

# Private Foundations and Charitable Trusts, 1989

by Alicia Meckstroth

**P** rivate foundations experienced a strong year for 1989 as both total revenues and total assets increased markedly from 1988 [1]. Total foundation revenues increased by 22 percent, to \$19.9 billion, reversing the trend of declining revenues from 1986 to 1988 [2]. Increased revenues resulted largely from significant increases in the amount of contributions received, 32 percent, and net gains from sales of assets, 30 percent. Decreases in these two items contributed to declining revenues for the 2 previous years. Total foundation assets increased at the highest annual rate of the past decade, by 18 percent, to \$151.7 billion. Assisted by a relatively strong stock market in 1989, the value of investments in securities, which represented 80 percent of total assets, increased by 22 percent. Foundations maintained a consistent level of growth in charitable giving for 1989, with the amount of their contributions and grants increasing by 10 percent over 1988, to \$8.1 billion. Additionally, for 1989, over 2,600 Internal Revenue Code section 4947(a)(1) charitable trusts held \$2.9 billion in total assets, realized \$404.6 million in total revenues and distributed \$143.7 million in contributions and grants [3].

## Changes in Foundation Revenue, Assets and Grants, 1988 to 1989

The increases in contributions received, net gains from sales of assets, and dividends and interest from securities largely explain the growth in foundation revenue for 1989. These three revenue components comprised almost 90 percent of the \$19.9 billion of total foundation revenue for 1989. Nearly 18,000 foundations, or 46 percent of the population, received contributions that totaled \$6.9 billion for 1989. Over half of all foundations, 54 percent, received no contributions for 1989. A slightly larger percentage of the small foundations received contributions compared to the large foundations. While all foundation size-groups received notable increases in contributions, the largest foundations, those holding \$100 million or more in fair market value of total assets, received contributions from donors that were 136 percent more than the contributions that they received in 1988. In contrast, from 1986 to 1988, contributions to the largest foundations fell by over 50 percent. Large foundations typically do not rely heavily on contributions received as a source of revenue. Figure A depicts percentage changes for various revenue items, as well as for other selected data, for the period 1987 to 1989.

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Figure A

## Private Foundations: Increases in Selected Financial Items, 1987-1989

Item	Percentage Increase	
	1987 to 1988	1988 to 1989
Fair market value of total assets.....	12.8	17.7
Investments in securities.....	14.0	21.9
Total revenue.....	-4.9	22.3
Net gain (less loss) from sale of assets.....	-34.4	29.8
Contributions, gifts and grants received.....	-0.3	31.7
Dividends and interest from securities.....	11.0	19.1
Total expenses.....	7.5	10.0
Contributions, gifts and grants paid.....	9.0	9.9
Excess of revenue (less loss) over expenses...	-18.9	40.7

Aided by a relatively strong stock market, foundations earned over 60 percent of their revenue from investment income (primarily dividends and interest from securities and net gains from sales of assets). Foundations reported \$5 billion in gains and had less than \$0.2 billion in losses. The net gains from sales of assets primarily represented gains from sales of investments in securities (e.g., corporate stocks and bonds and Government obligations). The small foundations, those holding less than \$1 million in fair market value of total assets, reported 36 percent more in net gains for 1989 than for 1988, while the largest foundations reported 22 percent more in net gains for 1989 [4]. This is significant since small foundations, compared to large foundations, tend to rely less on gains from sales of assets and more on contributions. Foundations seemed to have recovered from the October 1987 stock market decline which lowered real asset values and resulted in notable decreases in net gains for both 1987 and 1988.

Total expenses increased at less than half the rate of total revenues, 10 percent, compared to 22 percent for total revenue. This disparity helps to explain the 41-percent increase in the excess of revenue (less loss) over expenses. The amount of contributions, gifts and grants given by foundations comprised nearly 80 percent of total expenses. Total foundation grants grew at a relatively constant rate compared to previous years, 10 percent. The amount of administrative expenses used in the grantmaking process, termed "grant administrative expenses," equaled only 4 percent of total foundation expenses.

Total foundation assets increased by 18 percent from 1988 to 1989, to \$151.7 billion. This growth rate represented the biggest annual gain in foundation assets of the

## Private Foundations and Charitable Trusts, 1989

**Private foundations accounted for 23 percent of the tax-exempt charitable organizations filing with the Internal Revenue Service.**

decade. The largest foundations realized the greatest gains in assets, increasing from \$68.0 billion for 1988 to \$85.2 billion for 1989, or 25 percent. The total assets of the smallest foundations, in contrast, increased by only 4 percent. "Bracket creep" explains part of the disparity between these size groups.

Bracket creep refers to foundations that moved to a larger asset size group due to increases in their assets, either from inflation or from appreciation or new acquisitions. Foundations held \$121.4 billion in investment securities, or 80 percent of total assets. The growth in these investments, 22 percent from 1988 to 1989, explains much of the growth in assets. As with total assets, the largest foundations realized the greatest gains in investment securities, 29 percent, compared to 6 percent for the small foundations. Beginning with the 1990 statistics, data will be available on investments in corporate stock, corporate bonds and U.S. and State Government obligations.

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 report assets equal to zero); "small foundations" refers to the group holding less than \$1 million in assets (excluding foundations 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.

### **Overview and Explanation of Private Foundations**

#### **Statistics of Income Studies**

The statistics presented on private foundations and Internal Revenue Code section 4947(a)(1) charitable trusts are based on 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 1989 study year represents the first time since 1979 that Statistics of Income has included data on the 4947(a)(1) charitable trusts that file Form 990-PF. Statistical studies

on private foundations have previously been conducted for Reporting Years 1974, 1979, 1982, 1983, and 1985 through 1988. Data for 1987 and earlier years were published in the *Compendium of Studies of Tax-Exempt Organizations, 1974-1987* [6]. A second Compendium, covering data from 1987 to 1989, will be published during 1993. With the exception of Reporting Year 1974, data for the above-cited years have also been published in the *Statistics of Income Bulletin* [7].

#### **Organizations and Activities**

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, as opposed to an organization receiving broad support from a large number of sources within the general public. This narrow base of support and control helps to differentiate a private foundation from a publicly supported tax-exempt charitable organization. Both receive tax exemption under section 501(c)(3) [8]. Because of the centralized support and control, private foundations are more strictly regulated under the law than are the other section 501(c)(3) organizations that file the Form 990, *Return of Organization Exempt From Income Tax*. Private foundations represent approximately 23 percent of the total number of 501(c)(3) tax-exempt organizations that file information returns with the Internal Revenue Service (IRS). Of these organizations, foundations hold 15 percent of the total (book value) of assets and earn only 4 percent of total revenue.

The section 4947(a)(1) charitable trusts that are included in this study are treated separately in both the statistical and descriptive analyses. Information on these charitable trusts can be found beginning with the section on charitable trusts. These trusts have exclusively charitable interests and, like foundations, they file the Form 990-PF. They represent only 6 percent of all Form 990-PF filers. Other 4947(a)(1) charitable trusts, which receive the majority of their support from public, rather than from private sources, file the Form 990. Section 4947(a)(2) split-interest trusts, which have both charitable and noncharitable beneficiaries, file the Form 5227, *Split-Interest Trust Information Return*. These latter two varieties of trusts are *not* covered in this article. As a note, foundations exempt under section 501(c)(3) represent 94 percent of the total number of Form 990-PF filers. The trusts examined here, like private foundations, are subject to the same charitable distribution and excise tax requirements as foundations. One difference between the two, however, is that the section 4947(a)(1) trusts are not exempt from Federal income tax, as are the private foun-

## Private Foundations and Charitable Trusts, 1989

dations [9]. A further description of the characteristics and the requirements of foundations and trusts follows. The same background information and requirements apply to both types of Form 990-PF filers. Beginning with the section, Charitable Trusts, differences in the characteristics and behavior of the two types of Form 990-PF filers are presented.

The two types of private foundations, "operating" and "nonoperating," are distinguished by the type of charitable support that they provide and the activities that they conduct. Nonoperating foundations generally provide indirect charitable support by making grants to other section 501(c)(3) organizations that conduct charitable programs of their own [10]. Nonoperating foundations are required to distribute annually (normally through grants or related expenses) a minimum amount for charitable purposes. If they do not distribute the required amount in the current year, they have until the end of the following year to do so without penalty. The minimum required amount is based on the value of their "net investment assets" (also known as "noncharitable-use assets").

If an organization is sufficiently involved in the direct operation of its charitable activities, then it can qualify as an operating foundation and is excepted from the income distribution requirement that applies to nonoperating foundations. Although operating foundations are not subject to the annual payout 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) trusts) in the Explanation of Selected Terms section.)

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." This compares to the 50-percent deduction 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 private foundations pay the excise tax on net

investment income, some operating foundations are exempt from this tax (see the section, Excise Tax on Net Investment Income). TRA69 also imposed a two-tier system of penalty taxes on foundations that engaged in "prohibited activities" which were deemed not to be in the public interest, e.g., nonoperating foundations that failed to distribute the required minimum payout after a 1-year grace period; that attempted to influence legislation by contacting legislators or encouraging the public to contact legislators regarding proposed changes to the law; or that engaged in certain financial transactions with persons having a relationship with the foundation, such as substantial contributors or officers, directors or trustees.

Of the estimated 38,800 active private foundations filing Form 990-PF information returns for 1989, about 92 percent were nonoperating foundations and the remaining 8 percent were operating foundations, virtually the same percentages as for 1988. Approximately 32,600 were grantmaking foundations. About 87 percent of the nonoperating foundations and 51 percent of the operating foundations made grants for 1989. Of the non-grantmaking foundations, approximately 24 percent were operating foundations, while another 21 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). An additional 35 percent of the non-grantmakers were nonoperating foundations that made other types of disbursements in order to satisfy the minimum distribution requirement. These other types of disbursements included the following: operating and administrative expenses used in the conduct of charitable programs or activities; amounts paid to acquire charitable-use assets; set-asides to future time periods; and, program-related investments. The remaining nonoperating, non-grantmaking foundations that did not fully make the required distribution for 1989, had, by law, until the end of their 1990 accounting period to do so without any tax penalty. Some non-grantmaking foundations were "failed public charities" that had been reclassified by the IRS as nonoperating foundations. Many of these charities continued to operate direct charitable programs rather than make grants to other tax-exempt organizations [11].

Foreign foundations (those foundations organized abroad) comprise a small portion of the foundation population. For 1989, over 50 foreign foundations, holding \$9.1 billion in assets, filed Form 990-PF. A foreign foundation filing Form 990-PF typically files because it receives support from either American citizens or corporations. These foundations may or may not distribute

**About 92 percent of all foundations were "nonoperating" foundations; 87 percent of nonoperating foundations made grants for 1989.**

## Private Foundations and Charitable Trusts, 1989

charitable grants within the United States. Like domestic foundations, the IRS requires that foreign foundations pay an excise tax on investment income. While the excise tax equals 2 percent of net investment income for the majority of domestic foundations, the tax on foreign foundations equals 4 percent of the gross investment income derived from U.S. sources. 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. Exempt foreign foundations typically receive 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."

### Top Ten Domestic Foundations

The largest foundations hold the vast majority of total foundation assets, but comprise only a small minority of the total number of foundations. The largest foundations, those holding total assets with a fair market value of \$100 million or more, comprised less than 0.5 percent of all foundations for 1989, but held well over half of total foundation assets and realized over two-fifths of total foundation revenue. The number of foundations holding \$100 million or more in assets increased by 13 percent from 1988 to 1989 and the total assets of this size group increased by over 25 percent. Only 4 percent of all private foundations held assets worth \$10 million or more, but they held 82 percent of total assets and earned 70 percent of total revenue. In contrast, the group of foundations considered to be small in size, those holding less than \$1 million in assets, accounted for 75 percent of all foundations, but held less than 4 percent of total assets and earned approximately 8 percent of total revenue. The top ten domestic foundations, displayed in Figure B, held approximately \$30 billion, or nearly one-fifth of all foundation assets for 1989. A foundation is considered domestic if it is organized in the United States; however, this does not necessarily imply that all of its activities or grant recipients are domestic. The ten largest foundations distributed one-tenth of all foundation charitable grants for 1989, or \$847 million.

The establishment of a new \$1-billion foundation, The Annenberg Foundation, added \$1.2 billion in assets and \$59.6 million in grants to the foundation totals. This foundation barely missed the "top ten" category. In addition, the Lilly Endowment realized an increase in assets of 57 percent over 1988. The assets of the Ford Foundation, alone, accounted for nearly 4 percent of total

**Figure B**

### Top Ten Domestic Private Foundations, by Size of Fair Market Value of Total Assets, 1989

[Money amounts are in millions of dollars]

Name	Total assets	Total grants paid
1. Ford Foundation.....	5,511	228
2. J. Paul Getty Trust <sup>1</sup> .....	4,816	8
3. John D. and Catherine T. MacArthur Foundation.....	3,379	112
4. W.K. Kellogg Foundation Trust/ W.K. Kellogg Foundation <sup>2</sup> .....	3,248	118
5. Lilly Endowment, Inc.....	3,029	93
6. Robert Wood Johnson Foundation.....	2,613	49
7. Rockefeller Foundation.....	2,140	66
8. Pew Memorial Trust.....	2,058	85
9. Andrew W. Mellon Foundation.....	1,884	76
10. Kresge Foundation <sup>3</sup> .....	1,261	12
<b>Total.....</b>	<b>29,939</b>	<b>847</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 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 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 are shown in the "Total assets" column, but the "pass-through" grant of the W.K. Kellogg Foundation Trust is excluded from the "Total grants paid" column in order to avoid duplication.

<sup>3</sup> There were 69 other foundations that held less than \$1.3 billion in assets and that distributed more than \$12 million in the form of contributions, gifts and grants.

foundation assets. While the Ford Foundation actually held almost \$700 million more in assets than any other foundation, its total assets declined by 6 percent from 1988 to 1989. Furthermore, the Ford Foundation's net gains from sales of assets declined by 14 percent. The W.K. Kellogg Foundation Trust also realized a sizable loss in assets, over 11 percent, due, in most part, to a drop in the price of the Kellogg Company stock [12]. The Ford Foundation had an accounting period ending in September 1990, and the Kellogg Foundation Trust, August 1990; therefore much of their activity occurred in Calendar Year 1990.

### Sources of Foundation Revenue

As mentioned previously, foundations rebounded from declining revenues during the 1986 to 1988 period by realizing \$19.9 billion in total revenues for 1989, an

# Private Foundations and Charitable Trusts, 1989

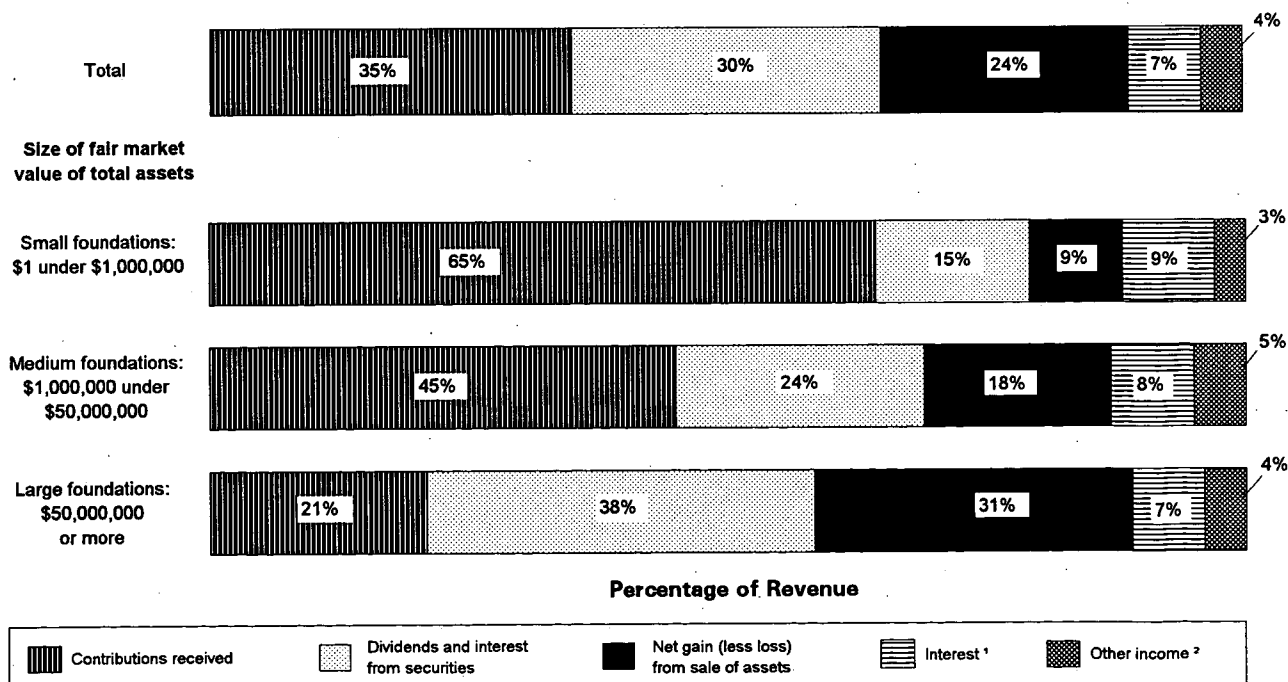
increase of 22 percent over 1988. During the time period 1986 to 1988, total revenues decreased by 19 percent in current dollars. Total revenue for 1989, in fact, was still close to 1 percent less than for 1986, or 11 percent less when measured in constant dollars. Largely contributing to the growth in foundation revenues for 1989 were the significant increases in contributions to foundations, 32 percent, and net gains from sales of assets, 30 percent. Both of these sources of revenue declined from both 1986 to 1987 and from 1987 to 1988. Supported by a strong, bullish stock market for 1989 that most likely led to higher market values for many of the foundations' stocks, foundations may have been more likely to sell a greater number of securities for greater gains when compared to the 2 previous years.

The notable rates of growth in contributions to foundations and net gains from sales of assets are significant since, combined, they comprised nearly three-fifths of total revenue. Figure C displays the sources of foundation

revenue for 1989 for all foundations and for three different sizes of foundations: "small," "medium" and "large." Clearly, the small foundations derive a much larger percentage of their revenue from contributions, 65 percent. In contrast, the large foundations derive only 21 percent from contributions. However, combining the two revenue components, "dividends and interest from securities," and "net gain (less loss) from sales of assets," shows that the small foundations earned only 24 percent of total revenue from these two sources of investment income, while the large foundations earned 69 percent in this manner. Trends seem to show that as the size of the foundation increases, the proportion of revenue from contributions declines and the proportion of revenue from investment income rises. In terms of the different size groups, the small foundations realized a 15-percent increase in total revenues for 1989, while the largest foundations realized an increase two times as much, 30 percent.

**Figure C**

## Sources of Private Foundation Revenue, by Size of Foundation, 1989



<sup>1</sup> Represents "Interest on savings and temporary cash investments," as reported on Form 990-PF.

<sup>2</sup> Includes, for example, gross rents, gross sales minus returns and allowances, imputed interest on deferred payments, and program-related investment income.

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

## Private Foundations and Charitable Trusts, 1989

Figure D depicts the ratio of the amount of charitable grants distributed by foundations to the amount of contributions received by foundations for 1989. Only 46 percent of all foundations (and 44 percent of grantmaking foundations) actually received contributions. This pattern does not vary notably across the different size categories. Even so, smaller foundations are oftentimes referred to as "pass-through" foundations, meaning that they tend to receive contributions in 1 year and then redistribute them either in the same or following year. Among those grantmaking foundations receiving contributions, all those holding less than \$50 million in assets had approximately a one-to-one ratio of grants paid to contributions received. These foundations paid out slightly more in grants than the contributions that they received. In contrast, the large grantmaking foundations paid out nearly two times as much in grants compared to the amount that they received in contributions.

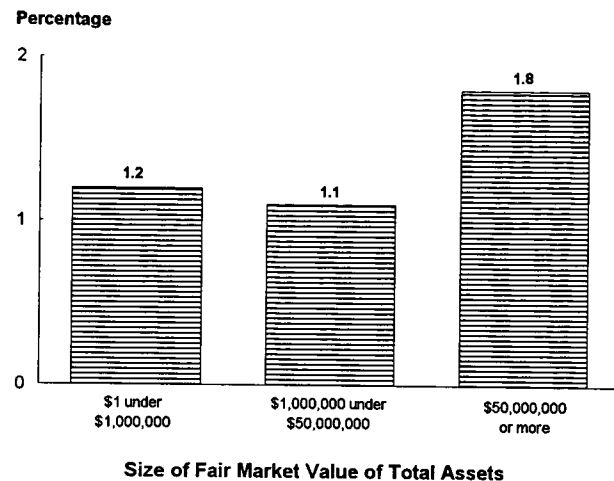
Figure E examines the relationship between charitable grants distributed and investment income. The majority of foundations earn income through investment sources. Investment income, in this case, includes the following items: "net gain (less loss) from sales of assets," "dividends and interest from securities" and "interest on savings and temporary cash investments." The large foundations, as a group, distributed an amount of charitable grants equal to half of the amount of investment income that they earned for 1989. In contrast, the small foundations, as a group, distributed two times as much in charitable grants compared to the amount of investment income that they earned.

### Excise Tax on Net Investment Income

The excise tax on the net investment income of private foundations was enacted through TRA69. Domestic foundations generally are liable for a tax equal to 2 percent of their net investment income and foreign foundations for a 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. One provision of the Deficit Reduction Act of 1984 allowed any domestic 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 charitable distributions plus 1 percent of current net investment income, a foundation qualified for the reduced tax.

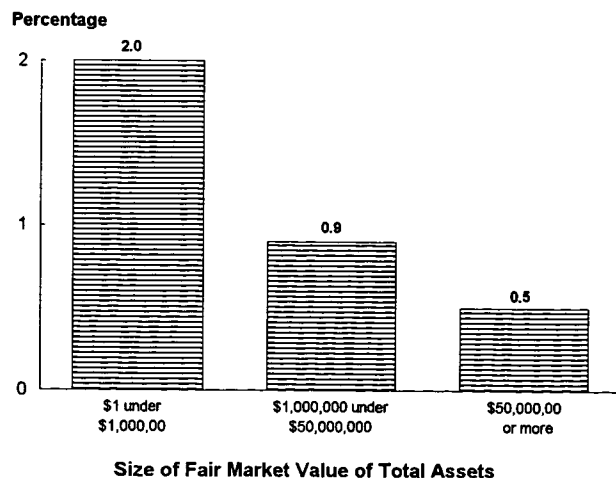
**Figure D**

**Ratio of Total Charitable Grants Distributed to Total Contributions Received, by Size of Grantmaking Private Foundations, 1989**



**Figure E**

**Ratio of Total Charitable Grants Distributed to Total Investment Income, by Size of Grantmaking Private Foundations, 1989<sup>1</sup>**



<sup>1</sup> Investment income includes "net gain (less loss) from sale of assets," "dividends and interest from securities" and "interest on savings and temporary cash investments," as reported on Form 990-PF.

Net investment income, on which the excise tax is based, increased by 16 percent from 1988 to 1989 (see the Explanation of Selected Terms for a complete definition

## Private Foundations and Charitable Trusts, 1989

of net investment income.) For 1989, the IRS reported approximately \$166 million from the excise tax on foundation net investment income, including slightly less than \$1 million from foreign foundations. The total tax represents an increase of 17 percent over 1988. This amount, however, fell short of the amount of excise tax reported for each year from 1983 to 1987 (excluding 1984, for which no data are available). The number of foundations claiming the 1-percent reduction has increased steadily, including a 35-percent increase from 1988 to 1989, possibly explaining much of the decline in the excise tax over the entire 1983 to 1989 period.

### Composition of Foundation Assets

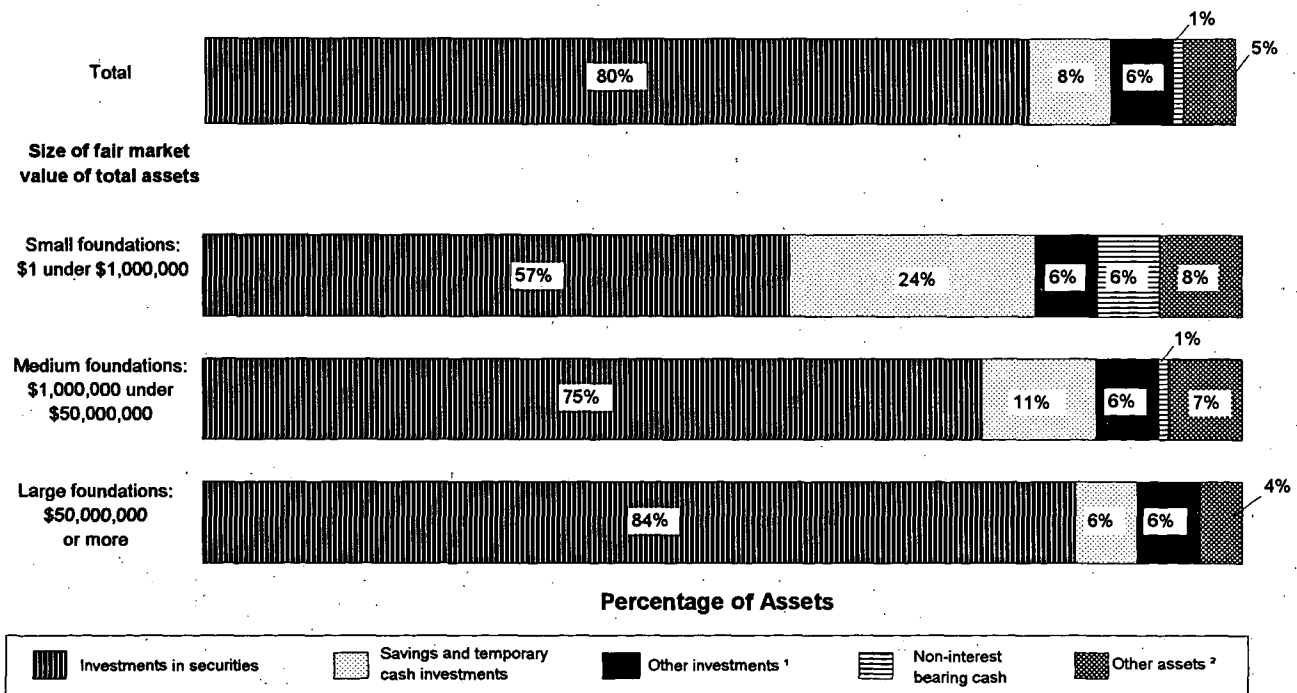
Foundations continued an upward climb in total asset growth for 1989. Total assets grew by 18 percent over 1988, from \$128.9 billion to \$151.7 billion. The 22-percent growth rate in investments in securities largely

explains the growth in assets. Investments in securities, representing 80 percent of all foundation assets, grew from \$99.6 billion for 1988 to \$121.4 billion for 1989. Investments in securities mainly include U.S. and State Government obligations, corporate stock and corporate bonds. Investment assets, including securities as well as investments from other sources, comprised 94 percent of total foundation assets [13].

Investment assets, particularly securities, grew in proportion to total assets as the asset size of the foundations increased. Figure F shows the composition of foundation assets for three different size groups. It shows that small foundations held 57 percent of their assets as securities; medium-size foundations, 75 percent; and the large foundations, 84 percent. Although the large foundations held more investments in securities as a percentage of total assets for 1989 than for 1988, the distribution of assets is not unlike that for 1988 and prior years. In terms

Figure F

### Composition of Private Foundation Assets, by Size of Foundation, 1989



<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 990PF. Includes items such as advances; certificates of investment; miscellaneous loan income; and investments in art, coins, gold, gems and paintings.

<sup>2</sup> Includes items such as deferred income, interest-free or low-interest loans made for charitable purposes, and escrow deposits.

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

## Private Foundations and Charitable Trusts, 1989

of the growth of foundation assets, the assets of small foundations increased by only 4 percent for 1989, while those of the largest foundations increased by 25 percent.

While small foundations held less assets as securities, they held substantially more assets as "savings and temporary cash investments," 24 percent, compared to 11 percent for the medium-size foundations, and only 6 percent for the large foundations. As foundation size increases, foundations tend to hold less of their portfolio in savings and temporary cash investments and more as investments in securities. Also, small foundations typically hold a greater percentage of non-interest-bearing cash than large foundations, 6 percent compared to only 0.2 percent, which may indicate that many of the small foundations have less sophisticated financial management practices and a greater need for liquidity of assets. Components of assets other than those discussed above include charitable-use land, buildings and equipment used in the direct operation of a foundation's charitable activities; various receivables; and "other" assets, which includes items such as deferred income, interest-free or low-interest loans made for charitable purposes, and escrow deposits. "Other" assets collectively accounted for only 5 percent of total foundation assets.

### Investing Behavior

Generally, the larger the asset size of a foundation, the more extensively it tends to emphasize the management and growth of its endowment as a means by which to fund charitable giving, both now and in the future. Unlike other charitable nonprofit organizations, (nonoperating) foundations most often distribute grants in order to fulfill their charitable purpose. Because of the relative freedom that foundations have in the investment of their tax-exempt endowments, they are subject to a minimum charitable payout requirement. Allowing for certain exceptions, they must distribute an amount for charitable purposes each year 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 Distributions.) In order to fund charitable activity without dipping into their endowments, it is optimal for foundations to realize a rate of total return on assets (defined below) that, on average, equals at least 5 percent plus the costs of investment and the rate of inflation. This makes it possible for them to fulfill the charitable payout requirement without eroding their endowments. For many foundations, especially the larger ones, this represents a very real goal.

Different sizes of foundations tend to have different charitable and investment objectives [14]. For example,

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 (after accounting for inflation) that will allow them to meet the annual 5-percent payout requirement and hold any remainder as part of their investment portfolio. Many pay out close to 5 percent of net investment assets in the form of charitable dollars each year. The larger foundations hold a greater proportion of assets as investments in securities, including a greater proportion of higher-risk, higher growth common stock that may appreciate in value relatively rapidly [15]. They also may tend to possess the resources needed to use sophisticated investment management services. For these reasons, the larger foundations typically earn higher rates of total return on assets than do the smaller foundations.

In contrast, many of the smaller foundations tend to operate with more of a short-term focus and with the intention of distributing their contributions currently [16]. Oftentimes many of the smaller foundations act as conduits or "pass-through" organizations. In this role, those that receive contributions may distribute them as qualifying distributions in that same year or in the next. The smaller foundations, compared to the larger ones, often do not possess the resources necessary to devote to sophisticated investment and risk management and may not have the same incentives to increase and perpetuate the endowment of the foundation. They tend to hold lower risk assets that do not appreciate as rapidly, thereby resulting in lower returns compared to the larger foundations [17]. Moreover, they may intend to exist for only a short-term period in order to cope with present concerns and to meet immediate charitable needs.

Currently, enabling legislation exists to seek final approval for The Investment Fund for Foundations, a financial instrument for pooled private foundation investments. This proposed fund enjoys great support within the foundation community. It was modeled after The Common Fund for educational institutions and will operate as a section 501(c)(3) nonprofit organization. The Investment Fund for Foundations, by providing investment management services, a variety of investing options, and educational programs on investing, will have the purpose of helping foundations, particularly the smaller ones, to increase their long-run investment performance. This fund will allow foundations to pool their investment assets and

**Larger foundations typically have higher rates of return on assets than do smaller foundations.**



# Private Foundations and Charitable Trusts, 1989

**Figure G**

## Nonoperating Private Foundation Net Investment Income (NII) Yields, by Size of Fair Market Value of Total Assets, 1987-1989

Size of fair market value of total assets	Median NII yields (percentages)		
	1987	1988	1989
	(1)	(2)	(3)
<b>All nonoperating foundations.....</b>	<b>7.2</b>	<b>7.2</b>	<b>7.7</b>
<b>Small foundations</b>			
\$1 under \$100,000.....	6.4	6.6	6.8
\$100,000 under \$1,000,000.....	7.4	7.3	8.0
<b>Medium foundations</b>			
\$1,000,000 under \$10,000,000.....	8.1	7.6	8.0
\$10,000,000 under \$50,000,000.....	9.4	7.6	8.2
<b>Large foundations</b>			
\$50,000,000 under \$100,000,000.....	9.0	7.4	8.6
\$100,000,000 or more.....	8.9	7.3	8.1

NOTE: The NII yields equal net investment income divided by end-of-year fair market value of investment assets.

risk and benefit from professional investment management services. The returns on the pooled investments, which most likely will be greater than the returns currently realized by many foundations, will increase the asset values of participating foundations and ultimately help them to fund an increased level of charitable giving in both the present and the future.

### Income Yields

The "income yield" measures the realized investment income earned by a foundation against its assets. Figure G displays median net investment income yields for nonoperating foundations for the years 1987 to 1989. Only nonoperating foundations were analyzed since only they are subject to the charitable payout requirement, discussed below. Due to the nature of the data, the most appropriate way in which to calculate the net investment income yield, or the NII yield, is by dividing net investment income by the end-of-year fair market value of investment assets [18].

From 1987 to 1989 the median NII yield remained relatively constant, between 7 and 8 percent. As in the case of the rate of total return, the large foundations typically tend to earn slightly higher NII yields than the smaller foundations. For instance, for 1989, the smallest foundations earned a median NII yield of 6.8 percent, while the largest earned a median yield of 8.1 percent. The distribution of the NII yield data is positively skewed,

since the mean yields are higher than the medians for all of the foundation size groups for each of the years displayed. The smaller the size of the foundation, the greater the difference tends to be between the mean yield and the median yield. For most of the different size groups, median NII yields increased slightly from 1988 to 1989. Increases in revenues, particularly in capital gains from sales of assets, largely accounted for this increase.

### Rates of Total Return

Figure H shows median rates of total return on nonoperating foundation assets for the years 1987 to 1989 [19]. An examination of rates of return helps to show differences among the different sizes of foundations. Furthermore, a comparison with the charitable payout rates helps to further the understanding of foundations. The rate of total return is a measurement of the total capital appreciation of the endowment of a foundation. The rate of return formula used here measures the change in the value of the entire asset base with considerations for inflows and outflows of money [20]. The formula adjusts for inflation and measures the realized income from assets, investment and otherwise, as well as the unrealized appreciation or depreciation in the fair market value of assets.

After 1987, the year of the October stock market decline and unusually low rates of total return, foundations

**Figure H**

## Nonoperating Private Foundation Rates of Total Return on Assets, by Size of Fair Market Value of Total Assets, 1987-1989

Size of fair market value of total assets	Median rates of total return <sup>1</sup> (percentages)		
	1987	1988	1989
	(1)	(2)	(3)
<b>All nonoperating foundations.....</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>
<b>Small foundations</b>			
\$1 under \$1,000,000.....	n.a.	n.a.	n.a.
<b>Medium foundations</b>			
\$1,000,000 under \$10,000,000.....	1.3	6.8	7.0
\$10,000,000 under \$50,000,000.....	0.9	7.9	10.6
<b>Large foundations</b>			
\$50,000,000 under \$100,000,000.....	1.1	8.3	11.6
\$100,000,000 or more.....	1.4	9.0	12.7

<sup>1</sup> The 1987 gross domestic product (GDP) implicit price deflator was used to adjust for inflation. The rates of return may vary slightly from previously published rates (for years prior to 1989) since the 1982 gross national product (GNP) implicit price deflator was used to adjust for inflation for prior years.

n.a. - Not available; see footnote 20 at the end of this article.

## Private Foundations and Charitable Trusts, 1989

realized increases in total asset and investment values, as evidenced by the strong rates of total return. For 1987, largely due to the stock market decline that lowered the end-of-year asset values, the median foundation realized a real rate of return that fell below the desired 5 percent needed to fulfill the payout requirement without a decline in asset value. For instance, for 1987 the largest founda-

**The largest proportions of foundation grants went for education, health, human services and the arts and humanities.**

tions realized only a 1.4 percent real return. For 1988, however, median returns increased dramatically, with the largest foundations realizing a return of 9.0 percent. Foundations continued to realize increasing returns for 1989. For example, the largest foundations realized a return of 12.7 percent. The rates of return

for the other asset-size groups ranged from 7.0 percent for those foundations holding from \$1 million to less than \$10 million in assets; to 10.6 percent for those holding from \$10 million to less than \$50 million; and to 11.6 percent for those holding from \$50 million to less than \$100 million.

As the asset holdings of foundations increase, so do the total returns generally realized by foundations. Since the total return figures account for inflation, it is apparent that foundations (at least those holding \$1 million or more in assets) realized a rate of total return for 1989 that enabled them to exceed the desired 5 percent for the charitable payout requirement. Here, too, the distribution of the rate of return data is positively skewed, since the mean returns are higher than the medians for all of the foundation size groups for each of the years studied. The notable increase in total rates of return from 1988 to 1989 is not surprising given the increasing value of assets during this time period.

### **The 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 payout requirement. Therefore, all references to foundations in this section, and in the following sections, 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.

Over 20 years ago, beginning with TRA69, private

nonoperating foundations were required to meet a charitable giving or "payout requirement." 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. Not until 1969 did legislation provide guidelines for minimum foundation giving levels. The original payout requirement, which was based on the greater of (adjusted) net income or a fixed percentage of the fair market value of noncharitable-use assets, was designed to prevent potential abusive foundation activity and ensure that a minimum amount of tax-exempt income and assets was charitably distributed [21]. Later, the Economic Recovery Tax Act of 1981 (ERTA) modified the payout requirement by basing the required amount only on assets and not on income. After the implementation of this legislation, viewed as less burdensome by the foundation community, it was hoped that long-run foundation charitable distributions would increase since foundations would be afforded a greater opportunity to increase the value of their endowments and, in the process, increase their giving power. Overall, the data indicate that, since ERTA, smaller foundations, in general, do not seem to have altered their giving patterns significantly [22]. The large foundations, however, seem to have benefited from the 1981 legislation, as they realized the largest percentage increases in both assets and distributions since 1982. The following analyses examine the framework of the payout requirement and explore the payout trends of the entire nonoperating foundation population.

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 (called 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) [23].

### **Qualifying Distributions**

To fulfill the charitable payout requirement, foundations can apply "qualifying distributions" from the current operating year, as well as any carryovers of qualifying distributions (amounts paid in excess of the minimum required amount) from the 5 previous years [24]. Nonoperating foundations disbursed a total of \$8.0 billion

## Private Foundations and Charitable Trusts, 1989

in contributions and grants for 1989. These contributions and grants comprised 91 percent of qualifying distributions. According to the Foundation Center's *Foundation Giving*, the largest proportions of total foundation grants (in dollar amounts) went to the areas of education, health, human services, and the arts and humanities [25]. In addition, foundations either disbursed or "set aside" (for future distribution) \$0.8 billion in support of charitable activities. The money in support of charitable activities that foundations could treat as qualifying distributions included the following: operating and administrative expenses (e.g., amounts paid to operate a museum or nursing home); amounts paid to acquire charitable-use assets (e.g., equipment, supplies or buildings); set-asides; and program-related investments (e.g., loans made to public charities at below market or zero rates of interest.)

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, active involvement in charitable activities and operations. For 1989, grants distributed by operating foundations comprised only 8 percent of their total qualifying distributions. Operating foundations are not subject to the same minimum payout requirement, but they must still expend a minimum amount each year on direct charitable support, usually by actively conducting charitable programs. These expenditures count as "qualifying distributions" in meeting the operating foundation requirements. Although operating and nonoperating foundations typically operate in accordance with their respective distribution requirements, some nonoperating foundations are actively involved in charitable programs, and some operating foundations make grants.

Of the approximate 36,000 nonoperating foundations, 94 percent were required to make a distribution for 1989. Collectively, these foundations paid out \$8.8 billion in qualifying distributions against a payout requirement (or distributable amount) of \$6.0 billion. The largest foundations paid out \$3.5 billion in qualifying distributions against a payout requirement of \$3.3 billion. The small foundations distributed a larger amount in excess of the payout requirement when compared to the other size groups: \$1.0 billion against a required distributable amount of less than \$0.3 billion. Typically, the smaller foundations tend to distribute much more than the larger foundations in relation to their required amount. For 1989, approximately 38 percent of the small foundations, but only 5 percent of the largest foundations, distributed twice the required amount. Moreover, 17 percent of the small foundations distributed ten times the required amount.

Nearly four-fifths of foundations having a payout requirement either met or exceeded the required amount for 1989 in that same year. The organizations that did not, had until the end of their 1990 reporting year to satisfy the requirement. (After applying current-year qualifying distributions and any carryovers from previous years, the amount by which foundations fell short of meeting the requirement is called "undistributed income.") While less than 20 percent of the smallest foundations did not meet the 1989 requirement during 1989, thereby amassing "undistributed income," over 50 percent of the largest foundations chose to wait until the 1990 Reporting Year to distribute their required amount for 1989. Given that the annual payout amount is not calculated until the end of an organization's reporting period and that it is based on the current period's monthly average of investment assets, many foundations typically 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.

### Payout Rates

Figure I shows median foundation payout rates for 1987 to 1989. To calculate the payout rate, the amount of

Figure I

### Nonoperating Private Foundation Payout Rates, by Size of Fair Market Value of Total Assets, 1987-1989

Size of fair market value of total assets	Median payout rates (percentages)		
	1987 (1)	1988 (2)	1989 (3)
All nonoperating foundations.....	7.0	7.2	7.1
<b>Small foundations</b>			
\$1 under \$100,000.....	9.6	10.7	10.9
\$100,000 under \$1,000,000.....	6.7	6.6	6.8
<b>Medium foundations</b>			
\$1,000,000 under \$10,000,000.....	5.7	5.9	5.8
\$10,000,000 under \$50,000,000.....	5.4	5.5	5.4
<b>Large foundations</b>			
\$50,000,000 under \$100,000,000.....	5.2	5.3	5.4
\$100,000,000 or more.....	5.0	5.3	5.0

NOTE: Payout rates equal adjusted qualifying distributions divided by the monthly average of net investment (noncharitable-use) assets.

## Private Foundations and Charitable Trusts, 1989

(adjusted) qualifying distributions was divided by the amount of the monthly average of net investment (or noncharitable-use) assets [26]. From 1987 to 1989, the median payout rate for all nonoperating foundations remained relatively constant. The median foundation during these 3 years distributed charitable dollars that equaled approximately 7 percent of investment assets. For 1989, as with other years, the smallest foundations paid out charitable dollars at the highest rate, 10.9 percent, compared to 5.0 percent for the largest foundations. The mean payout rates for foundations of all sizes were higher compared to the median rates. In terms of the growth of qualifying distributions for the different size groups, the small foundations increased their qualifying charitable distributions by 9 percent over 1988; the largest foundations, by 13 percent.

Payout rates for the large foundations were very close to the required rate of 5 percent, in contrast to those of the smaller foundations, which were much higher than the required rate. This is not unexpected due to differences in the grantmaking and investing strategies of the different sizes of foundations. Small organizations seem to focus more on distributing charitable dollars currently, rather than on long-term endowment growth. The larger foundations, generally, may reinvest a greater portion of their return on investments, possibly in order to ensure endowment growth for future charitable giving. A further discussion of the different investing goals and distribution patterns of large and small foundations appears in Investing Behavior and Asset Growth, Distribution Goals and Decision-making.

### Asset Growth, Distribution Goals and Decision-making

During the early-to-mid-1980's, foundations benefited from favorable stock market conditions that, coupled with low inflation, allowed many of them to realize rates of return and income yields high enough to easily meet the 5-percent charitable payout requirement. This favorable environment, especially from 1982 to 1986, enabled many foundations to increase their charitable grants and distributions and at the same time expand the size of their endowments. As foundation assets increased, so did the required distributable amounts, thereby leading to increased grants paid out by many foundations. For 1982 through 1986, the large- and medium-size foundations realized asset growth at a rate that exceeded the increases in their qualifying (charitable) distributions. The smallest foundations, on the other hand, paid out charitable distributions at a faster rate than the rate of growth in their total assets during these years. From 1986 to 1989, the

small foundations did not increase the real value of their charitable distributions. The largest foundations, in contrast, actually increased the real value of qualifying charitable distributions by 28 percent during these years. The payout rates of these foundations are typically much lower than those of the smaller foundations, but the rates of increase in the amount of grants that they distributed remained relatively constant. These patterns may indicate that large foundations better adapt to fluctuating investment returns by maintaining consistent levels of giving and by concentrating on long-run asset growth.

Despite the slower rate of asset growth for 1987 and significant declines in revenue for 1987 and 1988, charitable distributions by the largest foundations increased much more than any other size group from 1986 to 1989. The 28-percent real increase in distributions was largely supported by a 34-percent rise in the value of total assets. Conversely, the small foundations, from 1986 to 1989, actually realized no real increase in the value of charitable distributions and only a 6-percent rise in the value of their assets. During these years all of the foundation size groups showed aggregate declines in real revenue. It seems that the decreases in revenue may have influenced the grantmaking behavior of the small foundations much more than that of the large foundations. Figure J displays constant dollar changes in charitable distributions, total assets and total revenues for 1986 to 1989 for the different sizes of foundations.

During the 1980's, the significant asset growth of the largest foundations allowed them to increase distributions through 1989 at a rate faster than any other size group.

Figure J

### Nonoperating Private Foundations: Increases in Charitable Distributions, Assets and Revenues, by Size of Fair Market Value of Total Assets, 1986-1989

Size of fair market value of total assets	Percentage increase, 1986-1989 <sup>1</sup>		
	Charitable distributions	Total assets	Total revenue
	(1)	(2)	(3)
All nonoperating foundations.....	30.0	22.3	-11.1
\$1 under \$1,000,000.....	0.0	5.9	-23.0
\$1,000,000 under \$50,000,000.....	14.8	10.2	-10.6
\$50,000,000 or more.....	28.4	33.7	-10.0

<sup>1</sup> Percentage increases are calculated using constant dollars; the 1987 Gross Domestic Product (GDP) implicit price deflator was used to adjust for inflation.

NOTE: Charitable distributions represent "qualifying distributions" and total assets represent "fair market value of total assets," both from Form 990-PF.

## Private Foundations and Charitable Trusts, 1989

These foundations typically make qualifying distributions at a rate very near the 5-percent requirement. During the entire 1982 to 1989 period, the endowments of the larger foundations increased significantly, thereby leading to higher required payout amounts, and, as a result, increased distributions. A growing endowment will help to fund charitable giving at the same or at an increased value in the future. The assets of the largest foundations grew faster than the growth in the number of these foundations from 1982 to 1989. In contrast, during the same period, the number of small foundations actually grew faster than the amount of total assets that they, as a group, held. Smaller foundations typically realize lower income yields and lower returns, but tend to pay out a larger percentage of their assets compared to the larger foundations. However, the greater increases in charitable distributions by the larger foundations underscore the importance of good investment management and a growing asset base as a means by which to fund charitable giving, both currently and in the future.

Recent foundation research (aside from Statistics of Income), through the use of multiple-regression analyses, has attempted to examine the effects of various factors on charitable giving and the payout rate. Total returns and income yields, contributions received and previous year payout rates, along with many other factors, may impact the charitable payout practices of foundations. Questions arise as to how patterns differ with the different types and sizes of foundations. Such issues will not be examined within the scope of this article, but are important questions to be examined within the area of the nonprofit sector, which includes private foundations.

### Section 4947(a)(1) Charitable Trusts

Charitable trusts are defined in Code section 4947(a)(1) as organizations which have exclusively charitable interests and which can receive tax-deductible charitable contributions. 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. Like foundations, they are required to file a Form 990-PF. Unlike foundations, charitable trusts are not exempt from Federal income tax and must pay an annual tax on income (usually from investments) that is not distributed for charitable purposes. Trusts must report such income and tax on Form 1041, *U.S. Fiduciary Income Tax Return*. Other section 4947(a)(1) charitable trusts file Form 990. The latter are organizations which typically operate in connection with, and provide support to, one or more public charities. Split-interest trusts, which have both charitable and non-charitable beneficia-

ries, file Form 5227. The 4947(a)(1) charitable trusts may operate somewhat differently from foundations. Unlike foundations, most of these trusts were originally formed as 4947(a)(2) split-interest trusts that at one time had one or more noncharitable beneficiaries.

Over 2,600 section 4947(a)(1) trusts filed Form 990-PF for 1989. Of the total, over 98 percent were considered nonoperating trusts. The remainder were classified as operating trusts. Over 2,400 trusts, or 93 percent, made charitable grants for 1989. One-fifth of the trusts, those holding \$1 million or more in assets, held over four-fifths of the total assets. However, the trusts, on average, are much smaller than foundations. Furthermore, there exists much less variation in terms of asset size within the trust population. For 1989, there were only 38 trusts holding \$10 million or more in assets, or slightly more than 1 percent of the trust population. For 1989, trusts held approximately \$2.9 billion in total assets and realized \$404.6 million in total revenues, representing slightly less than 2 percent of the totals reported by Form 990-PF filers in terms of both assets and revenues. They also distributed a total of \$143.7 million in contributions and grants for 1989 and paid out charitable dollars at a slightly lower rate than private foundations. On a book value basis, total assets increased by approximately half the rate of increase of private foundation assets from 1979 to 1989. Part of this difference results from the fact that more foundations, compared to trusts, have formed since 1979.

### Sources of Charitable Trust Revenue and Assets

Compared to foundations, the amount of contributions received by the 4947(a)(1) trusts was much less significant as a source of revenue.

Instead, trusts relied much more on investment income sources, such as dividends and net gains from sales of assets. Only 13 percent of the trusts actually received contributions for 1989. Figure K shows the sources of charitable trust revenue for 1989. Trusts reported over 70 percent of revenue as investment income, including net gains from sales

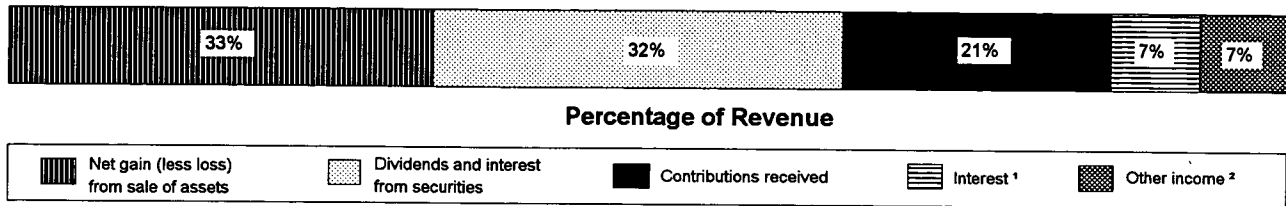
of assets, dividends and interest from securities, and interest on savings and temporary cash investments. Only 21 percent of revenue came from contributions. In terms of revenue sources, less disparity existed between the different sizes of trusts than existed between the different

**Over 98 percent of the charitable trusts were "nonoperating" trusts; 93 percent of the total made grants for 1989.**

# Private Foundations and Charitable Trusts, 1989

**Figure K**

## Sources of Charitable Trust Revenue, 1989



<sup>1</sup> Represents "Interest on savings and temporary cash investments," as reported on Form 990-PF.

<sup>2</sup> Includes, for example, gross rents, gross sales minus returns and allowances, imputed interest on deferred payments, and program-related investment income.

sizes of foundations. Generally, the trusts behaved most like the large foundations.

The composition of assets for charitable trusts was similar to the composition held by the medium- and large-size foundations. Of the \$2.9 billion in total assets for 1989, about \$2.2 billion, or 77 percent, was held in the form of investments in securities. The remainder was primarily held as savings and temporary cash investments, 8 percent; and "other" investments (including, for instance, land, buildings and equipment; and mortgage loans), 8 percent. Figure L depicts the composition of total charitable trust assets for 1989. Unlike foundations, there was little difference among the different size groups.

### Charitable Trust Income Yields

As in the case of foundations, the median net investment income (NII) yields were calculated only for nonoperating trusts. Figure M displays the median NII yields for

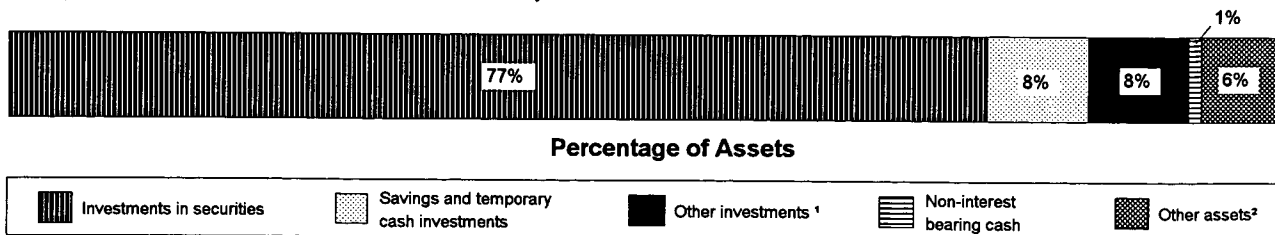
charitable trusts for 1989. The NII yields differed little among the different size groups. Trusts realized a somewhat higher proportion or yield of income on their investments than did foundations, 8.9 percent compared to 7.7 percent. The small trusts, in particular those holding less than \$1 million in assets, performed notably better than foundations of the same size. Rates of total return on assets are currently unavailable for trusts since data are not available for the 2 consecutive years needed to perform the necessary calculations. However, when the 1990 statistics are available, this will become possible.

### Charitable Trust Distributions and Payout Rates

As already stated, the 4947(a)(1) trusts disbursed a total of \$143.7 million in contributions, gifts and grants for 1989. These contributions and grants comprised 92 percent of qualifying distributions. The nonoperating

**Figure L**

## Composition of Charitable Trust Assets, 1989



<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. Includes items such as advances; certificates of investment; miscellaneous loan income; and investments in art, coins, gold, gems and paintings.

<sup>2</sup> Includes items such as deferred income, interest-free or low-interest loans made for charitable purposes, and escrow deposits.

**Figure M**

**Nonoperating Charitable Trust Net Investment Income (NII) Yields, by Size of Fair Market Value of Total Assets, 1989**

Size of fair market value of total assets	Median NII yields (percentages)
<b>All nonoperating trusts.....</b>	<b>8.9</b>
<b>Small trusts</b>	
\$1 under \$100,000.....	8.5
\$100,000 under \$1,000,000.....	9.3
<b>Medium and large trusts</b>	
\$1,000,000 under \$10,000,000.....	8.2
\$10,000,000 or more.....	8.2

NOTE: The NII yields equal net investment income divided by end-of-year fair market value of investment assets.

trusts, which comprised the vast majority of the trust population, distributed \$142.4 million of the total amount of contributions and grants. For 1989, nonoperating trusts paid out \$153.1 million in qualifying distributions against a required distributable amount of \$121.4 million. Of all of the trusts, 93 percent made grants for 1989. As in the case of foundations, the discussion of the distribution requirement and payout rates excludes operating trusts since they are not subject to the same payout requirements as nonoperating trusts.

The large trusts, those holding \$10 million or more in assets, paid out qualifying distributions that exceeded the required payout amount by 27 percent. Conversely, the small trusts, those holding less than \$1 million in assets, paid out 56 percent more qualifying distributions than was required. The medium-size trusts, those holding from \$1 million to less than \$10 million in assets, distributed only 8 percent more than required. Like the small foundations, nearly four-fifths of the trusts having a payout requirement met or exceeded the required amount for 1989 in that same year. The remaining one-fifth did not meet the 1989 requirement during that year, thereby amassing "undistributed income." Unlike foundations, no great disparity existed among the different size groups of trusts in terms of undistributed income.

Figure N presents median payout rates for charitable trusts for 1989. The median payout rate for all trusts equaled 5.9 percent of assets for 1989, compared to 7.1 percent for foundations. Like foundations, the mean payout rates were notably higher compared to the median rates. Unlike foundations, the trust payout rates across size categories were similar. The smallest trusts, those holding less than \$100,000 in assets, had lower payout

rates than foundations of the same size, 6.4 percent compared to 10.9 percent. In terms of the different asset-size categories, this represented the most meaningful difference in payout rates between foundations and trusts.

Less of a difference in NII yields and payout rates across asset size groups existed for trusts than for foundations. Due to their relatively large holdings of investments in securities and their greater reliance on investment income, it seems that small trusts may manage their assets in a manner more similar to their larger counterparts than to foundations of the same size. Trusts earned slightly higher NII yields and paid out charitable dollars at slightly lower rates than foundations. Data for 1990 on charitable trusts will no doubt provide additional insight into their behavior and about the relative growth of their assets, revenues and charitable distributions.

**Figure N**

**Nonoperating Charitable Trust Payout Rates, by Size of Fair Market Value of Total Assets, 1989**

Size of fair market value of total assets	Median payout rates (percentages)
<b>All nonoperating trusts.....</b>	<b>5.9</b>
<b>Small trusts</b>	
\$1 under \$100,000.....	6.4
\$100,000 under \$1,000,000.....	5.9
<b>Medium and large trusts</b>	
\$1,000,000 under \$10,000,000.....	5.5
\$10,000,000 or more.....	5.8

NOTE: Payout rates equal adjusted qualifying distributions divided by the monthly average of net investment (noncharitable-use) assets.

**Summary**

**Private Foundations**

For 1989, private foundations rebounded from revenue losses during the 2 previous years by realizing total revenues that increased by 22 percent over 1988, to \$19.9 billion. The three largest revenue components, contributions received, net gains from sales of assets, and dividends and interest from securities, all increased notably over 1988, largely explaining the growth in total revenues. Contributions received, net gains and dividends, increased by 32 percent, 30 percent and 19 percent, respectively. As an indication of this growth, net investment income (NII) yields increased somewhat for 1989. The total median NII yield increased from 7.2 percent for 1988 to 7.7 percent for 1989, with larger foundations

## Private Foundations and Charitable Trusts, 1989

earning higher yields than smaller foundations. Trends continue to show that as the size of a foundation increases, the proportion of revenue from contributions declines, while the proportion from investment income rises.

Supported by a strong, bullish stock market for 1989, foundation assets increased along with revenues. End-of-year total assets increased by the highest annual rate of the decade, 18 percent, to \$151.7 billion. The growth of investments in securities, 22 percent, explains much of the increase. Investments in securities represented 80 percent of total assets. As is typical, the largest foundations, those holding \$100 million or more in fair market value of total assets, held the largest proportion of assets as investments in securities. This group also realized the greatest increases in total assets for 1989. As an indication of the strong year, foundations realized increased rates of total return on assets compared to 1988. For instance, the largest foundations realized a median rate of total return that increased from 9.0 percent for 1988 to 12.7 percent for 1989.

While foundation revenues and assets increased notably for 1989, grant payments continued to grow at a relatively constant rate, 10 percent. The amount of contributions, gifts and grants distributed by foundations for 1989 equaled \$8.1 billion. Despite fluctuations in both assets and revenues over the 1986 to 1989 time period, foundations maintained relatively consistent giving patterns and relatively consistent charitable payout rates. For 1989, nonoperating foundations reported \$8.8 billion in qualifying charitable distributions against a required payout amount of \$6.0 billion. More foundations continued to claim the 1-percent excise tax reduction, 35 percent more than for 1988, indicating that many foundations increased the rate at which they distributed charitable dollars.

The changes in revenue, asset and charitable distribution patterns for 1989 help to further confirm the variation that exists in the investment and distribution behavior of the various sizes of foundations. From 1986 to 1989, the small foundations realized no increase in the real value of their charitable distributions and showed only a very modest 6-percent rise in the value of their assets. The largest foundations, in contrast, which typically rely more heavily on the appreciation of their endowments in order to fund charitable distributions, increased their charitable distributions over the entire 1986 to 1989 period by more than any other size group. Their 28-percent real increase in distributions was largely supported by a 34-percent rise in total assets. As foundations increase in size, the rate of growth in assets and distributions tends to increase as well. During the 1986 to 1989 time period, the revenues

of all the different size groups declined. Despite the declining revenues, the largest foundations successfully distributed charitable dollars at relatively consistent rates of growth, largely because they tend to rely heavily on the growth of their endowments. A growing endowment helps to fund giving at an increased rate in the future. Small foundations, in contrast, tend to rely less on the appreciation of their endowments, and more on revenue (including contributions received and investment income) as a means to fund charitable giving.

### **Section 4947(a)(1) Charitable Trusts**

Reporting Year 1989 represented the first year since 1979 that Statistics of Income collected data on the section 4947(a)(1) charitable trusts that are treated as private foundations. These organizations are subject to the same requirements as foundations and operate in a relatively similar manner. For 1989, over 2,600 of these trusts filed Form 990-PF. These trusts represented only 6 percent of all Form 990-PF filers. For 1989, the 4947(a)(1) charitable trusts, as a group, held \$2.9 billion in total assets, realized \$404.6 million in total revenues, and distributed \$143.7 million in charitable contributions, gifts and grants.

Much less disparity existed among the different size groups of trusts, compared to foundations, in terms of the manner in which they operated. Trusts received proportionately less contributions and relied much more on investment income, such as dividends and net gains from sales of assets. Like foundations, trusts held the majority of their assets, 77 percent, as investments in securities. While trusts actually realized slightly higher net investment income (NII) yields than foundations, they distributed charitable dollars at a somewhat lower rate.

### **Data Sources and Limitations**

The statistics in this article are based on a sample of reporting year 1989 Forms 990-PF that were filed with the IRS. IRS required organizations having accounting periods beginning in 1989 (and therefore ending, in general, in December 1989 through November 1990) to file a 1989 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. Slightly more than 60 percent of the foundations in the sample had accounting periods covering Calendar Year 1989 or, in some cases, part-year periods that ended in December 1989. For charitable trusts, approximately 52 percent filed calendar year returns. The 11 noncalendar-year accounting periods, when grouped together, included a period of time that ranged from February of 1989 to



## Private Foundations and Charitable Trusts, 1989

November of 1990 (and may also have included some part-year periods). While the majority of the 1989 data are for Calendar Year 1989, approximately 40 percent of the data (for foundations) and 48 percent (for charitable trusts) were reported for periods that go beyond the end of Calendar Year 1989. In total, however, most of the financial activity is associated with Calendar Year 1989.

The 1989 sample was stratified based on both the size of book value of total assets and the type of organization [27]. The type of organization was separated into private foundations and 4947(a)(1) charitable trusts. The foundations were selected at rates that ranged from 5.3 percent (for the more numerous but very small asset-size returns) to 100 percent (for the relatively few returns with large amounts of assets). The charitable trusts were selected at rates that ranged from 29 to 100 percent. The 5,559 returns in the 1989 sample (4,204 originally selected as foundations and 1,355 selected as trusts) were drawn from an estimated population of 38,773 foundations and 2,634 trusts.

The 1989 study was designed to provide reliable estimates of total assets and total revenue based on a sample of returns. To accomplish this, 100 percent of foundation returns with assets (book value) of \$10 million or more and 100 percent of charitable trust returns with assets of \$1 million or more were included in the sample, since these were the returns that, dollar-wise, accounted for the majority of activity. The remaining foundation population was randomly selected for the sample at various rates depending on asset size: 5.3 percent for returns with assets less than \$100,000; 6.1 percent for returns with assets of \$100,000 to less than \$1 million; and 15.3 percent for returns with assets of \$1 million to less than \$10 million. Likewise, the remaining trust population was randomly selected at the following rates: 29.4 percent for returns with assets less than \$100,000; and 45.5 percent for returns with assets of \$100,000 to less than \$1 million. Efforts were made to verify that organizations selected as trusts were, in fact, trusts; and vice versa. The relatively small number of foundations that were selected for the sample as trusts were ultimately re-classified as foundations. Adjustments to the final weights were made to account for these re-classifications. These same methods were used for the trusts that were sampled as foundations. For foundations, 31 percent of the sample returns showed \$10 million or more in assets and accounted for 80 percent of the estimated (book value of) total assets. For the 4947(a)(1) charitable trusts, 36 percent of the sample returns showed \$1 million or more in assets and accounted for 82 percent of the estimated (book value of) total assets.

The population from which the 1989 sample was drawn consisted of Form 990-PF records posted to the IRS Business Master File during 1989 and 1990. 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 large foundations for which the return for the 1989 Reporting Year was not yet filed or was otherwise unavailable for inclusion in the study, data were estimated using other returns having similar characteristics. For the unavailable trust returns, which were relatively 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. 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 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 the 4947(a)(1) charitable trusts for 1989. Unless otherwise indicated, all references to foundations also apply to the 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, although long-term capital losses could be reported as "other expenses." The adjusted net income amount was used to determine whether an organization qualified as an operating foundation. 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 which had disposed of all assets; and (2) returns of foundations not reporting end-of-year assets that had apparently distributed (or disposed of) all assets and income received during the year. A dissolving foundation usually passes its assets to another private foundation or to another nonprofit organization.

## Private Foundations and Charitable Trusts, 1989

**Capital Gain Net Income.**—This was the amount of net gains from sales or disposition of property used for investment purposes (property used for exempt 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 to compute “net investment income” (on which an excise tax generally had to be paid).

**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) which has exclusively charitable interests; and (3) which can receive tax-deductible charitable contributions from donors. Nonexempt charitable trusts that are not publicly supported are subject to the excise tax provisions of private foundations and are required to file a Form 990-PF. (Publicly supported nonexempt charitable trusts are required to file Form 990. 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*.)

**Disbursements for Charitable Purposes.**—These deductions comprised the largest component of qualifying distributions and were represented by 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 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 which was 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 (voting power, profits interest or beneficial interest) in an organization which was a substantial contributor to the foundation; (4) a member of the family of any individual described above (including spouse; ancestors; children; grandchildren; great-grandchildren; and spouses of children, grandchildren and great-grandchildren; but not brothers or sisters); (5) organizations in which persons described above held more than a 35-percent interest; (6) another private foundation, for purposes of the tax on excess business holdings, which

was effectively controlled by a person or persons in control of the foundation in question; and (7) a government official, for purposes of the tax on “self-dealing.”

**Distributable (Payout) Amount.**—This was the minimum payout amount which 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 (see net adjustments to distributable amount below). This item was reported on Form 990-PF, Part X, line 7.

**Excess Distributions Carryover.**—This was the amount distributed, after fulfilling the charitable payout requirement, that equaled the excess of qualifying distributions over the distributable amount. Amounts from the current year could be carried forward to be applied to the distributable amount, if necessary, for the 5 following years. This item was reported on Form 990-PF, Part XIV, line 9.

**Excess Grant Administrative Expenses.**—This was the amount of grantmaking administrative expenses, incurred by a foundation in the charitable grantmaking process, that exceeded the amount which could be applied to either the charitable payout requirement (imposed on nonoperating foundations) or the income test (imposed on operating foundations). The Deficit Reduction Act of 1984 required that only the portion of grant administrative expenses incurred by a foundation that did not exceed 0.65 percent of a 3-year average of net investment assets could be treated as qualifying distributions. Grant administrative expenses in excess of the 0.65 percent calculation could not be treated as qualifying distributions. This temporary limitation on grantmaking expenses expired on December 31, 1990. Beginning with the 1991 Reporting Year, foundations were no longer subject to this requirement. This item was reported on Form 990-PF, Part XIII, line 5.

**Inventories.**—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.**—The book value or fair market value (less accumulated depreciation) 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

## Private Foundations and Charitable Trusts, 1989

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.**—The book value or fair market value (less accumulated depreciation) 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 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.” This item was reported on Form 990-PF, Part IX, 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 which is not exempt from tax; not all of whose interests are devoted to charitable, religious, educational and like purposes; but which has amounts in trust for which a charitable contribution deduction was allowed.) 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 as part 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 the accumulation, since State Courts would not allow the organization to change its governing instrument. These items were reported on Form 990-PF, Part X, lines 4a, 4b, and 6.

**Net Gain (or Loss) from Sales of Assets.**—Included was profit or loss 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 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 not used directly in carrying out the foundation’s exempt purpose if it was not used in carrying out a charitable, educational or other similar function which gave rise to the exempt status of the foundation. Examples include the fair market value of securities and rental property owned by the foundation for investment purposes. This item was reported on Form 990-PF, Part IX, line 5.

**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, rents, payments with respect to securities loans and royalties. Excluded were tax-exempt interest on governmental 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).

**Net Short-term Capital Gain.**—This was the amount of net gains from sale or disposition of property (used for either investment or charitable purposes) that was held not more than 12 months. Short-term capital losses from the sale or disposition of property could be subtracted from short-term capital gains only to the extent of such gains. Net short-term capital gain, which only operating foundations were required to compute, was used to calculate “adjusted net income.”

**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 that were directly engaged in charitable activities, in contrast to those (operating foundations) engaged in charitable activities themselves. However, some nonoperating foundations were actively involved in charitable programs, in addition to making grants. Nonoperating foundations were subject to a penalty 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 were excepted from the income distribution requirement and related penalty taxes that were applicable to

## Private Foundations and Charitable Trusts, 1989

nonoperating foundations. To qualify as an operating foundation for a particular taxable year, 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.)

In addition to satisfying the aforementioned "income test," operating foundations must also satisfy one of three other tests termed the "assets test," the "endowment test," and the "support test." Generally, the assets test was met if 65 percent or more of the foundation's assets were used directly 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 substantially all of its support (other than from gross investment income) was normally received 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.

Distributions made by a private nonoperating foundation to an operating foundation qualified toward meeting the nonoperating foundation's distribution requirement. (Distributions made by one nonoperating foundation to another were subject to a number of conditions and restrictions requiring a "pass-through" of the distribution, whereby the donor foundation received credit for a qualifying distribution but the donee foundation did not.) Additionally, contributions to operating foundations were deductible on individuals' income tax returns, up to 50 percent of their "adjusted gross income" (as opposed to 30 percent for contributions to nonoperating foundations).

*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, deferred income, dividends receivable, escrow deposits, income tax refunds, interest discounts, interest-free loans, overdraft protection and program-related investments. The second category included amounts reported by the return filer as negative liabilities. This item was 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; investments in art, coins, gold, gems and paintings; miscellaneous loan income; and patronage dividends. This item was 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.*—This type of organization is defined in the Internal Revenue Code as a nonprofit corporation, association or trust with a narrow source of funds which operated or supported educational, scientific, religious and other charitable programs dedicated to improving the general welfare of society. A private foundation is an organization which qualifies for tax-exempt status under Code section 501(c)(3) and is *not* a church, school, hospital or medical research organization; an organization with broad public support in the form of contributions or income from tax-exempt activities; an organization operated by, or in connection with, any of the above described organizations; or an organization which conducts tests for public safety. The primary difference between a private foundation and a public charity lies in the sources of each type of organization's funding. A foundation usually receives its funds from an individual, a family or a corporation, while, as the name implies, a public charity receives its funds primarily from a large number of sources within the general public.

*Qualifying Distributions.*—Included were 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 obligation to pay out its "distributable amount." This item was reported on Form 990-PF, Part XIII, line 6.

*Total Assets.*—This was the sum of all assets reported in the foundation's end-of-year balance sheet, shown at both book value and fair market value. This item was 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. This item was 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 and dividends from securities, savings, and temporary cash investments; net gain (less loss) from sales of assets (mostly investment assets, but also charitable-use assets); gross rents and royalties; gross profit (less loss) from business activities; and other, miscellaneous income. Total revenue was reported as shown on the books and records of the foundation and was based on either the cash receipts or the accrual method of accounting. This item was reported on Form 990-PF, Part I, line 12, column (a).

**Undistributed Income.**—This 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. Sanctions were imposed in the form of penalty 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 XIV, line 6f, column (d).

### Notes and References

- [1] The Explanation of Selected Terms toward the end of this article defines total assets, total revenues and other selected items reported on the IRS Form 990-PF.
- [2] Unless otherwise indicated, dollar amounts and percentages are not adjusted for inflation. Inflation-adjusted real values were calculated using the implicit price deflators for the gross domestic product from the Department of Commerce, Bureau of Economic Analysis, contained in the Council of Economic Advisors, *Economic Report of the President*, February 1992, Table C-3. Also, all references to assets are stated at fair market value unless book value is specifically noted.
- [3] These data represent those section 4947(a)(1) charitable trusts that file the Form 990-PF, *Return of Private Foundation*. The 1989 study year represents the first time since 1979 that Statistics of Income has collected data on these charitable trusts. The trusts are treated separately from the private foundations in both the statistical and descriptive analyses.
- [4] The “small” size group, described as those foundations holding less than \$1 million in fair market value of total assets, excludes foundations that either held no assets or that did not report assets on the balance sheet of the Form 990-PF. This distinction is used throughout the article.

- [5] The data presented in this article are from the Forms 990-PF, filed for Reporting Year 1989, by organizations which had accounting periods *beginning* in 1989. Therefore, the statistics for Reporting Year 1989 generally include organizations with accounting periods that ended sometime during the period December 1989 to November 1990. For a more detailed analysis, see the section, Data Sources and Limitations.
- [6] U.S. Department of the Treasury, Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, 1991. Copies are available exclusively from the Statistics of Income Division, Internal Revenue Service, Washington, DC.
- [7] Results of private foundation studies for 1982, 1983, 1985, 1986-1987 and 1988 have 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); and Winter 1991-1992, Volume 11, Number 3 (1988 data).
- [8] For an in-depth discussion of organizations other than private foundations, which are tax-exempt under Internal Revenue Code section 501(c)(3), see Hilgert, Cecelia and Arnsberger, Paul, “Charities and Other Tax-Exempt Organizations, 1988,” *Statistics of Income Bulletin*, Summer 1992, Volume 12, Number 1.
- [9] For purposes of the analyses, “charitable trust” refers only to the section 4947(a)(1) nonexempt charitable trusts that file Form 990-PF, while “private foundation” refers to the section 501(c)(3) (exempt) private foundations.
- [10] Programs termed “charitable” refer to tax-exempt activities which are charitable, educational, scientific, literary or religious in nature.
- [11] Some of the foundations classified as “nonoperating” for 1989 were “failed public charities,” organizations that were originally classified as public charities (Form 990 filers) but which could no longer qualify for that favored status because they failed to maintain the required minimum of support from public sources. Most often, the re-classified nonoperating foundations continued to operate like public charities, conducting programs or providing

## Private Foundations and Charitable Trusts, 1989

direct services, as opposed to making grants to accomplish a charitable purpose. Many of these organizations may have qualified as operating foundations, but did not request such status from the Internal Revenue Service.

- [12] Renz, Loren and Lawrence, Steven, *Foundation Giving: Yearbook of Facts and Figures on Private, Corporate and Community Foundations*, 1992 edition, The Foundation Center, p. 6.
- [13] Investment assets include savings and temporary cash investments; securities (such as corporate stock, corporate bonds, Government bonds, and Treasury bills); land, buildings and equipment; mortgage loans; and "other" investments.
- [14] For more detailed information on the investing and distributing behavior of foundations (excluding section 4947(a)(1) charitable trusts), see: Lester M. Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, The Council on Foundations, 1989.
- [15] Salamon and Voytek, *Ibid.*
- [16] Salamon and Voytek, *Ibid.*
- [17] Salamon and Voytek, *Ibid.*
- [18] Investment assets include savings and temporary cash investments; securities (such as corporate stock, corporate bonds, Government bonds, and Treasury bills); land, buildings and equipment; mortgage loans; and "other" investments. 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 figure used in this calculation was obtained from column (b) of the income statement, found in Part I of the Form 990-PF. The components of investment income discussed in the previous section represent components of gross income found in column (a) of the income statement.
- [19] The rates of return for 1988 are slightly different from those found in "Private Foundations, 1988," *Statistics of Income Bulletin*, Winter 1991-1992, Volume 11, Number 3. This difference is due to adjusting for inflation using the new base year of the gross domestic product implicit price deflator. (The base year changed from 1982 to 1987.)
- [20] The rate of total return formula is the same as that developed and used by Salamon and Voytek in their

studies on foundation assets. See: Salamon and Voytek, *Ibid.*, p. 32. The formula is as follows:

$$\begin{aligned} \text{Rate of Total Return} = & \\ & [(\text{Ending Fair Market Value of Assets} \\ & - \text{Beginning Fair Market Value of Assets}) \\ & - (\text{Contributions Received by the Foundation}) \\ & + (\text{Grants Paid by the Foundation} \\ & \quad + \text{Operating and Administrative Expenses} \\ & \quad + \text{Excise Tax Paid on Net Investment Income})] \end{aligned}$$

### DIVIDED BY

$$\begin{aligned} & [\text{Beginning Fair Market Value of Assets} \\ & + (\text{Contributions Received} / 2)] \end{aligned}$$

To calculate the rate of total return shown in Figure H, private foundation information returns from data samples for consecutive years were matched in order to analyze both the beginning- and end-of-year fair market value data. The returns in the samples were matched by the employer identification number.

Due to the lower sampling rates used for the smaller foundations, the rate at which returns were matched for consecutive years was not high enough to ensure a proper level of statistical confidence. Therefore, the rate of return was only calculated for the medium and large foundations, those holding \$1 million or more in assets.

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 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 total 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.

- [21] For a more detailed discussion, refer to Meckstroth, Alicia, "Private Foundations as Investors and Distributors of Tax-Exempt Charitable Dollars, 1974-1987," U.S. Department of Treasury, Internal Revenue Service, *Statistics of Income, Compendium of Studies of Tax-Exempt Organizations, 1974-1987*, 1991. (Copies are available exclusively from the Statistics of Income Division, Internal Revenue Service, Washington, DC); and Meckstroth, Alicia and Riley, Margaret, "Private Foundation Returns,

## Private Foundations and Charitable Trusts, 1989

1986-1987," *Statistics of Income Bulletin*, Spring 1991, Volume 10, Number 4, pp. 23-50.

[22] *Ibid.*

[23] For valuing net investment (noncharitable-use) assets for the purpose of computing the minimum investment return, reductions for "blockage" or other marketability discounts are permitted. These discounts (limited to 10 percent in the case of securities, but statutorily unlimited in other cases, such as land holdings) can 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 is a foundation that owns 15 percent of the stock of a publicly-held corporation. This percentage represents 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. Because of this situation, the foundation is allowed to discount the fair market value of the stock for the purposes of reporting it on the Form 990-PF. In addition, reductions are permitted for the excise tax on net investment income and the unrelated business income tax imposed under Internal Revenue Code section 511.

[24] The item, "qualifying distributions," as defined in the Internal Revenue Code and as used on the Form 990-PF, includes not only amounts that were

actually distributed, but also other amounts spent or set aside for charitable purposes.

[25] Renz, Loren and Lawrence, Steven, *Foundation Giving: Yearbook of Facts and Figures on Private, Corporate and Community Foundations*, 1991 edition, The Foundation Center, 1991, p.44, Figure 16.

[26] 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.

[27] The sample was stratified based on book value of assets, rather than fair market value, because amounts reported for the fair market value of assets were not fully validated by the IRS during administrative processing for the Business Master File (BMF) system from which the sample was drawn. Book value of assets, on the other hand, was fully validated. Beginning with the 1992 Tax Year, the IRS will fully validate the fair market value of assets for purposes of the BMF system. Then, for the 1993 Tax Year, Statistics of Income plans to begin sampling the 990-PF tax returns by fair market, rather than book, value of assets.

# Private Foundations and Charitable Trusts, 1989

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets**

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

Size of fair market value of total assets	Number of returns	Total revenue		Contributions, gifts and grants received		Dividends and interest from securities	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
		(1)	(2)	(3)	(4)	(5)	(6)
<b>ALL FOUNDATIONS</b>							
Total.....	38,773	37,807	19,916,920	17,936	6,936,870	24,086	5,969,519
Zero or unreported.....	946	574	136,027	371	135,100	*112	*272
\$1 under \$100,000.....	14,352	13,799	330,392	7,622	276,419	5,290	13,855
\$100,000 under \$1,000,000.....	14,799	14,766	1,272,296	6,371	763,946	11,078	220,056
\$1,000,000 under \$10,000,000.....	7,049	7,042	4,165,432	2,919	2,125,079	6,072	864,010
\$10,000,000 under \$25,000,000.....	912	912	2,240,661	359	927,043	848	601,816
\$25,000,000 under \$50,000,000.....	329	329	1,676,996	131	612,788	309	479,026
\$50,000,000 under \$100,000,000.....	196	196	1,821,957	82	434,364	191	600,991
\$100,000,000 or more.....	189	189	8,273,159	82	1,662,130	166	3,189,493
<b>Nonoperating foundations</b>							
Total.....	35,705	34,799	18,333,926	15,963	6,426,153	22,917	5,550,811
Zero or unreported.....	928	556	134,649	353	133,722	*112	*272
\$1 under \$100,000.....	12,938	12,438	302,225	6,821	257,565	4,999	13,126
\$100,000 under \$1,000,000.....	13,881	13,847	1,132,444	5,748	648,994	10,697	213,133
\$1,000,000 under \$10,000,000.....	6,497	6,497	3,851,298	2,501	1,987,386	5,711	817,248
\$10,000,000 under \$25,000,000.....	814	814	2,044,724	295	856,683	769	559,270
\$25,000,000 under \$50,000,000.....	299	299	1,505,128	109	554,356	287	452,822
\$50,000,000 under \$100,000,000.....	173	173	1,621,373	65	380,681	170	547,728
\$100,000,000 or more.....	175	175	7,742,085	71	1,608,765	172	2,947,211
<b>Operating foundations</b>							
Total.....	3,067	3,007	1,582,994	1,973	510,717	1,168	418,708
Zero or unreported.....	*18	*18	*1,378	*18	*1,378	--	--
\$1 under \$100,000.....	1,414	1,361	28,167	801	18,854	290	728
\$100,000 under \$1,000,000.....	919	919	139,853	623	116,952	381	6,924
\$1,000,000 under \$10,000,000.....	552	545	314,134	418	137,693	361	46,762
\$10,000,000 under \$25,000,000.....	98	98	195,936	64	70,360	79	42,546
\$25,000,000 under \$50,000,000.....	30	30	171,868	22	58,432	22	26,203
\$50,000,000 under \$100,000,000.....	23	23	200,584	17	53,683	21	53,263
\$100,000,000 or more.....	14	14	531,074	11	53,365	14	242,282
<b>GRANTMAKING FOUNDATIONS</b>							
Total.....	32,557	32,372	18,494,216	14,279	6,084,683	22,311	5,779,361
Zero or unreported.....	437	381	52,133	231	50,970	*59	*38
\$1 under \$100,000.....	10,917	10,805	282,864	5,604	237,662	4,612	12,681
\$100,000 under \$1,000,000.....	13,288	13,271	1,080,404	5,391	604,791	10,498	211,501
\$1,000,000 under \$10,000,000.....	6,396	6,396	3,661,113	2,480	1,798,175	5,691	815,011
\$10,000,000 under \$25,000,000.....	852	852	2,076,940	315	833,653	805	580,056
\$25,000,000 under \$50,000,000.....	305	305	1,503,481	112	534,716	292	457,519
\$50,000,000 under \$100,000,000.....	182	182	1,693,051	72	393,987	178	560,841
\$100,000,000 or more.....	179	179	8,144,229	74	1,630,728	176	3,141,713
<b>Grantmaking-nonoperating foundations</b>							
Total.....	30,992	30,606	17,711,050	13,438	5,919,842	21,636	5,502,511
Zero or unreported.....	420	364	50,755	213	49,592	*59	*38
\$1 under \$100,000.....	10,112	10,000	268,202	5,244	229,525	4,430	12,150
\$100,000 under \$1,000,000.....	12,827	12,809	1,029,411	5,112	565,000	10,233	207,362
\$1,000,000 under \$10,000,000.....	6,189	6,189	3,556,514	2,341	1,742,291	5,528	795,734
\$10,000,000 under \$25,000,000.....	805	805	1,996,293	288	815,365	763	556,717
\$25,000,000 under \$50,000,000.....	295	295	1,467,317	106	528,872	284	449,952
\$50,000,000 under \$100,000,000.....	171	171	1,612,858	65	380,681	168	541,971
\$100,000,000 or more.....	173	173	7,729,701	69	1,608,516	170	2,938,567
<b>Grantmaking-operating foundations</b>							
Total.....	1,565	1,565	783,166	841	164,841	675	276,850
Zero or unreported.....	*18	*18	*1,378	*18	*1,378	--	--
\$1 under \$100,000.....	805	805	14,662	360	8,137	182	532
\$100,000 under \$1,000,000.....	461	461	50,993	278	39,791	264	4,140
\$1,000,000 under \$10,000,000.....	207	207	104,599	139	55,884	162	19,277
\$10,000,000 under \$25,000,000.....	47	47	80,648	27	18,288	42	23,339
\$25,000,000 under \$50,000,000.....	10	10	36,164	6	5,844	8	7,567
\$50,000,000 under \$100,000,000.....	11	11	80,193	7	13,306	10	18,870
\$100,000,000 or more.....	6	6	414,528	5	22,212	6	203,126

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1989

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets--Continued**

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

Size of fair market value of total assets	Net gain (less loss) from sales of assets		Total expenses		Excess of revenue (less loss) over expenses		Net investment income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>ALL FOUNDATIONS</b>								
Total.....	14,495	4,738,242	37,642	10,734,604	37,828	9,182,315	34,108	12,060,669
Zero or unreported.....	*70	*-419	666	159,420	522	-23,392	249	1,202
\$1 under \$100,000.....	2,068	10,765	13,747	343,434	13,932	-13,043	11,053	44,874
\$100,000 under \$1,000,000.....	6,157	128,812	14,585	885,351	14,703	388,945	14,334	535,519
\$1,000,000 under \$10,000,000.....	4,745	682,770	7,020	2,141,205	7,046	2,024,226	6,866	1,907,274
\$10,000,000 under \$25,000,000.....	795	418,521	911	1,182,517	912	1,058,143	904	1,286,273
\$25,000,000 under \$50,000,000.....	301	343,714	328	934,125	328	742,871	319	935,486
\$50,000,000 under \$100,000,000.....	180	571,892	196	879,903	196	942,054	195	1,234,405
\$100,000,000 or more.....	178	2,602,386	189	4,208,649	189	4,064,510	188	6,115,637
<b>Nonoperating foundations</b>								
Total.....	13,804	4,389,009	34,628	9,898,783	34,829	8,435,142	31,672	11,264,179
Zero or unreported.....	*70	*-419	648	158,041	522	-23,392	249	1,202
\$1 under \$100,000.....	1,994	10,672	12,368	315,729	12,536	-13,505	10,108	42,053
\$100,000 under \$1,000,000.....	6,008	126,314	13,683	776,272	13,816	356,171	13,497	496,131
\$1,000,000 under \$10,000,000.....	4,418	619,290	6,469	1,932,820	6,495	1,918,478	6,366	1,802,306
\$10,000,000 under \$25,000,000.....	712	382,576	813	1,073,112	814	971,612	811	1,194,139
\$25,000,000 under \$50,000,000.....	277	310,660	299	836,397	298	668,731	293	872,513
\$50,000,000 under \$100,000,000.....	160	519,293	173	781,176	173	840,198	173	1,157,238
\$100,000,000 or more.....	164	2,420,623	175	4,025,236	175	3,716,849	174	5,698,597
<b>Operating foundations</b>								
Total.....	691	349,233	3,014	835,821	2,999	747,173	2,437	796,490
Zero or unreported.....	--	--	*18	*1,378	--	--	--	--
\$1 under \$100,000.....	*73	*93	1,379	27,705	1,396	463	945	2,821
\$100,000 under \$1,000,000.....	149	2,299	902	109,078	886	30,774	837	39,388
\$1,000,000 under \$10,000,000.....	327	43,481	551	208,385	551	105,748	500	104,967
\$10,000,000 under \$25,000,000.....	83	35,945	98	109,405	98	86,532	93	92,133
\$25,000,000 under \$50,000,000.....	24	33,054	29	97,728	30	74,140	26	62,974
\$50,000,000 under \$100,000,000.....	20	52,599	23	98,728	23	101,856	22	77,167
\$100,000,000 or more.....	14	181,763	14	183,413	14	347,660	14	417,040
<b>GRANTMAKING FOUNDATIONS</b>								
Total.....	13,544	4,627,648	32,557	10,025,141	32,294	8,469,075	30,383	11,708,462
Zero or unreported.....	*52	* ( )	437	74,834	364	-22,501	178	991
\$1 under \$100,000.....	1,875	10,630	10,917	308,055	10,794	-25,191	9,287	41,983
\$100,000 under \$1,000,000.....	5,750	121,382	13,288	787,547	13,224	292,857	13,082	510,490
\$1,000,000 under \$10,000,000.....	4,491	634,025	6,396	1,951,232	6,394	1,709,881	6,327	1,779,706
\$10,000,000 under \$25,000,000.....	753	404,838	852	1,115,896	852	961,044	850	1,242,947
\$25,000,000 under \$50,000,000.....	283	322,803	305	843,122	304	660,359	299	893,233
\$50,000,000 under \$100,000,000.....	170	552,485	182	810,897	182	882,154	182	1,192,661
\$100,000,000 or more.....	169	2,581,485	179	4,133,759	179	4,010,470	178	6,046,451
<b>Grantmaking-nonoperating foundations</b>								
Total.....	13,172	4,375,969	30,992	9,891,559	30,782	8,019,490	29,048	11,170,244
Zero or unreported.....	*52	* ( )	420	73,255	364	-22,501	178	991
\$1 under \$100,000.....	1,837	10,486	10,112	291,334	9,989	-23,132	8,664	39,998
\$100,000 under \$1,000,000.....	5,649	120,568	12,827	752,927	12,778	276,484	12,637	478,113
\$1,000,000 under \$10,000,000.....	4,328	613,945	6,189	1,891,243	6,187	1,665,271	6,133	1,739,875
\$10,000,000 under \$25,000,000.....	708	380,988	805	1,068,641	805	927,652	804	1,189,202
\$25,000,000 under \$50,000,000.....	274	310,049	295	824,201	294	643,116	290	869,425
\$50,000,000 under \$100,000,000.....	180	519,293	171	773,822	171	839,036	171	1,156,940
\$100,000,000 or more.....	163	2,420,642	173	4,016,136	173	3,713,565	172	5,695,699
<b>Grantmaking-operating foundations</b>								
Total.....	371	251,679	1,565	333,581	1,532	449,585	1,335	538,218
Zero or unreported.....	--	--	18	1,378	--	--	--	--
\$1 under \$100,000.....	38	144	805	18,721	805	-2,058	623	1,986
\$100,000 under \$1,000,000.....	*101	*813	481	34,620	445	16,373	445	32,377
\$1,000,000 under \$10,000,000.....	*162	*20,079	207	59,989	207	44,610	194	39,831
\$10,000,000 under \$25,000,000.....	44	23,852	47	47,255	47	33,393	46	53,745
\$25,000,000 under \$50,000,000.....	9	12,754	10	18,921	10	17,243	9	23,807
\$50,000,000 under \$100,000,000.....	10	33,192	11	37,074	11	43,119	11	35,721
\$100,000,000 or more.....	6	160,844	6	117,823	6	286,905	6	350,752

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets--Continued**

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

Size of fair market value of total assets	Disbursements for exempt purposes		Contributions, gifts and grants paid <sup>1</sup>		Grant administrative expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)
<b>ALL FOUNDATIONS</b>						
Total.....	35,925	9,388,759	32,557	8,108,108	19,674	481,522
Zero or unreported.....	525	77,825	437	76,377	304	1,072
\$1 under \$100,000.....	12,590	312,887	10,917	273,308	6,205	11,989
\$100,000 under \$1,000,000.....	14,323	826,366	13,288	699,332	7,403	24,005
\$1,000,000 under \$10,000,000.....	6,876	1,942,743	6,396	1,693,523	4,482	77,787
\$10,000,000 under \$25,000,000.....	904	1,063,720	852	927,938	673	54,166
\$25,000,000 under \$50,000,000.....	325	828,707	305	710,679	273	40,379
\$50,000,000 under \$100,000,000.....	194	776,595	182	650,478	166	40,447
\$100,000,000 or more.....	188	3,559,916	179	3,076,472	167	231,676
<b>Nonoperating foundations</b>						
Total.....	33,100	8,705,090	30,992	8,033,771	18,598	443,328
Zero or unreported.....	507	76,447	420	75,135	287	936
\$1 under \$100,000.....	11,305	290,500	10,112	263,273	5,873	10,916
\$100,000 under \$1,000,000.....	13,471	725,460	12,827	685,873	7,058	20,673
\$1,000,000 under \$10,000,000.....	6,363	1,775,197	6,189	1,678,454	4,337	58,502
\$10,000,000 under \$25,000,000.....	810	977,533	805	915,105	652	50,749
\$25,000,000 under \$50,000,000.....	298	764,337	295	706,495	266	39,761
\$50,000,000 under \$100,000,000.....	171	697,101	171	643,520	160	36,927
\$100,000,000 or more.....	174	3,398,514	173	3,065,917	164	224,865
<b>Operating foundations</b>						
Total.....	2,825	683,668	1,565	74,337	1,075	38,194
Zero or unreported.....	*18	*1,378	*18	*1,243	*18	*136
\$1 under \$100,000.....	1,284	22,388	805	10,036	532	1,073
\$100,000 under \$1,000,000.....	852	100,906	461	13,460	345	3,332
\$1,000,000 under \$10,000,000.....	513	167,546	207	15,069	144	19,285
\$10,000,000 under \$25,000,000.....	94	86,187	47	12,833	20	3,417
\$25,000,000 under \$50,000,000.....	27	64,370	10	4,184	7	618
\$50,000,000 under \$100,000,000.....	23	79,493	11	6,958	6	3,520
\$100,000,000 or more.....	14	161,402	6	10,555	3	6,811
<b>GRANTMAKING FOUNDATIONS</b>						
Total.....	32,557	8,918,796	32,557	8,108,108	19,183	466,027
Zero or unreported.....	437	77,530	437	76,377	287	1,069
\$1 under \$100,000.....	10,917	288,761	10,917	273,308	5,932	11,147
\$100,000 under \$1,000,000.....	13,288	740,076	13,288	699,332	7,284	19,278
\$1,000,000 under \$10,000,000.....	6,396	1,803,628	6,396	1,693,523	4,404	70,395
\$10,000,000 under \$25,000,000.....	852	1,015,606	852	927,938	671	54,012
\$25,000,000 under \$50,000,000.....	305	765,699	305	710,679	273	40,379
\$50,000,000 under \$100,000,000.....	182	726,754	182	650,478	165	38,071
\$100,000,000 or more.....	179	3,500,741	179	3,076,472	167	231,676
<b>Grantmaking-nonoperating foundations</b>						
Total.....	30,992	8,636,096	30,992	8,033,771	18,250	439,171
Zero or unreported.....	420	76,151	420	75,135	269	933
\$1 under \$100,000.....	10,112	275,672	10,112	263,273	5,453	10,227
\$100,000 under \$1,000,000.....	12,827	709,408	12,827	685,873	6,987	17,849
\$1,000,000 under \$10,000,000.....	6,189	1,751,465	6,189	1,678,454	4,298	57,860
\$10,000,000 under \$25,000,000.....	805	973,825	805	915,105	652	50,749
\$25,000,000 under \$50,000,000.....	295	754,070	295	706,495	266	39,761
\$50,000,000 under \$100,000,000.....	171	697,101	171	643,520	160	36,927
\$100,000,000 or more.....	173	3,398,403	173	3,065,917	164	224,865
<b>Grantmaking-operating foundations</b>						
Total.....	1,565	282,699	1,565	74,337	933	26,856
Zero or unreported.....	*18	*1,378	*18	*1,243	*18	*136
\$1 under \$100,000.....	805	13,089	805	10,036	479	920
\$100,000 under \$1,000,000.....	461	30,669	461	13,460	297	1,429
\$1,000,000 under \$10,000,000.....	207	52,163	207	15,069	106	12,534
\$10,000,000 under \$25,000,000.....	47	41,780	47	12,833	18	3,263
\$25,000,000 under \$50,000,000.....	10	11,829	10	4,184	7	618
\$50,000,000 under \$100,000,000.....	11	29,653	11	6,958	5	1,145
\$100,000,000 or more.....	6	102,338	6	10,555	3	6,811

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 1.—All Private Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets—Continued**

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

Size of fair market value of total assets	Excise tax on net investment income					Total assets (book value)		Investments in securities (book value)	
	Total	Domestic organizations		Foreign organizations		Number of returns	Amount	Number of returns	Amount
		Number of returns	Amount	Number of returns	Amount				
	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
<b>ALL FOUNDATIONS</b>									
Total.....	166,205	32,801	165,258	29	947	37,845	116,202,994	23,895	89,777,246
Zero or unreported.....	*15	232	15	--	--	*19	*62,466	19	5,655
\$1 under \$100,000.....	692	10,255	692	--	--	14,352	476,009	5,090	181,817
\$100,000 under \$1,000,000.....	8,581	14,121	8,581	--	--	14,799	4,982,084	11,001	2,767,526
\$1,000,000 under \$10,000,000.....	29,391	6,677	29,356	*17	*35	7,049	18,081,031	6,214	12,398,927
\$10,000,000 under \$25,000,000.....	18,914	863	18,914	--	--	912	11,650,413	871	8,855,268
\$25,000,000 under \$50,000,000.....	14,268	299	14,213	3	55	329	9,688,966	319	7,425,401
\$50,000,000 under \$100,000,000.....	16,832	182	16,605	3	27	196	11,275,587	192	8,909,752
\$100,000,000 or more.....	77,712	172	76,883	6	830	189	60,006,437	189	49,232,899
<b>Nonoperating foundations</b>									
Total.....	161,908	30,917	160,976	28	932	34,795	105,274,780	22,682	83,217,976
Zero or unreported.....	*15	232	15	--	--	*19	*62,466	19	5,655
\$1 under \$100,000.....	648	9,488	648	--	--	12,938	433,959	4,820	173,711
\$100,000 under \$1,000,000.....	7,943	13,433	7,943	--	--	13,881	4,648,235	10,805	2,681,754
\$1,000,000 under \$10,000,000.....	28,257	6,334	28,222	*17	*35	6,497	16,605,743	5,810	11,776,828
\$10,000,000 under \$25,000,000.....	18,027	808	18,027	--	--	814	10,445,805	789	8,227,381
\$25,000,000 under \$50,000,000.....	13,789	287	13,734	3	55	299	8,798,429	293	6,984,841
\$50,000,000 under \$100,000,000.....	15,955	167	15,943	2	12	173	10,012,576	171	8,161,542
\$100,000,000 or more.....	77,274	168	76,444	6	830	175	54,267,566	175	45,602
<b>Operating foundations</b>									
Total.....	4,297	1,884	4,282	1	15	3,050	10,928,214	1,213	6,559,271
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*44	766	44	--	--	1,414	42,051	269	8,105
\$100,000 under \$1,000,000.....	637	688	637	--	--	919	333,849	396	85,773
\$1,000,000 under \$10,000,000.....	1,134	343	1,134	--	--	552	1,475,287	404	622,099
\$10,000,000 under \$25,000,000.....	888	56	888	--	--	98	1,204,608	82	627,887
\$25,000,000 under \$50,000,000.....	479	12	479	--	--	30	870,537	26	440,561
\$50,000,000 under \$100,000,000.....	676	15	661	1	15	23	1,263,011	21	748,210
\$100,000,000 or more.....	439	4	439	--	--	14	5,738,871	14	4,026,636
<b>GRANTMAKING FOUNDATIONS</b>									
Total.....	162,731	29,674	161,826	25	905	32,120	110,423,767	21,990	86,886,352
Zero or unreported.....	*10	178	10	--	--	--	--	--	--
\$1 under \$100,000.....	642	8,793	642	--	--	10,917	409,531	4,409	169,084
\$100,000 under \$1,000,000.....	8,194	12,982	8,194	--	--	13,288	4,515,623	10,344	2,644,427
\$1,000,000 under \$10,000,000.....	27,643	6,252	27,608	*17	*35	6,396	18,354,149	5,758	11,594,916
\$10,000,000 under \$25,000,000.....	18,589	833	18,589	--	--	852	10,899,890	823	8,227,381
\$25,000,000 under \$50,000,000.....	14,013	290	13,958	3	55	305	8,984,755	298	6,984,841
\$50,000,000 under \$100,000,000.....	16,318	178	16,318	--	--	182	10,422,019	179	8,161,542
\$100,000,000 or more.....	77,319	169	76,504	5	815	179	58,837,799	179	45,206,263
<b>Grantmaking-nonoperating foundations</b>									
Total.....	160,086	28,597	159,181	25	905	30,572	103,470,312	21,350	82,304,846
Zero or unreported.....	*10	178	10	--	--	--	--	--	--
\$1 under \$100,000.....	612	8,293	612	--	--	10,112	383,800	4,248	162,795
\$100,000 under \$1,000,000.....	7,804	12,604	7,804	--	--	12,827	4,348,162	10,095	2,593,091
\$1,000,000 under \$10,000,000.....	27,042	6,103	27,007	*17	*35	6,189	15,851,295	5,596	11,366,034
\$10,000,000 under \$25,000,000.....	17,938	801	17,938	--	--	805	10,318,623	781	8,148,440
\$25,000,000 under \$50,000,000.....	13,727	284	13,672	3	55	295	8,698,613	289	6,934,191
\$50,000,000 under \$100,000,000.....	15,943	167	15,943	--	--	171	9,886,614	169	8,072,662
\$100,000,000 or more.....	77,209	167	76,394	5	815	173	53,983,006	173	45,027,632
<b>Grantmaking-operating foundations</b>									
Total.....	2,644	1,077	2,644	--	--	1,548	6,953,455	640	4,581,506
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*30	500	30	--	--	805	25,731	*161	*6,289
\$100,000 under \$1,000,000.....	590	377	590	--	--	481	167,461	250	51,336
\$1,000,000 under \$10,000,000.....	601	150	601	--	--	207	502,855	162	228,882
\$10,000,000 under \$25,000,000.....	651	33	651	--	--	47	581,267	42	348,236
\$25,000,000 under \$50,000,000.....	286	6	286	--	--	10	285,943	9	169,219
\$50,000,000 under \$100,000,000.....	375	9	375	--	--	11	535,406	10	280,663
\$100,000,000 or more.....	111	2	111	--	--	6	4,854,793	6	3,496,882

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 1.--All Private Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets--Continued**

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

Size of fair market value of total assets	Total assets (fair market value)		Investments in securities (fair market value)		Net worth		Minimum investment return	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
<b>ALL FOUNDATIONS</b>								
Total.....	37,827	151,694,261	23,826	121,393,974	37,943	111,842,594	38,750	6,488,272
Zero or unreported.....	--	--	--	--	182	-43,458	360	704
\$1 under \$100,000.....	14,352	455,836	5,026	160,407	14,314	434,103	13,113	22,631
\$100,000 under \$1,000,000.....	14,799	5,500,624	11,017	3,207,334	14,799	4,879,614	14,653	245,876
\$1,000,000 under \$10,000,000.....	7,049	21,242,040	6,212	15,067,879	7,042	17,519,678	7,009	928,908
\$10,000,000 under \$25,000,000.....	912	14,086,317	871	11,029,294	912	11,392,189	908	626,599
\$25,000,000 under \$50,000,000.....	329	11,554,315	319	8,997,526	329	9,187,306	326	521,395
\$50,000,000 under \$100,000,000.....	196	13,815,696	182	10,931,558	196	11,051,427	194	602,078
\$100,000,000 or more.....	189	85,239,432	189	71,999,978	189	57,421,734	187	3,540,081
<b>Nonoperating foundations</b>								
Total.....	34,777	138,338,548	22,613	114,138,323	34,894	101,513,558	34,029	6,063,425
Zero or unreported.....	--	--	--	--	182	-43,458	360	704
\$1 under \$100,000.....	12,938	410,949	4,756	150,531	12,900	393,986	11,948	20,577
\$100,000 under \$1,000,000.....	13,881	5,145,036	10,621	3,118,880	13,881	4,557,379	13,799	234,277
\$1,000,000 under \$10,000,000.....	6,497	19,450,126	5,808	14,306,737	6,490	16,191,779	6,489	870,760
\$10,000,000 under \$25,000,000.....	814	12,677,371	789	10,285,180	814	10,262,646	812	581,158
\$25,000,000 under \$50,000,000.....	299	10,498,879	293	8,493,714	299	8,510,215	297	489,592
\$50,000,000 under \$100,000,000.....	173	12,138,525	171	10,076,515	173	9,862,267	171	555,547
\$100,000,000 or more.....	175	78,017,663	175	67,706,765	175	51,778,744	173	3,310,810
<b>Operating foundations</b>								
Total.....	3,050	13,355,713	1,213	7,255,652	3,049	10,329,036	2,721	424,847
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	1,414	44,887	269	9,876	1,414	40,117	1,165	2,054
\$100,000 under \$1,000,000.....	919	355,589	396	88,454	919	322,236	854	11,599
\$1,000,000 under \$10,000,000.....	552	1,791,914	404	761,142	551	1,327,899	540	58,148
\$10,000,000 under \$25,000,000.....	98	1,408,946	82	744,114	98	1,129,543	96	45,441
\$25,000,000 under \$50,000,000.....	30	1,055,436	26	503,811	30	677,091	29	31,803
\$50,000,000 under \$100,000,000.....	23	1,477,171	21	855,042	23	1,189,161	23	46,531
\$100,000,000 or more.....	14	7,221,769	14	4,293,213	14	5,642,990	14	229,271
<b>GRANTMAKING FOUNDATIONS</b>								
Total.....	32,120	143,877,315	21,956	117,933,622	32,152	106,841,370	31,973	6,292,150
Zero or unreported.....	--	--	--	--	58	-34,734	290	601
\$1 under \$100,000.....	10,917	387,596	4,345	146,498	10,899	372,373	10,525	20,442
\$100,000 under \$1,000,000.....	13,288	4,998,542	10,376	3,064,145	13,288	4,463,233	13,256	232,201
\$1,000,000 under \$10,000,000.....	6,396	19,169,544	5,756	14,133,751	6,390	16,051,334	6,388	873,543
\$10,000,000 under \$25,000,000.....	852	13,229,555	823	10,608,038	852	10,714,834	850	602,962
\$25,000,000 under \$50,000,000.....	305	10,737,879	298	8,630,759	305	8,740,142	304	499,093
\$50,000,000 under \$100,000,000.....	182	12,625,795	179	10,273,491	182	10,258,200	181	569,906
\$100,000,000 or more.....	179	82,728,404	179	71,076,939	179	56,275,988	178	3,493,403
<b>Grantmaking-nonoperating foundations</b>								
Total.....	30,572	136,017,133	21,316	113,148,741	30,604	100,034,077	30,530	6,023,214
Zero or unreported.....	--	--	--	--	58	-34,734	290	601
\$1 under \$100,000.....	10,112	360,899	4,184	139,428	10,094	348,036	9,793	18,970
\$100,000 under \$1,000,000.....	12,827	4,826,588	10,126	3,017,680	12,827	4,297,078	12,827	226,054
\$1,000,000 under \$10,000,000.....	6,189	18,587,771	5,594	13,876,456	6,183	15,574,892	6,181	850,765
\$10,000,000 under \$25,000,000.....	805	12,546,066	781	10,202,123	805	10,146,050	803	578,254
\$25,000,000 under \$50,000,000.....	295	10,384,590	289	8,429,193	295	8,464,887	294	487,318
\$50,000,000 under \$100,000,000.....	171	11,980,518	169	9,955,591	171	9,736,338	170	551,726
\$100,000,000 or more.....	173	77,330,702	173	67,528,270	173	51,501,530	172	3,309,527
<b>Grantmaking-operating foundations</b>								
Total.....	1,548	7,860,182	640	4,784,880	1,548	6,807,293	1,442	268,937
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	805	26,697	*161	*7,070	805	24,336	731	1,472
\$100,000 under \$1,000,000.....	461	171,953	250	46,464	461	166,155	429	6,147
\$1,000,000 under \$10,000,000.....	207	581,774	182	257,295	207	476,443	207	22,778
\$10,000,000 under \$25,000,000.....	47	683,489	42	405,915	47	568,784	47	24,708
\$25,000,000 under \$50,000,000.....	10	353,290	9	201,568	10	275,255	10	11,775
\$50,000,000 under \$100,000,000.....	11	645,277	10	317,900	11	521,862	11	18,180
\$100,000,000 or more.....	6	5,397,702	6	3,548,869	6	4,774,458	6	183,876

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 1.—All Private Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets—Continued**

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

Size of fair market value of total assets	Distributable amount		Qualifying distributions		Undistributed income for 1989		Excess distributions carryover to 1990	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
<b>ALL FOUNDATIONS</b>								
Total.....	33,720	5,983,754	35,802	9,787,485	7,548	1,662,465	26,734	11,649,636
Zero or unreported.....	360	691	525	77,288	*35	*131	490	216,405
\$1 under \$100,000.....	11,727	20,565	12,411	305,850	2,061	2,268	10,040	1,242,021
\$100,000 under \$1,000,000.....	13,718	245,257	14,374	841,786	2,900	42,743	10,834	1,734,796
\$1,000,000 under \$10,000,000.....	6,463	865,596	6,882	1,078,316	1,978	180,808	4,493	3,572,865
\$10,000,000 under \$25,000,000.....	812	572,436	904	1,080,514	289	120,827	519	1,570,885
\$25,000,000 under \$50,000,000.....	295	482,789	325	831,469	129	140,849	167	1,062,980
\$50,000,000 under \$100,000,000.....	171	545,578	194	837,175	66	137,224	106	737,332
\$100,000,000 or more.....	173	3,250,841	187	3,835,088	89	1,037,816	84	1,512,351
<b>Nonoperating foundations</b>								
Total.....	33,720	5,983,754	32,996	8,797,572	7,548	1,662,465	26,734	11,649,636
Zero or unreported.....	360	691	507	75,910	*35	*131	490	216,405
\$1 under \$100,000.....	11,727	20,565	11,144	263,338	2,061	2,268	10,040	1,242,021
\$100,000 under \$1,000,000.....	13,718	245,257	13,536	726,247	2,900	42,743	10,834	1,734,796
\$1,000,000 under \$10,000,000.....	6,463	865,596	6,357	1,783,869	1,978	180,808	4,493	3,572,865
\$10,000,000 under \$25,000,000.....	812	572,436	810	974,824	289	120,827	519	1,570,885
\$25,000,000 under \$50,000,000.....	295	482,789	298	759,452	129	140,849	167	1,062,980
\$50,000,000 under \$100,000,000.....	171	545,578	171	720,014	66	137,224	106	737,332
\$100,000,000 or more.....	173	3,250,841	173	3,473,920	89	1,037,816	84	1,512,351
<b>Operating foundations</b>								
Total.....	N/A	N/A	2,806	989,913	N/A	N/A	N/A	N/A
Zero or unreported.....	N/A	N/A	*18	*1,378	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	N/A	N/A	1,267	22,514	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	N/A	N/A	838	115,539	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	N/A	N/A	526	194,447	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	N/A	N/A	94	105,690	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	N/A	N/A	27	72,017	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	N/A	N/A	23	117,161	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	N/A	N/A	14	361,168	N/A	N/A	N/A	N/A
<b>GRANTMAKING FOUNDATIONS</b>								
Total.....	30,329	5,942,635	32,532	9,189,901	5,952	1,647,118	24,798	11,400,092
Zero or unreported.....	290	591	437	78,995	*18	*35	385	213,966
\$1 under \$100,000.....	9,681	18,994	10,899	282,189	1,090	1,680	8,917	1,156,061
\$100,000 under \$1,000,000.....	12,746	234,856	13,268	742,848	2,456	40,235	10,274	1,648,530
\$1,000,000 under \$10,000,000.....	6,174	846,738	6,390	1,799,219	1,824	174,012	4,352	3,512,927
\$10,000,000 under \$25,000,000.....	803	569,620	852	1,019,924	283	119,901	518	1,568,041
\$25,000,000 under \$50,000,000.....	292	480,577	305	784,117	127	140,025	165	1,052,560
\$50,000,000 under \$100,000,000.....	170	541,768	182	757,004	65	133,414	106	737,332
\$100,000,000 or more.....	172	3,249,492	178	3,747,604	89	1,037,816	83	1,510,676
<b>Grantmaking-nonoperating foundations</b>								
Total.....	30,329	5,942,635	30,967	8,716,335	5,952	1,647,118	24,798	11,400,092
Zero or unreported.....	290	591	420	75,617	*18	*35	385	213,966
\$1 under \$100,000.....	9,681	18,994	10,094	269,752	1,090	1,680	8,917	1,156,061
\$100,000 under \$1,000,000.....	12,746	234,856	12,827	704,166	2,456	40,235	10,274	1,648,530
\$1,000,000 under \$10,000,000.....	6,174	846,738	6,183	1,752,287	1,824	174,012	4,352	3,512,927
\$10,000,000 under \$25,000,000.....	803	569,620	805	971,488	283	119,901	518	1,568,041
\$25,000,000 under \$50,000,000.....	292	480,577	295	749,233	127	140,025	165	1,052,560
\$50,000,000 under \$100,000,000.....	170	541,768	171	720,014	65	133,414	106	737,332
\$100,000,000 or more.....	172	3,249,492	172	3,473,777	89	1,037,816	15,110,676	1,510,676
<b>Grantmaking-operating foundations</b>								
Total.....	N/A	N/A	1,565	473,566	N/A	N/A	N/A	N/A
Zero or unreported.....	N/A	N/A	*18	*1,378	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	N/A	N/A	805	12,436	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	N/A	N/A	461	38,682	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	N/A	N/A	207	46,932	N/A	N/A	N/A	N/A
\$10,000,000 under \$25,000,000.....	N/A	N/A	47	48,436	N/A	N/A	N/A	N/A
\$25,000,000 under \$50,000,000.....	N/A	N/A	10	14,884	N/A	N/A	N/A	N/A
\$50,000,000 under \$100,000,000.....	N/A	N/A	11	38,990	N/A	N/A	N/A	N/A
\$100,000,000 or more.....	N/A	N/A	6	273,827	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 1989 using the cash receipts and distributions method of accounting. This figure differs somewhat from that reported as contributions, gifts, and grants paid in the income statement of Table 3. When reporting the amount used in the income statement, or per the books, foundations have the option of using either the cash receipts and disbursements or the accrual method of accounting. This difference in reporting method, therefore, accounts for the difference in the amount of contributions, gifts, and grants paid as reported in Tables 1 and 3.

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

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

# Private Foundations and Charitable Trusts, 1989

**Table 2.--Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets**

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

Size of fair market value of total assets	Number of returns	Total revenue		Contributions, gifts and grants received		Dividends and interest from securities	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
		(1)	(2)	(3)	(4)	(5)	(6)
<b>ALL CHARITABLE TRUSTS</b>							
Total.....	2,634	2,612	404,571	353	86,254	2,179	127,828
Zero or unreported.....	*21	*17	*3,783	*3	*3,633	*10	*112
\$1 under \$100,000.....	942	924	4,299	140	1,071	697	1,733
\$100,000 under \$1,000,000.....	1,155	1,154	56,682	113	8,443	986	22,584
\$1,000,000 under \$10,000,000.....	478	478	204,232	89	49,800	448	64,215
\$10,000,000 or more.....	38	38	135,576	8	23,308	37	39,185
<b>Nonoperating trusts</b>							
Total.....	2,593	2,571	393,899	332	85,029	2,163	127,096
Zero or unreported.....	*21	*17	*3,783	*3	*3,633	*10	*112
\$1 under \$100,000.....	938	921	4,272	140	1,071	697	1,733
\$100,000 under \$1,000,000.....	1,125	1,124	49,613	94	7,440	976	22,333
\$1,000,000 under \$10,000,000.....	473	473	202,236	87	49,579	444	64,078
\$10,000,000 or more.....	36	36	133,997	8	23,308	35	38,840
<b>Operating trusts</b>							
Total.....	41	41	10,672	*20	*1,225	*16	*732
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*3	*27	--	--	--	--
\$100,000 under \$1,000,000.....	*30	*30	*7,070	*18	*1,004	*10	*250
\$1,000,000 under \$10,000,000.....	5	5	1,996	2	221	4	137
\$10,000,000 or more.....	2	2	1,580	--	--	2	345
<b>GRANTMAKING CHARITABLE TRUSTS</b>							
Total.....	2,448	2,430	343,101	287	51,490	2,089	122,011
Zero or unreported.....	*17	*17	*3,783	*3	*3,633	*10	*112
\$1 under \$100,000.....	854	837	3,972	112	888	669	1,706
\$100,000 under \$1,000,000.....	1,093	1,093	46,057	88	5,320	947	21,597
\$1,000,000 under \$10,000,000.....	449	449	185,879	77	39,843	428	60,658
\$10,000,000 or more.....	34	34	103,411	7	1,807	34	37,939
<b>Grantmaking-nonoperating trusts</b>							
Total.....	2,429	2,412	341,366	284	51,154	2,079	121,570
Zero or unreported.....	*17	*17	*3,783	*3	*3,633	*10	*112
\$1 under \$100,000.....	851	833	3,945	112	888	669	1,706
\$100,000 under \$1,000,000.....	1,081	1,081	45,451	86	4,984	940	21,441
\$1,000,000 under \$10,000,000.....	447	447	185,764	76	39,842	427	60,641
\$10,000,000 or more.....	33	33	102,423	7	1,807	33	37,671
<b>Grantmaking-operating trusts</b>							
Total.....	*19	*19	*1,735	*3	*337	*10	*441
Zero or unreported.....	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*3	*27	--	--	--	--
\$100,000 under \$1,000,000.....	*12	*12	*605	*2	*336	*8	*156
\$1,000,000 under \$10,000,000.....	2	2	115	1	1	1	17
\$10,000,000 or more.....	1	1	988	--	--	1	268

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 2.--Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets--Continued**

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

Size of fair market value of total assets	Net gain (less loss) from sales of assets		Total expenses		Excess of revenue (less loss) over expenses		Net investment income	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
<b>ALL CHARITABLE TRUSTS</b>								
Total.....	1,625	132,869	2,611	184,191	2,593	220,380	2,522	302,258
Zero or unreported.....	*14	*27	*17	*3,910	*14	*-127	*14	*136
\$1 under \$100,000.....	362	361	935	5,627	914	-1,328	847	3,037
\$100,000 under \$1,000,000.....	811	12,915	1,152	39,247	1,150	17,435	1,148	42,265
\$1,000,000 under \$10,000,000.....	405	70,321	470	75,633	477	128,598	475	146,410
\$10,000,000 or more.....	34	49,246	37	59,773	38	75,803	38	110,410
<b>Nonoperating trusts</b>								
Total.....	1,595	131,655	2,570	174,956	2,552	218,943	2,486	299,097
Zero or unreported.....	*14	*27	*17	*3,910	*14	*-127	*14	*136
\$1 under \$100,000.....	362	361	931	5,604	910	-1,332	847	3,037
\$100,000 under \$1,000,000.....	786	12,706	1,122	33,349	1,120	16,264	1,117	41,480
\$1,000,000 under \$10,000,000.....	402	69,929	465	74,034	472	128,201	471	145,194
\$10,000,000 or more.....	32	48,632	35	58,059	36	75,938	36	109,250
<b>Operating trusts</b>								
Total.....	*30	*1,214	*41	*9,235	*41	*1,437	*36	*3,162
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	*3	*23	*3	*4	--	--
\$100,000 under \$1,000,000.....	*25	*209	*30	*5,898	*30	*1,171	*30	*785
\$1,000,000 under \$10,000,000.....	3	392	5	1,599	5	397	4	1,217
\$10,000,000 or more.....	2	613	2	1,714	2	-135	2	1,160
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
Total.....	1,545	126,977	2,448	170,255	2,411	172,846	2,379	285,949
Zero or unreported.....	*14	*27	*17	*3,910	*14	*-127	*14	*136
\$1 under \$100,000.....	348	341	854	5,239	827	-1,268	795	2,907
\$100,000 under \$1,000,000.....	766	12,116	1,093	33,230	1,088	12,826	1,088	40,042
\$1,000,000 under \$10,000,000.....	386	67,260	449	72,622	448	113,257	447	139,020
\$10,000,000 or more.....	31	47,233	34	55,253	34	48,158	34	103,843
<b>Grantmaking-nonoperating trusts</b>								
Total.....	1,538	126,383	2,429	168,346	2,392	173,019	2,364	284,898
Zero or unreported.....	*14	*27	*17	*3,910	*14	*-127	*14	*136
\$1 under \$100,000.....	348	341	851	5,216	823	-1,272	795	2,907
\$100,000 under \$1,000,000.....	760	12,080	1,081	33,016	1,076	12,436	1,076	39,787
\$1,000,000 under \$10,000,000.....	386	67,260	447	72,528	446	113,236	446	138,826
\$10,000,000 or more.....	30	46,675	33	53,676	33	48,747	33	103,241
<b>Grantmaking-operating trusts</b>								
Total.....	*8	*594	*19	*1,909	*19	*-173	*14	*1,051
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	*3	*23	*3	*4	--	--
\$100,000 under \$1,000,000.....	*7	*36	*12	*215	*12	*391	*12	*255
\$1,000,000 under \$10,000,000.....	--	--	2	94	2	21	1	195
\$10,000,000 or more.....	1	558	1	1,577	1	-589	1	601

Footnotes at end of table.

Private Foundations and Charitable Trusts, 1989

**Table 2.—Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets—Continued**

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

Size of fair market value of total assets	Disbursements for exempt purposes		Contributions, gifts and grants paid <sup>1</sup>		Grant administrative expenses	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(16)	(17)	(18)	(19)	(20)	(21)
<b>ALL CHARITABLE TRUSTS</b>						
Total.....	2,544	155,763	2,448	143,652	1,834	5,039
Zero or unreported.....	*17	*3,890	*17	*3,885	*14	*5
\$1 under \$100,000.....	896	4,764	854	4,537	599	186
\$100,000 under \$1,000,000.....	1,130	29,411	1,093	27,695	841	965
\$1,000,000 under \$10,000,000.....	465	64,718	449	60,408	351	2,084
\$10,000,000 or more.....	36	52,981	34	47,127	28	1,800
<b>Nonoperating trusts</b>						
Total.....	2,519	153,023	2,429	142,378	1,828	4,968
Zero or unreported.....	*17	*3,890	*17	*3,885	*14	*5
\$1 under \$100,000.....	893	4,740	851	4,515	599	186
\$100,000 under \$1,000,000.....	1,115	29,117	1,081	27,509	837	952
\$1,000,000 under \$10,000,000.....	460	63,568	447	60,336	351	2,084
\$10,000,000 or more.....	34	51,708	33	46,132	27	1,741
<b>Operating trusts</b>						
Total.....	*25	*2,739	*19	*1,275	*5	*71
Zero or unreported.....	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*23	*3	*22	--	--
\$100,000 under \$1,000,000.....	*14	*294	*12	*186	*4	*13
\$1,000,000 under \$10,000,000.....	5	1,149	2	72	--	--
\$10,000,000 or more.....	2	1,273	1	995	1	58
<b>GRANTMAKING CHARITABLE TRUSTS</b>						
Total.....	2,448	149,634	2,448	143,652	1,807	5,011
Zero or unreported.....	*17	*3,890	*17	*3,885	*14	*5
\$1 under \$100,000.....	854	4,758	854	4,537	589	183
\$100,000 under \$1,000,000.....	1,093	29,169	1,093	27,695	826	957
\$1,000,000 under \$10,000,000.....	449	62,664	449	60,408	350	2,066
\$10,000,000 or more.....	34	49,153	34	47,127	28	1,800
<b>Grantmaking-nonoperating trusts</b>						
Total.....	2,429	148,150	2,429	142,378	1,802	4,940
Zero or unreported.....	*17	*3,890	*17	*3,885	*14	*5
\$1 under \$100,000.....	851	4,734	851	4,515	589	183
\$100,000 under \$1,000,000.....	1,081	28,970	1,081	27,509	822	945
\$1,000,000 under \$10,000,000.....	447	62,592	447	60,336	350	2,066
\$10,000,000 or more.....	33	47,963	33	46,132	27	1,741
<b>Grantmaking-operating trusts</b>						
Total.....	*19	*1,484	*19	*1,275	*5	*71
Zero or unreported.....	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*23	*3	*22	--	--
\$100,000 under \$1,000,000.....	*12	*199	*12	*186	*4	*13
\$1,000,000 under \$10,000,000.....	2	72	2	72	--	--
\$10,000,000 or more.....	1	1,190	1	995	1	58

Footnotes at end of table.



# Private Foundations and Charitable Trusts, 1989

**Table 2.—Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets—Continued**

(All figures are estimates based on samples—money amounts are in thousands of dollars)

Size of fair market value of total assets	Excise tax on net investment income				Total assets (book value)		Investments in securities (book value)		
	Total	Domestic organizations		Foreign organizations		Number of returns	Amount	Number of returns	Amount
		Number of returns	Amount	Number of returns	Amount				
	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
<b>ALL CHARITABLE TRUSTS</b>									
Total.....	4,737	2,499	4,732	2	4	2,613	2,267,350	2,282	1,722,125
Zero or unreported.....	*3	*14	*3	--	--	--	--	--	--
\$1 under \$100,000.....	51	847	51	--	--	942	30,869	739	23,337
\$100,000 under \$1,000,000.....	687	1,135	687	--	--	1,155	374,843	1,043	291,791
\$1,000,000 under \$10,000,000.....	2,551	467	2,546	2	4	478	1,090,823	465	885,374
\$10,000,000 or more.....	1,446	36	1,446	--	--	38	771,015	35	521,622
<b>Nonoperating trusts</b>									
Total.....	4,689	2,464	4,685	2	4	2,572	2,199,698	2,264	1,709,572
Zero or unreported.....	*3	*14	*3	--	--	--	--	--	--
\$1 under \$100,000.....	51	847	51	--	--	938	30,855	739	23,337
\$100,000 under \$1,000,000.....	672	1,104	672	--	--	1,125	360,754	1,031	288,552
\$1,000,000 under \$10,000,000.....	2,535	464	2,530	2	4	473	1,071,875	460	880,318
\$10,000,000 or more.....	1,428	34	1,428	--	--	36	736,213	34	517,365
<b>Operating trusts</b>									
Total.....	47	35	47	--	--	41	67,652	18	12,553
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	*3	*14	--	--
\$100,000 under \$1,000,000.....	*14	*30	*14	--	--	*30	*14,089	*12	*3,239
\$1,000,000 under \$10,000,000.....	16	3	16	--	--	5	16,748	5	5,057
\$10,000,000 or more.....	17	2	17	--	--	2	34,802	1	4,257
<b>GRANTMAKING CHARITABLE TRUSTS</b>									
Total.....	4,431	2,359	4,427	2	4	2,430	2,053,805	2,173	1,614,138
Zero or unreported.....	*3	*14	*3	--	--	--	--	--	--
\$1 under \$100,000.....	49	795	49	--	--	854	29,601	694	22,531
\$100,000 under \$1,000,000.....	642	1,075	642	--	--	1,093	349,477	1,002	283,755
\$1,000,000 under \$10,000,000.....	2,418	442	2,413	2	4	449	1,009,475	444	832,580
\$10,000,000 or more.....	1,320	33	1,320	--	--	34	665,252	33	475,272
<b>Grantmaking-nonoperating trusts</b>									
Total.....	4,418	2,345	4,413	2	4	2,412	2,037,065	2,160	1,606,684
Zero or unreported.....	*3	*14	*3	--	--	--	--	--	--
\$1 under \$100,000.....	49	795	49	--	--	851	29,587	694	22,531
\$100,000 under \$1,000,000.....	639	1,063	639	--	--	1,081	347,040	992	281,698
\$1,000,000 under \$10,000,000.....	2,414	441	2,409	2	4	447	1,003,645	442	831,440
\$10,000,000 or more.....	1,314	32	1,314	--	--	33	656,792	32	471,015
<b>Grantmaking-operating trusts</b>									
Total.....	*14	*14	*14	--	--	*19	*16,741	*13	*7,453
Zero or unreported.....	--	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	--	--	--	--	--	*3	*14	--	--
\$100,000 under \$1,000,000.....	*4	*12	*4	--	--	*12	*2,437	*10	*2,057
\$1,000,000 under \$10,000,000.....	4	1	4	--	--	2	5,830	2	1,139
\$10,000,000 or more.....	6	1	6	--	--	1	8,460	1	4,257

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 2.—Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets—Continued**

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

Size of fair market value of total assets	Total assets (fair market value)		Investments in securities (fair market value)		Net worth		Minimum investment return	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
<b>ALL CHARITABLE TRUSTS</b>								
Total.....	2,613	2,888,063	2,277	2,233,339	2,578	2,253,596	2,573	134,589
Zero or unreported.....	--	--	--	--	--	--	*17	*130
\$1 under \$100,000.....	942	34,229	736	26,397	907	30,823	886	1,689
\$100,000 under \$1,000,000.....	1,155	440,615	1,043	351,295	1,155	369,350	1,153	21,109
\$1,000,000 under \$10,000,000.....	478	1,338,228	464	1,110,143	478	1,086,766	478	63,051
\$10,000,000 or more.....	38	1,074,991	35	745,504	38	766,657	38	48,610
<b>Nonoperating trusts</b>								
Total.....	2,572	2,759,378	2,259	2,219,069	2,537	2,191,703	2,532	132,406
Zero or unreported.....	--	--	--	--	--	--	*17	*130
\$1 under \$100,000.....	938	34,215	736	26,397	903	30,809	882	1,689
\$100,000 under \$1,000,000.....	1,125	426,226	1,031	347,796	1,125	359,193	1,123	20,753
\$1,000,000 under \$10,000,000.....	473	1,312,946	459	1,105,199	473	1,068,187	473	62,326
\$10,000,000 or more.....	36	985,990	34	739,677	36	733,534	36	47,509
<b>Operating trusts</b>								
Total.....	41	128,686	18	14,270	41	61,893	41	2,183
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*14	--	--	*3	*14	*3	*1
\$100,000 under \$1,000,000.....	*30	*14,389	*12	*3,499	*30	*10,157	*30	*356
\$1,000,000 under \$10,000,000.....	5	25,282	5	4,944	5	18,599	5	725
\$10,000,000 or more.....	2	89,001	1	5,827	2	33,123	2	1,102
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
Total.....	2,430	2,599,735	2,168	2,101,891	2,430	2,044,484	2,427	125,492
Zero or unreported.....	--	--	--	--	--	--	*17	*130
\$1 under \$100,000.....	854	32,788	690	25,423	854	29,562	833	1,624
\$100,000 under \$1,000,000.....	1,093	412,753	1,002	341,514	1,093	348,049	1,093	20,134
\$1,000,000 under \$10,000,000.....	449	1,242,460	443	1,048,456	449	1,005,769	449	59,181
\$10,000,000 or more.....	34	911,734	33	686,498	34	661,104	34	44,424
<b>Grantmaking-nonoperating trusts</b>								
Total.....	2,412	2,573,366	2,155	2,092,592	2,412	2,029,422	2,408	124,553
Zero or unreported.....	--	--	--	--	--	--	*17	*130
\$1 under \$100,000.....	851	32,774	690	25,423	851	29,548	830	1,623
\$100,000 under \$1,000,000.....	1,081	410,037	992	339,170	1,081	345,612	1,081	20,021
\$1,000,000 under \$10,000,000.....	447	1,236,642	441	1,047,328	447	999,939	447	59,112
\$10,000,000 or more.....	33	893,914	32	680,672	33	654,322	33	43,667
<b>Grantmaking-operating trusts</b>								
Total.....	*19	*26,369	*13	*9,299	*19	*15,062	*19	*939
Zero or unreported.....	--	--	--	--	--	--	--	--
\$1 under \$100,000.....	*3	*14	--	--	*3	*14	*3	*1
\$100,000 under \$1,000,000.....	*12	*2,716	*10	*2,344	*12	*2,437	*12	*112
\$1,000,000 under \$10,000,000.....	2	5,818	2	1,128	2	5,830	2	69
\$10,000,000 or more.....	1	17,820	1	5,827	1	6,782	1	757

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 2.--Section 4947(a)(1) Charitable Trusts Treated as Foundations: Number and Selected Financial Data, by Type of Organization and Size of Fair Market Value of Total Assets--Continued**

(All figures are estimates based on samples--money amounts are in thousands of dollars)

Size of fair market value of total assets	Distributable amount		Qualifying distributions		Undistributed income for 1989		Excess distributions carryover to 1990	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)
<b>ALL CHARITABLE TRUSTS</b>								
Total.....	2,526	121,412	2,544	156,085	520	18,669	2,027	164,268
Zero or unreported.....	*17	*127	*17	*3,887	--	--	*14	*172
\$1 under \$100,000.....	879	1,839	896	4,690	159	179	744	14,603
\$100,000 under \$1,000,000.....	1,123	19,983	1,130	29,378	250	2,816	873	36,986
\$1,000,000 under \$10,000,000.....	472	59,007	465	64,956	103	9,384	368	62,020
\$10,000,000 or more.....	35	40,656	36	53,175	7	6,289	28	50,487
<b>Nonoperating trusts</b>								
Total.....	2,526	121,412	2,519	153,065	520	18,669	2,027	164,268
Zero or unreported.....	*17	*127	*17	*3,887	--	--	*14	*172
\$1 under \$100,000.....	879	1,839	893	4,666	159	179	744	14,603
\$100,000 under \$1,000,000.....	1,123	19,983	1,115	29,087	250	2,816	873	36,986
\$1,000,000 under \$10,000,000.....	472	59,007	460	63,807	103	9,384	368	62,020
\$10,000,000 or more.....	35	40,656	34	51,618	7	6,289	28	50,487
<b>Operating trusts</b>								
Total.....	N/A	N/A	25	3,021	N/A	N/A	N/A	N/A
Zero or unreported.....	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	N/A	N/A	*3	*23	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	N/A	N/A	*14	*291	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	N/A	N/A	5	1,149	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	N/A	N/A	2	1,557	N/A	N/A	N/A	N/A
<b>GRANTMAKING CHARITABLE TRUSTS</b>								
Total.....	2,408	117,184	2,448	149,816	438	16,336	1,985	145,486
Zero or unreported.....	*17	*127	*17	*3,887	--	--	*14	*172
\$1 under \$100,000.....	830	1,578	854	4,686	131	148	720	14,564
\$100,000 under \$1,000,000.....	1,081	19,285	1,093	29,086	219	2,360	862	36,741
\$1,000,000 under \$10,000,000.....	447	56,517	449	62,772	82	8,308	363	54,682
\$10,000,000 or more.....	33	39,677	34	49,385	6	5,520	27	39,327
<b>Grantmaking-nonoperating trusts</b>								
Total.....	2,408	117,184	2,429	148,050	438	16,336	1,985	145,486
Zero or unreported.....	*17	*127	*17	*3,887	--	--	*14	*172
\$1 under \$100,000.....	830	1,578	851	4,663	131	148	720	14,564
\$100,000 under \$1,000,000.....	1,081	19,285	1,081	28,890	219	2,360	862	36,741
\$1,000,000 under \$10,000,000.....	447	56,517	447	62,700	82	8,308	363	54,682
\$10,000,000 or more.....	33	39,677	33	47,911	6	5,520	27	39,327
<b>Grantmaking-operating trusts</b>								
Total.....	N/A	N/A	*19	*1,765	N/A	N/A	N/A	N/A
Zero or unreported.....	N/A	N/A	--	--	N/A	N/A	N/A	N/A
\$1 under \$100,000.....	N/A	N/A	*3	*23	N/A	N/A	N/A	N/A
\$100,000 under \$1,000,000.....	N/A	N/A	*12	*196	N/A	N/A	N/A	N/A
\$1,000,000 under \$10,000,000.....	N/A	N/A	2	72	N/A	N/A	N/A	N/A
\$10,000,000 or more.....	N/A	N/A	1	1,474	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 1989 using the cash receipts and disbursements method of accounting. This figure differs somewhat from that reported as contributions, gifts, and grants paid in the income statement of Table 4. When reporting the amount used in the income statement, or per the books, charitable trusts have the option of using either the cash receipts and disbursements or the accrual method of accounting. This difference in reporting method, therefore, accounts for the difference in the amount of contributions, gifts, and grants paid as reported in Tables 2 and 4.

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

# Private Foundations and Charitable Trusts, 1989

**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	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
	(1)	(2)	(3)	(4)	(5)
Number of returns.....	38,773	946	14,352	14,799	7,049
<b>Total assets (book value).....</b>	<b>116,202,994</b>	<b>*62,466</b>	<b>478,009</b>	<b>4,982,084</b>	<b>18,081,031</b>
Cash, total.....	13,496,423	*48,822	249,857	1,525,192	3,379,093
Non-interest bearing accounts.....	1,230,791	*35	64,128	267,955	438,837
Savings and temporary cash investments.....	12,265,632	*48,787	185,729	1,257,237	2,940,256
Accounts receivable, net.....	618,639	--	4,026	23,786	89,578
Pledges receivable, net.....	130,630	--	--	*27,194	26,272
Grants receivable.....	47,059	--	--	*5,516	*15,028
Receivables due from disqualified persons.....	118,490	--	*3,023	*5,909	45,763
Other notes and loans receivable.....	891,024	*38	5,070	96,497	230,948
Inventories.....	83,416	--	*1,247	*12,909	4,715
Prepaid expenses and deferred charges.....	111,387	*6,000	945	6,728	14,980
Investments (non-cash), total.....	96,814,483	*5,655	194,997	3,060,828	13,389,373
Securities.....	89,777,246	*5,655	181,817	2,767,526	12,398,927
Land, buildings and equipment (less accumulated depreciation).....	2,410,339	--	*2,739	101,776	369,134
Mortgage loans.....	449,201	--	*3,799	60,093	155,064
Other investments.....	4,177,697	--	6,643	131,433	466,247
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	2,212,993	--	8,711	161,778	609,068
Other assets.....	1,878,447	*1,950	8,132	55,745	276,212
<b>Total liabilities.....</b>	<b>4,360,399</b>	<b>105,924</b>	<b>41,906</b>	<b>102,469</b>	<b>561,353</b>
<b>Net worth.....</b>	<b>111,842,594</b>	<b>-43,458</b>	<b>434,103</b>	<b>4,879,614</b>	<b>17,519,678</b>
<b>Total revenue.....</b>	<b>19,916,920</b>	<b>136,027</b>	<b>330,392</b>	<b>1,272,296</b>	<b>4,165,432</b>
Contributions, gifts and grants received.....	6,936,870	135,100	276,419	783,946	2,125,079
Interest on savings and temporary cash investments.....	1,455,676	843	17,079	124,108	321,298
Dividends and interest from securities.....	5,969,519	*272	13,855	220,056	864,010
Gross rents.....	203,827	--	*1,044	13,018	54,004
Net gain (less loss) from sale of assets.....	4,738,242	*419	10,765	128,612	662,770
Gross profit (less loss) from business activities.....	64,602	--	2,340	4,009	12,369
Other income.....	548,179	*230	8,889	18,545	125,899
<b>Total expenses.....</b>	<b>10,734,604</b>	<b>159,420</b>	<b>343,434</b>	<b>885,351</b>	<b>2,141,205</b>
Contributions, gifts and grants paid.....	8,481,867	156,866	285,936	701,678	1,688,000
Compensation of officers.....	217,404	*455	4,099	16,213	51,349
Other salaries and wages.....	420,678	*53	9,023	46,828	78,374
Pension plans and employee benefits.....	110,998	--	714	4,060	11,586
Legal fees.....	67,323	528	1,907	9,415	18,448
Accounting fees.....	53,484	375	3,499	10,297	17,619
Other professional fees.....	304,809	*117	5,564	11,253	48,250
Interest.....	52,659	*1	298	4,216	19,761
Taxes.....	221,145	83	1,600	13,538	42,083
Depreciation and depletion.....	103,465	--	849	6,732	22,994
Occupancy.....	121,679	*192	3,778	14,163	22,237
Travel, conferences and meetings.....	58,529	*50	4,669	3,452	8,140
Printing and publications.....	32,780	28	3,170	1,928	5,419
Other expenses.....	487,779	670	18,327	41,575	106,944
<b>Excess of revenue (less loss) over expenses.....</b>	<b>9,182,315</b>	<b>-23,392</b>	<b>-13,043</b>	<b>386,945</b>	<b>2,024,226</b>
Excess of revenue.....	10,344,434	*46	66,407	567,730	2,300,422
Loss.....	1,162,120	23,438	79,450	180,785	276,196
<b>Total assets (fair market value).....</b>	<b>151,694,261</b>	<b>--</b>	<b>455,836</b>	<b>5,500,624</b>	<b>21,242,040</b>
Cash, total.....	13,464,610	--	249,685	1,528,516	3,383,919
Non-interest bearing accounts.....	1,239,869	--	63,947	274,118	441,780
Savings and temporary cash investments.....	12,224,741	--	185,738	1,254,398	2,942,139
Accounts receivable, net.....	635,050	--	4,026	23,623	99,955
Pledges receivable, net.....	130,151	--	--	*27,194	*25,344
Grants receivable.....	47,059	--	--	*5,516	*15,028
Receivables due from disqualified persons.....	128,346	--	*2,672	*5,909	54,941
Other notes and loans receivable.....	952,477	--	5,070	95,910	229,007
Inventories.....	84,253	--	*881	*13,867	4,720
Prepaid expenses and deferred charges.....	152,162	--	937	7,261	14,949
Investments (non-cash), total.....	130,420,912	--	173,772	3,547,169	16,255,286
Securities.....	121,393,974	--	160,407	3,207,334	15,067,879
Land, buildings and equipment (less accumulated depreciation).....	3,296,273	--	*2,456	123,002	510,337
Mortgage loans.....	458,691	--	*3,157	60,093	169,339
Other investments.....	5,271,974	--	7,752	156,740	507,731
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	2,856,022	--	9,254	178,049	800,900
Other assets.....	2,823,217	--	9,539	67,609	357,991
<b>Total beginning-of-year assets (book value).....</b>	<b>105,953,876</b>	<b>29,031</b>	<b>496,440</b>	<b>4,605,854</b>	<b>16,112,783</b>
<b>Investments in securities, beginning of year (book value).....</b>	<b>81,164,570</b>	<b>*14,285</b>	<b>202,409</b>	<b>2,515,179</b>	<b>10,971,214</b>

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**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—Continued			
	\$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
	(6)	(7)	(8)	(9)
<b>Number of returns.....</b>	<b>912</b>	<b>329</b>	<b>196</b>	<b>189</b>
<b>Total assets (book value).....</b>	<b>11,650,413</b>	<b>9,868,966</b>	<b>11,275,587</b>	<b>60,006,437</b>
Cash, total.....	1,461,366	1,127,027	1,178,664	4,528,402
Non-interest bearing accounts.....	129,902	113,559	43,606	172,869
Savings and temporary cash investments.....	1,331,564	1,013,468	1,133,058	4,355,533
Accounts receivable, net.....	38,838	42,985	30,707	388,919
Pledges receivable, net.....	11,955	53,323	11,366	520
Grants receivable.....	17,392	6,466	-	2,658
Receivables due from disqualified persons.....	3,624	39,041	20,559	570
Other notes and loans receivable.....	106,714	124,825	71,327	255,605
Inventories.....	9,505	43,647	8,080	3,312
Prepaid expenses and deferred charges.....	29,260	5,497	4,918	44,058
Investments (non-cash), total.....	9,524,751	7,849,777	9,482,607	53,306,294
Securities.....	8,855,268	7,425,401	8,909,752	49,232,899
Land, buildings and equipment (less accumulated depreciation).....	146,485	187,538	163,394	1,439,262
Mortgage loans.....	59,990	44,061	50,311	75,883
Other investments.....	462,997	192,777	359,351	2,558,250
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	326,499	253,117	309,378	544,442
Other assets.....	121,708	123,260	159,781	931,658
<b>Total liabilities.....</b>	<b>258,224</b>	<b>481,660</b>	<b>224,159</b>	<b>2,584,703</b>
<b>Net worth.....</b>	<b>11,392,189</b>	<b>9,187,306</b>	<b>11,051,427</b>	<b>57,421,734</b>
<b>Total revenue.....</b>	<b>2,240,661</b>	<b>1,676,996</b>	<b>1,821,957</b>	<b>8,273,159</b>
Contributions, gifts and grants received.....	927,043	612,788	434,364	1,662,130
Interest on savings and temporary cash investments.....	183,638	138,579	138,758	531,373
Dividends and interest from securities.....	601,816	479,026	600,991	3,189,493
Gross rents.....	21,912	25,792	8,302	79,755
Net gain (less loss) from sale of assets.....	418,521	343,714	571,892	2,602,386
Gross profit (less loss) from business activities.....	18,368	11,088	14,352	2,075
Other income.....	69,361	66,010	53,298	205,946
<b>Total expenses.....</b>	<b>1,182,517</b>	<b>934,125</b>	<b>879,903</b>	<b>4,208,649</b>
Contributions, gifts and grants paid.....	928,758	712,869	659,842	3,348,118
Compensation of officers.....	29,105	23,751	22,521	69,909
Other salaries and wages.....	46,038	42,671	41,597	156,093
Pension plans and employee benefits.....	9,156	9,252	10,238	65,991
Legal fees.....	5,914	5,443	6,388	19,279
Accounting fees.....	6,414	4,850	4,288	6,343
Other professional fees.....	33,610	27,272	31,700	147,043
Interest.....	2,996	14,522	1,859	9,006
Taxes.....	27,083	18,801	21,925	96,022
Depreciation and depletion.....	17,863	14,657	12,992	27,377
Occupancy.....	12,290	10,914	9,736	48,369
Travel, conferences and meetings.....	4,830	2,721	4,503	30,163
Printing and publications.....	3,195	1,300	3,939	13,800
Other expenses.....	55,253	45,300	48,575	171,134
<b>Excess of revenue (less loss) over expenses.....</b>	<b>1,058,143</b>	<b>742,871</b>	<b>942,054</b>	<b>4,064,510</b>
Excess of revenue.....	1,168,050	847,613	989,107	4,405,059
Loss.....	109,906	104,742	47,053	340,549
<b>Total assets (fair market value).....</b>	<b>14,086,317</b>	<b>11,554,315</b>	<b>13,815,696</b>	<b>85,239,432</b>
Cash, total.....	1,464,713	1,128,820	1,174,736	4,534,221
Non-interest bearing accounts.....	127,744	113,058	42,953	176,269
Savings and temporary cash investments.....	1,336,968	1,015,762	1,131,783	4,357,952
Accounts receivable, net.....	42,213	43,425	32,892	388,915
Pledges receivable, net.....	11,955	53,323	11,814	520
Grants receivable.....	17,392	6,466	-	2,658
Receivables due from disqualified persons.....	4,654	39,041	20,559	570
Other notes and loans receivable.....	107,365	120,352	71,295	323,478
Inventories.....	9,504	43,647	8,080	3,553
Prepaid expenses and deferred charges.....	14,524	5,542	4,702	104,248
Investments (non-cash), total.....	11,818,869	9,826,317	11,785,351	77,214,149
Securities.....	11,029,294	8,997,526	10,931,558	71,999,978
Land, buildings and equipment (less accumulated depreciation).....	211,280	333,132	318,579	1,797,487
Mortgage loans.....	54,512	44,076	50,280	77,233
Other investments.....	523,783	251,583	484,935	3,339,450
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	457,306	354,461	333,533	722,519
Other assets.....	137,822	132,919	172,735	1,944,602
<b>Total beginning-of-year assets (book value).....</b>	<b>10,506,034</b>	<b>8,840,285</b>	<b>10,204,143</b>	<b>55,159,307</b>
<b>Investments in securities, beginning of year (book value).....</b>	<b>7,860,378</b>	<b>6,506,320</b>	<b>8,108,914</b>	<b>44,985,871</b>

\*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, 1989

**Table 4.—All Internal Revenue Code Section 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	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
	(1)	(2)	(3)	(4)	(5)
Number of returns.....	2,634	*21	942	1,155	478
<b>Total assets (book value).....</b>	<b>2,267,350</b>	<b>--</b>	<b>30,869</b>	<b>374,843</b>	<b>1,090,623</b>
Cash, total.....	270,200	--	4,977	46,071	128,106
Non-interest bearing accounts.....	31,108	--	1,451	7,294	18,380
Savings and temporary cash investments.....	239,096	--	3,526	38,778	109,726
Accounts receivable, net.....	6,607	--	--	*5,630	949
Pledges receivable, net.....	*58	--	--	--	58
Grants receivable.....	--	--	--	--	--
Receivables due from disqualified persons.....	*575	--	*69	*428	78
Other notes and loans receivable.....	5,672	--	*383	1,597	3,179
Inventories.....	*11,688	--	--	*128	--
Prepaid expenses and deferred charges.....	240	--	*23	*34	45
Investments (non-cash), total.....	1,905,618	--	23,763	309,788	937,905
Securities.....	1,722,125	--	23,337	291,791	885,374
Land, buildings and equipment (less accumulated depreciation).....	19,675	--	--	6,105	7,067
Mortgage loans.....	16,517	--	*18	1,884	6,639
Other investments.....	147,301	--	*410	10,008	38,824
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	31,487	--	--	5,318	12,261
Other assets.....	35,244	--	1,652	5,848	8,041
<b>Total liabilities.....</b>	<b>13,754</b>	<b>--</b>	<b>45</b>	<b>5,493</b>	<b>3,857</b>
<b>Net worth.....</b>	<b>2,253,596</b>	<b>--</b>	<b>30,823</b>	<b>369,350</b>	<b>1,086,766</b>
<b>Total revenue.....</b>	<b>404,571</b>	<b>*3,783</b>	<b>4,299</b>	<b>56,682</b>	<b>204,232</b>
Contributions, gifts and grants received.....	86,254	*3,633	1,071	8,443	49,800
Interest on savings and temporary cash investments.....	29,589	*12	643	4,393	12,462
Dividends and interest from securities.....	127,828	*112	1,733	22,584	64,215
Gross rents.....	6,464	--	*55	1,510	2,628
Net gain (less loss) from sale of assets.....	132,869	*27	361	12,915	70,321
Gross profit (less loss) from business activities.....	*48	--	*30	--	44
Other income.....	21,518	--	407	6,836	4,762
<b>Total expenses.....</b>	<b>184,191</b>	<b>*3,910</b>	<b>5,627</b>	<b>39,247</b>	<b>75,633</b>
Contributions, gifts and grants paid.....	143,547	*3,885	4,859	27,113	60,654
Compensation of officers.....	13,894	*21	396	3,350	6,565
Other salaries and wages.....	3,328	--	--	*2,705	440
Pension plans and employee benefits.....	876	--	--	*799	52
Legal fees.....	1,483	*3	19	312	826
Accounting fees.....	1,423	*1	128	423	614
Other professional fees.....	3,078	--	53	1,004	714
Interest.....	427	--	*30	89	166
Taxes.....	4,885	--	45	924	2,113
Depreciation and depletion.....	847	--	*1	262	463
Occupancy.....	668	--	*39	*136	337
Travel, conferences and meetings.....	284	--	--	*90	43
Printing and publications.....	153	--	11	122	15
Other expenses.....	9,317	--	47	1,917	2,632
<b>Excess of revenue (less loss) over expenses.....</b>	<b>220,380</b>	<b>*-127</b>	<b>-1,328</b>	<b>17,435</b>	<b>128,598</b>
Excess of revenue.....	235,295	*4	1,052	21,856	133,115
Loss.....	14,915	*131	2,381	4,221	4,517
<b>Total assets (fair market value).....</b>	<b>2,888,063</b>	<b>--</b>	<b>34,229</b>	<b>440,615</b>	<b>1,338,228</b>
Cash, total.....	270,264	--	5,047	46,094	128,077
Non-interest bearing accounts.....	31,124	--	1,520	7,253	18,370
Savings and temporary cash investments.....	239,140	--	3,527	38,841	109,707
Accounts receivable, net.....	6,629	--	--	*5,802	800
Pledges receivable, net.....	*58	--	--	--	58
Grants receivable.....	--	--	--	--	--
Receivables due from disqualified persons.....	*598	--	*97	*423	78
Other notes and loans receivable.....	5,670	--	*383	1,597	3,177
Inventories.....	*18,172	--	--	*128	--
Prepaid expenses and deferred charges.....	1,588	--	*23	*34	1,387
Investments (non-cash), total.....	2,455,900	--	28,808	372,472	1,179,753
Securities.....	2,233,339	--	28,397	361,296	1,110,143
Land, buildings and equipment (less accumulated depreciation).....	47,881	--	--	8,319	18,493
Mortgage loans.....	16,214	--	*18	1,861	6,681
Other investments.....	158,466	--	*393	10,997	44,435
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	47,108	--	--	7,681	15,679
Other assets.....	82,075	--	1,872	6,384	9,219
<b>Total beginning-of-year assets (book value).....</b>	<b>2,021,071</b>	<b>*175</b>	<b>31,133</b>	<b>355,124</b>	<b>949,484</b>
<b>Investments in securities, beginning of year (book value).....</b>	<b>1,537,629</b>	<b>*168</b>	<b>22,932</b>	<b>273,680</b>	<b>749,053</b>

Footnotes at end of table.

# Private Foundations and Charitable Trusts, 1989

**Table 4.—All Internal Revenue Code Section 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—Continued			
	\$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
	(6)	(7)	(8)	(9)
Number of returns.....	26	5	6	1
<b>Total assets (book value).....</b>	<b>313,297</b>	<b>106,614</b>	<b>239,400</b>	<b>109,704</b>
Cash, total.....	38,877	10,246	19,533	22,389
Non-interest bearing accounts.....	2,923	2	1,056	—
Savings and temporary cash investments.....	35,954	10,244	18,477	22,389
Accounts receivable, net.....	27	—	—	—
Pledges receivable, net.....	—	—	—	—
Grants receivable.....	—	—	—	—
Receivables due from disqualified persons.....	—	—	—	—
Other notes and loans receivable.....	487	—	25	—
Inventories.....	11,540	—	—	—
Prepaid expenses and deferred charges.....	133	—	4	—
Investments (non-cash), total.....	247,996	98,365	200,486	87,315
Securities.....	218,545	95,744	122,937	84,395
Land, buildings and equipment (less accumulated depreciation).....	3,558	2,621	—	324
Mortgage loans.....	5,383	—	—	2,596
Other investments.....	20,510	—	77,549	—
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	13,853	3	32	—
Other assets.....	383	—	19,319	—
<b>Total liabilities.....</b>	<b>2,757</b>	<b>74</b>	<b>308</b>	<b>1,219</b>
<b>Net worth.....</b>	<b>310,540</b>	<b>106,540</b>	<b>239,092</b>	<b>108,485</b>
<b>Total revenue.....</b>	<b>57,874</b>	<b>15,098</b>	<b>28,085</b>	<b>34,520</b>
Contributions, gifts and grants received.....	21,813	1,460	—	35
Interest on savings and temporary cash investments.....	3,474	336	6,166	2,104
Dividends and interest from securities.....	17,143	8,262	8,892	4,888
Gross rents.....	1,311	920	—	40
Net gain (less loss) from sale of assets.....	8,907	4,112	8,773	27,454
Gross profit (less loss) from business activities.....	—	—	-26	—
Other income.....	5,226	8	4,280	—
<b>Total expenses.....</b>	<b>27,546</b>	<b>10,847</b>	<b>13,637</b>	<b>7,743</b>
Contributions, gifts and grants paid.....	19,334	9,215	11,540	6,946
Compensation of officers.....	2,192	728	334	310
Other salaries and wages.....	91	37	54	—
Pension plans and employee benefits.....	14	2	9	—
Legal fees.....	249	11	64	—
Accounting fees.....	185	19	53	—
Other professional fees.....	458	128	700	22
Interest.....	21	—	—	122
Taxes.....	836	123	532	313
Depreciation and depletion.....	77	24	6	14
Occupancy.....	90	1	68	—
Travel, conferences and meetings.....	58	3	70	—
Printing and publications.....	2	3	—	—
Other expenses.....	3,940	554	209	18
<b>Excess of revenue (less loss) over expenses.....</b>	<b>30,328</b>	<b>4,251</b>	<b>14,447</b>	<b>26,777</b>
Excess of revenue.....	32,018	6,227	14,447	26,777
Loss.....	1,690	1,976	—	—
<b>Total assets (fair market value).....</b>	<b>404,982</b>	<b>148,399</b>	<b>401,111</b>	<b>120,499</b>
Cash, total.....	38,877	10,246	19,533	22,389
Non-interest bearing accounts.....	2,923	2	1,056	—
Savings and temporary cash investments.....	35,954	10,244	18,477	22,389
Accounts receivable, net.....	27	—	—	—
Pledges receivable, net.....	—	—	—	—
Grants receivable.....	—	—	—	—
Receivables due from disqualified persons.....	—	—	—	—
Other notes and loans receivable.....	487	—	25	—
Inventories.....	18,044	—	—	—
Prepaid expenses and deferred charges.....	139	—	4	—
Investments (non-cash), total.....	323,250	138,150	317,359	98,110
Securities.....	284,386	130,135	236,195	94,787
Land, buildings and equipment (less accumulated depreciation).....	12,327	8,015	—	727
Mortgage loans.....	5,061	—	—	2,596
Other investments.....	21,477	—	81,163	—
Charitable-purpose land, buildings and equipment (less accumulated depreciation).....	23,714	3	32	—
Other assets.....	443	—	64,158	—
<b>Total beginning-of-year assets (book value).....</b>	<b>281,515</b>	<b>99,462</b>	<b>224,608</b>	<b>79,571</b>
<b>Investments in securities, beginning of year (book value).....</b>	<b>215,272</b>	<b>89,736</b>	<b>115,525</b>	<b>71,263</b>

\*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.