748-005-00000-5  
Subscription price: \$41; Single copy price: \$34*

This series provides the earliest published financial statistics from individual and corporation income tax returns. The *Bulletin* also includes annual data on nonfarm sole proprietorships and partnerships, as well as from periodic or special studies of particular interest to tax analysts, administrators, and economists. Historical tables include data from SOI, as well as on tax collections and refunds by type of tax.

### **Statistics of Income--1998, Corporation Income Tax Returns**

*Publication 16, Stock No. 048-004-02450-1  
Price: \$42*

This report presents more comprehensive data on corporation income tax returns with accounting periods that ended July 1998 through June 1999 than those published earlier in the *SOI Bulletin*. This is the first version using the North American Industry Classification System (NAICS), which replaces the Standard Industrial Classification (SIC) system used in prior years.

Presents information on:

- receipts;
- deductions;
- net income;
- taxable income;
- income tax;
- tax credits;
- assets; and
- liabilities.

Classifies data by:

- industry;
- accounting period;
- size of total assets;
- size of business receipts; and
- size of income tax after credits.

### **Statistics of Income--1998, Individual Income Tax Returns**

*Publication 1304, Stock No. 048-004-02443-8  
Price: \$21*

This report presents more comprehensive and complete data on individual income tax returns for 1998 than those published earlier in the *SOI Bulletin*.

Presents information on:

- sources of income;
- exemptions;
- itemized deductions; and
- tax computations.

Classifies data by:

- size of adjusted gross income;
- marital status; and
- type of tax computation.

### **Publications Available From SOI**

Other SOI periodicals and one-time reports are available for sale from the Statistical Information Services Office. These reports include data from returns covering corporations, exempt organizations, international income and taxes, and estate taxes. The report from the IRS methodology reports series is available free while supplies last.

### **Corporation Source Book, 1998**

*Publication 1053--Price: \$175, plus \$10 for shipping and handling*

Starting in 1998, industry detail is based on the North American Industry Classification System (NAICS). In previous years the Standard Industrial Classification (SIC) system was used to classify the data. This 633-page document presents detailed income statement, balance sheet, tax, and selected items, by division, sector, major and minor industrial groups, and size of total assets for all returns and separately for returns with net income. Separate statistics on S corporations are included by industry division and sector. The report, which underlies the *Statistics of Income--Corporation Income Tax Returns* publi-

## SOI Products & Services

cation, is part of an annual series and can be purchased in its entirety or by page. *Corporation Source Book* industry pages and notes for 1963 through present are available at a cost of \$30, plus \$1 per page copying charge (free for orders under 5 pages). The *Source Book* for 1989 are for sale at \$175 per year, plus \$10 for shipping and handling.

### **Compendium of Federal Estate Tax and Personal Wealth Studies**

*Publication 1773--Price: \$26, plus \$10 for shipping and handling*

Part I of this report focuses on data from estate tax returns, describing decedents, their beneficiaries, and the composition of their estates. It contains a methodological discussion of the strategy used in weighting sample data for the estate studies and presents statistics on selected components of decedents' estates, 1916-1990. Information on charitable giving is also included.

Part II presents a series of articles describing the estate-multiplier technique and its applications for personal wealth estimates, estimates of personal wealth for selected years 1962-1989, and a discussion of the relationship among realized income, wealth, and well-being.

### **Turning Administrative Systems Into Information Systems--1999**

*Publication 1299--No charge*

This is the seventh volume in the current IRS methodology reports series, which documents statistical uses of administrative records in SOI programs. (The series previously released 10 volumes under the title *Statistics of Income and Related Administrative Record Research*.) This year's compilation has been divided into six major sections, each focusing on a somewhat different area of research:

- analyses of administrative records from the U.S. tax system;
- statistical uses of administrative records;
- employee satisfaction and customer satisfaction sur-

veys at the IRS;

- an update on the Survey of Consumer Finances;
- analysis of structured data; and
- distributional theory and computation.

### **Other SOI Products and Services for Sale**

Other SOI products and services are available for sale in other than electronic formats or printed publications.

#### **County-to-County Migration Data**

Compilations are available showing migration patterns, from where to where, by county, based on year-to-year changes in the individual income tax return address. Selected data are available (according to the years in which the returns were filed) for all years between 1984 and 2000 and include counts of the number of returns and the number of personal exemptions (which can be used to approximate population). Tabulations are available as hard copy for all years between 1978 and 2000 at \$5 per county (for inflows) and \$5 per county (for outflows).

*See also Electronic Products and Services section.*

#### **State-to-State Migration Data**

Compilations are available showing migration patterns, from where to where, by State, based on year-to-year changes in the individual income tax return address. Selected data are available (according to the years in which the returns were filed) for all years between 1989 and 2000 and include counts of the number of returns and the number of personal exemptions (which can be used to approximate population). Tabulations are available as hard copy for all years between 1986 and 2000 at \$5 per State (for inflows) and \$5 per State (for outflows).

*See also Electronic Products and Services section.*

#### **County Income Data**

Tables present adjusted gross income by source and number of personal exemptions (which can be used to approximate population) reported on individual income tax returns for Income Years 1989 through 1999. Data are also available as hard copy for all years between 1988 and 1999 at \$5 per State.

*See also Electronic Products and Services section.*