

Domestic Private Foundations, Tax Years 2003–2007

by Cynthia Belmonte and Melissa Ludlum

The private foundation segment of the tax-exempt sector experienced modest growth between Tax Years 2003 and 2007.¹ Over this time period, the number of private foundations increased 10.8 percent to 84,613, and the fair market value of total assets held by private foundations increased, in real terms, by 21.7 percent.² Private foundations provided approximately \$163.7 billion in contributions, gifts, and grants to charitable initiatives during these tax years.

Foundations are tax-exempt under Internal Revenue Code (IRC) section 501(c)(3). They are required to file the information return, Form 990-PF, *Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation*, annually. The Statistics of Income (SOI) Division conducts an annual study of private foundations based on the information returns filed with the Internal Revenue Service (IRS). The SOI data are estimates based on a sample of Forms 990-PF selected to represent the entire filing population for a given tax year. This article presents data for domestic private foundations—private foundations organized in the United States—for Tax Years 2003 through 2007.

Tax Definitions and Organizational Structure

Religious, charitable, scientific, educational, and certain other organizations are exempt from federal income tax under IRC section 501(c)(3). Most tax-exempt organizations are hospitals, schools,

churches, and organizations that receive broad support from the general public. Many of these types of tax-exempt organizations file Form 990, *Return of Organization Exempt from Income Tax*, or Form 990-EZ, the short version of this information return.³ Several characteristics distinguish a private foundation from other types of tax-exempt organizations, including its narrow sphere of support and control. A private foundation may be organized as a corporation, association, or trust. Typically, a private foundation is funded by a small number of private donors. Additionally, control of the private foundation is generally limited to an individual, family, or corporation.

Depending upon the type of charitable support that a private foundation provides, it may be classified as either “nonoperating” or “operating.”⁴ A nonoperating foundation supports charitable programs indirectly, providing grants to other charitable organizations, rather than operating programs of its own. In contrast, an operating foundation generally spends its income on direct, active involvement in a tax-exempt, charitable activity, such as operating a library or museum, providing housing or healthcare, or conducting scientific research. In order to qualify as operating, a foundation must meet both an “income test” and one of three other tests: an “assets test,” an “endowment test,” or a “support test.”⁵

Private foundations are typically supported and controlled by an individual, family, or corporation. Because they are not directly accountable to the public, private foundations are subject to greater federal regulation than other tax-exempt organizations. For example, private foundations are prohibited from accumulating net income, and nonoperating foundations are required annually to distribute 5 percent of the net value of their investment assets, after

Cynthia Belmonte is an economist with the Special Studies Special Projects Section. Melissa Ludlum is Chief of the Special Studies Special Projects Section. This article was prepared under the direction of Barry W. Johnson, Chief.

¹ A tax year includes all accounting periods beginning in its corresponding calendar year—e.g., Tax Year 2007 includes all accounting periods beginning in Calendar Year 2007 and thus ending between December 2007 and November 2008.

² Dollar values were adjusted for inflation using the 2005 chain-type price index for Gross Domestic Product (GDP) as reported by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2007 constant dollars and are referred to in this article as “constant dollars” or “real dollars.”

³ For additional discussion of organizations other than private foundations that are tax-exempt under Internal Revenue Code section 501(c)(3), see Arnsberger, Paul and Mike Graham, “Charities and Other Tax-Exempt Organizations, 2007,” *Statistics of Income Bulletin*, fall 2010.

⁴ An organization’s status as a nonoperating or operating foundation was indicated on Form 990-PF, Part VII, line 9.

⁵ A foundation could qualify as operating under the income requirement if it spent at least 85 percent of the lesser of its “minimum investment return” or “adjusted net income” on the direct, active conduct of tax-exempt, charitable activities. Adjusted net income represented the amount of income from charitable functions, investment activities, set-asides, unrelated business activities, and short-term capital gains that exceeded the cost incurred in earning the income and was calculated in Part I, Column (c) of Form 990-PF for operating foundations. To meet the assets test, a foundation had to use 65 percent or more of its assets directly for the active conduct of charitable activities. To meet the endowment test, a foundation regularly had to make distributions for the active conduct of charitable activities in an amount not less than two thirds of its “minimum investment return.” To meet the support test, a foundation regularly had to receive substantially all of its support (other than from gross investment income) from the public or from five or more qualifying exempt organizations, and (a) no more than 25 percent of its support (other than from gross investment income) from any one such qualifying exempt organization; and (b) no more than 50 percent of its support from gross investment income. See “Operating Foundations” in the *Explanation of Selected Terms* section for additional information.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

certain adjustments. To report their compliance with these regulations, foundations are required to file Form 990-PF annually. The Tax Reform Act of 1969 (TRA69) established taxes specific to private foundations and was the basis for IRC sections 4940-4945. IRC section 4940 includes an excise tax on “net investment income,” which consists of income received only from investments that are unrelated to a foundation’s charitable purpose. This tax, which is reported annually on Form 990-PF, applies to all nonoperating foundations and to most operating foundations that earn net investment income. IRC sections 4941-4945 outline taxes imposed on foundations that engage in activities that are considered to be contrary to the public interest. IRC section 4941 details taxable acts of “self-dealing,” which are defined as financial transactions with foundation officers, directors, trustees, substantial contributors, or “other disqualified persons.” Additionally, nonoperating foundations that fail to distribute the minimum amount for charitable purposes are subject to an excise tax under IRC section 4942. Excess business holdings, certain high-risk investments, and various prohibited expenditures, such as those made for legislative or political purposes, are taxable under IRC sections 4943-4945. Taxes on the activities de-

scribed in IRC sections 4941-4945 are reported separately on Form 4720, *Return of Certain Excise Taxes on Charities and Other Persons Under Chapters 41 and 42 of the Internal Revenue Code*, and are not included in this article.⁶

Tax Years 2003–2007 in Brief

Between Tax Years 2003 and 2007, domestic private foundations grew in both number and size. Figure A includes selected financial data for the 5-year period. Between Tax Years 2003 and 2007, the total number of Forms 990-PF filed by domestic private foundations increased 10.8 percent, from 76,348 to 84,613. Over the same period, the aggregate fair market value of total assets held by these organizations increased 21.7 percent, after adjusting for inflation, to \$652.4 billion for Tax Year 2007. Overall, the aggregate fair market value of total assets showed a 5.1 percent average annual rate of growth throughout the period.

Domestic private foundations experienced strong revenue growth during this period. In real terms, total revenue reported by domestic private foundations nearly doubled in size, from \$54.6 billion for Tax Year 2003 to \$107.3 billion for Tax Year 2007, or 18.5 percent per year, on average.

Figure A

Domestic Private Foundations: Selected Financial Items in Current and Constant Dollars, Tax Years 2003–2007

[Money amounts are in millions of dollars]

Tax year	Number of returns	Fair market value of total assets [1]		Total revenue		Disbursements for charitable purposes		Contributions, gifts, and grants paid	
		Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars	Current dollars	Constant dollars
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Tax Year 2003	76,348	474,952	536,221	48,391	54,633	31,058	35,065	26,667	30,107
Tax Year 2004	76,897	509,924	559,896	58,668	64,417	32,125	35,273	27,625	30,332
Tax Year 2005	79,535	545,938	579,786	76,365	81,100	37,017	39,312	31,856	33,831
Tax Year 2006	81,850	616,246	634,117	94,107	96,836	40,686	41,866	34,932	35,945
Tax Year 2007	84,613	652,441	652,441	107,304	107,304	49,177	49,177	42,578	42,578
Average annual rate of growth	2.6	8.3	5.1	22.2	18.5	12.4	9.0	12.6	9.2

[1] The total assets and other investments amounts differ from those previously published for Tax Year 2006. These amounts have been revised to avoid overstating \$29.6 billion in joint assets reported by The Bill and Melinda Gates Foundation and The Bill and Melinda Gates Foundation Trust. This amount, reported as “other investments” by the foundation, represented the foundation’s interest in the Bill and Melinda Gates Foundation Trust.

NOTE: Amounts labeled “constant dollars” have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2007 constant dollars.

⁶ Information on excise taxes paid under IRC section 4940 and reported on Form 990-PF, as well as tabulations for excise taxes paid under IRC sections 4941-4945 and reported on Form 4720, are available via the Internet at <http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html>.

Total disbursements for charitable purposes, which are outlays that private foundations make exclusively in support of their tax-exempt purposes, increased 40.2 percent between Tax Years 2003 and 2007, from \$35.1 billion to \$49.2 billion. Contributions, gifts, and grants were the major component of these types of expenses, accounting for over 85.0 percent of total disbursements for each of the tax years in the period.⁷ These distributions increased at a real rate of growth of 9.2 percent per year between Tax Years 2003 and 2007.⁸

Composition of Filers

Figure B presents financial data for each of Tax Years 2003 through 2007, by asset-size class, for all foundations, and for nonoperating and operating foundations, separately. Foundations were assigned to asset-size classes based on the reported current dollar end-of-year fair market value of total assets for each tax year. A comparison of returns that were included in the sample for 2 consecutive tax years showed that the vast majority of returns remained in the same asset size class for both years. For each of the 5 years in the study period, between 96.6 and 97.8 percent of private foundations remained in the same asset-size class as in the previous Tax Year. The deflator for Gross Domestic Product, as published by the Bureau of Economic Analysis, increased by 12.9 percent over the period, indicating moderate inflation.

Nonoperating foundations conduct the majority of financial activity that is attributable to private foundations. Typically, nonoperating foundations account for over 90.0 percent of Forms 990-PF filed by domestic private foundations, and they hold a similar proportion of the aggregate fair market value of total assets. Nonoperating foundations also earn the majority of total revenue and, because of their legal requirement to make charitable distributions, account for nearly all of the contributions, gifts, and grants reported each year.

The distributions of returns filed, fair market value of total assets held, revenue earned, and disbursements for charitable purposes and contributions, gifts, and grants distributed, by asset size-class, were nearly the same for Tax Year 2007 as for Tax

Year 2003. Large foundations, those holding more than \$50 million in fair market value of total assets, represented 1.8 percent of all returns filed for Tax Year 2007—approximately the same percentage of filings that they represented for Tax Year 2003. The percentage of total returns filed by small foundations, those holding less than \$1 million in fair market value of total assets, decreased each year, from 68.4 percent for Tax Year 2003 to 63.8 percent for Tax Year 2007. This was accompanied by a corresponding increase in returns filed by medium foundations, those holding between \$1 and \$50 million in fair market value of total assets, from 30.1 percent of total returns filed for Tax Year 2003 to 34.4 percent for Tax Year 2007.

The proportion of the aggregate fair market value of total assets held by organizations in each asset-size class for Tax Year 2007 was virtually the same as that reported for Tax Year 2003. Although large organizations filed only 1.7 percent of all domestic private foundation returns, on average, for the period, they held an average of 69.0 percent of the aggregate fair market value of total assets. In contrast, small organizations, which filed two-thirds of all returns, on average, for the period, held less than 3.0 percent of the aggregate fair market value of total assets each year during the 5-year period.

Although small foundations earned only 5.1 percent of total revenue and held an even smaller percentage of the aggregate fair market value of total assets for Tax Year 2007, they made 11.2 percent of disbursements for charitable purposes and 10.0 percent of contributions, gifts, and grants for that year. Large foundations reported earning more than half of the total revenue reported by domestic private foundations for each of Tax Years 2003 through 2007 and reported making more than half the total values of disbursements for charitable purposes and of contributions, gifts, and grants.

Asset Values and Their Significance

The overall value of assets held by a private foundation, particularly those held for investment purposes, can play a major role in the foundation's ability to make distributions for charitable purposes. For

⁷ Disbursements for charitable purposes were reported separately from investment expenses and were required to be calculated as actual disbursements, on a cash basis.

⁸ Complete information on Forms 990-PF filed by both private foundations and section 4947(a)(1) nonexempt charitable trusts for Tax Year 2007, as well as additional data for previous tax years, may be accessed via the Internet at <http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html>.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure B

Domestic Private Foundations: Selected Financial Items, by Asset-Size Class and Operating Status, in Constant Dollars, Tax Years 2003–2007

[Money amounts are in millions of dollars]

Tax year	Asset size [1]	All foundations					Nonoperating foundations		
		Number of returns	Fair market value of total assets	Total revenue	Disbursements for charitable purposes	Contributions, gifts, and grants paid	Number of returns	Fair market value of total assets	Total revenue
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Tax Year 2003	Total	76,348	536,221	54,633	35,065	30,107	70,004	492,579	49,998
	Small foundations	52,233	14,139	3,004	2,972	2,463	47,607	13,168	2,619
	Medium foundations	22,982	156,564	20,310	12,813	11,140	21,366	145,277	18,330
	Large foundations	1,133	365,517	31,319	19,280	16,503	1,031	334,134	29,049
Tax Year 2004	Total	76,897	559,896	64,417	35,273	30,332	70,613	515,389	59,371
	Small foundations	51,414	14,076	3,492	2,747	2,061	46,782	13,133	3,102
	Medium foundations	24,250	163,876	24,061	12,854	11,328	22,701	152,399	21,877
	Large foundations	1,233	381,944	36,864	19,673	16,943	1,130	349,857	34,391
Tax Year 2005	Total	79,535	579,786	81,100	39,312	33,831	72,800	533,409	73,539
	Small foundations	52,518	14,050	4,387	3,963	2,951	47,590	13,051	3,321
	Medium foundations	25,683	168,763	29,791	14,520	12,857	23,987	157,114	26,666
	Large foundations	1,334	396,973	46,921	20,829	18,023	1,224	363,244	43,551
Tax Year 2006	Total	81,850	634,117	96,836	41,866	35,945	74,364	584,621	88,695
	Small foundations	52,730	13,791	4,928	5,176	4,048	47,121	12,682	3,670
	Medium foundations	27,613	178,164	32,132	14,317	12,606	25,849	165,613	28,846
	Large foundations	1,507	442,163	59,776	22,374	19,291	1,395	406,326	56,180
Tax Year 2007	Total	84,613	652,441	107,304	49,177	42,578	77,457	601,621	99,039
	Small foundations	53,971	14,077	5,452	5,523	4,256	48,727	13,030	4,039
	Medium foundations	29,085	180,537	34,846	16,516	14,496	27,290	167,476	31,325
	Large foundations	1,557	457,828	67,006	27,137	23,826	1,440	421,115	63,675
Tax year	Asset size [1]	Nonoperating foundations			Operating foundations				
		Disbursements for charitable purposes	Contributions, gifts, and grants paid	Number of returns	Fair market value of total assets	Total revenue	Disbursements for charitable	Contributions, gifts, and grants paid	
		(9)	(10)	(11)	(12)	(13)	(14)	(15)	
Tax Year 2003	Total	32,545	29,485	6,344	43,642	4,636	2,520	622	
	Small foundations	2,715	2,366	4,626	972	385	256	97	
	Medium foundations	11,720	10,847	1,616	11,287	1,980	1,093	293	
	Large foundations	18,110	16,272	102	31,383	2,270	1,171	232	
Tax Year 2004	Total	32,723	29,727	6,284	44,507	5,046	2,550	605	
	Small foundations	2,442	2,002	4,633	943	390	305	60	
	Medium foundations	11,849	11,082	1,549	11,477	2,183	1,005	247	
	Large foundations	18,432	16,643	103	32,087	2,473	1,241	299	
Tax Year 2005	Total	35,389	32,544	6,734	46,377	7,562	3,923	1,288	
	Small foundations	3,072	2,834	4,928	999	1,066	891	117	
	Medium foundations	12,674	11,907	1,696	11,648	3,125	1,846	950	
	Large foundations	19,643	17,803	110	33,730	3,370	1,186	221	
Tax Year 2006	Total	37,794	34,832	7,486	49,496	8,141	4,072	1,113	
	Small foundations	4,143	3,952	5,609	1,109	1,259	1,033	95	
	Medium foundations	12,621	11,821	1,765	12,551	3,286	1,696	786	
	Large foundations	21,030	19,059	112	35,837	3,596	1,343	232	
Tax Year 2007	Total	44,547	41,268	7,156	50,820	8,265	4,630	1,310	
	Small foundations	4,411	4,173	5,244	1,046	1,413	1,112	83	
	Medium foundations	14,430	13,541	1,796	13,061	3,521	2,087	955	
	Large foundations	25,706	23,554	117	36,713	3,331	1,431	272	

[1] Foundations were assigned to asset-size classes based on the reported current dollar end-of-year fair market value of total assets for each tax year. Small foundations are those holding from zero (including unreported) to less than \$1,000,000 in fair market value of total assets. Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets. Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

NOTE: Amounts labeled "constant dollars" have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2007 constant dollars.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

nonoperating foundations, the annual charitable distribution requirement, known as the “distributable amount,” is calculated based on an annual valuation of assets. As a result, fluctuations in asset values can directly affect the grantmaking practices of nonoperating foundations. The distributable amount is derived from a foundation’s minimum investment return, which equals 5 percent of the reported value of its net investment, or “noncharitable-use,” assets. Noncharitable-use assets are those assets held for investment purposes only and may include such items as securities, investments in art, coins or other collectables, and investments in real estate.⁹ For purposes of the calculation, noncharitable-use cash and securities are valued based on their average monthly fair market values throughout the tax year. Other noncharitable-use assets are valued annually, although not necessarily at year’s end. The net value of noncharitable-use assets, from which the minimum investment return is derived, equals the value of noncharitable-use assets, less both the indebtedness incurred to acquire these assets and the amount of cash held for charitable activities. This amount differs from the fair market value of total assets, which is calculated based on the end-of-year values of all assets held by private foundations for both charitable- and noncharitable-use. Unlike the net value of noncharitable-use assets, the fair market value of total assets is not reduced for acquisition indebtedness.

Most assets held by nonoperating foundations are held for investment, rather than charitable-use, purposes. Figure C1 illustrates the relationship between the net value of noncharitable-use assets and the aggregate end-of-year fair market value of total assets held by domestic nonoperating private foundations for Tax Years 2003 through 2007. For each of these years, net noncharitable-use assets represented the majority of end-of-year fair market value of total assets. Nonoperating foundations reported an overall real increase of 22.1 percent in the fair market value

of total assets between Tax Years 2003 and 2007. Over the same period, the net value of noncharitable-use assets that were held for investment purposes increased by 29.7 percent.

Income received from investment assets increased significantly between Tax Years 2003 and 2007. Figure C2 shows detailed statistics on noncharitable-use assets and net investment income reported by domestic nonoperating private foundations, in current and constant dollars, for Tax Years 2003 through 2007. Realized net investment income reported by private foundations included net income from capital gains, along with interest, dividends, rents, and royalties, after deductions for expenses incurred in producing the investment income. Real net investment income reported by domestic nonoperating private foundations more than doubled over the 5-year period, rising from \$27.1 billion in 2003 to \$60.0 billion in 2007. This corresponded to an average annual increase of 22.2 percent over the period. The net value of noncharitable-use assets grew at an average annual rate of 6.7 percent between 2003 and 2007.

The “net investment income yield” and “real rates of total return on assets” can provide additional insight into both the realized income from and the overall performance of investment assets. Figure D shows these calculations for domestic nonoperating foundations by *beginning of year* asset-size class, for Tax Years 2003 through 2007. Both the mean and the median, which minimizes the influences of large outliers in the data and may therefore better represent a typical foundation than the mean value, are shown. To better measure investment performance over a given tax year, foundations were classified based on their beginning of year fair market value asset sizes.¹⁰

The net investment income yield, a measure of the realized investment income that a foundation earns on its investment assets, was calculated by dividing net investment income by the value of noncharitable-use assets for each tax year in the

⁹ Conversely, assets used directly to conduct charitable activities, such as office buildings, art held by museums, and computers, are “charitable-use assets.” These assets are excluded from the minimum investment return calculation.

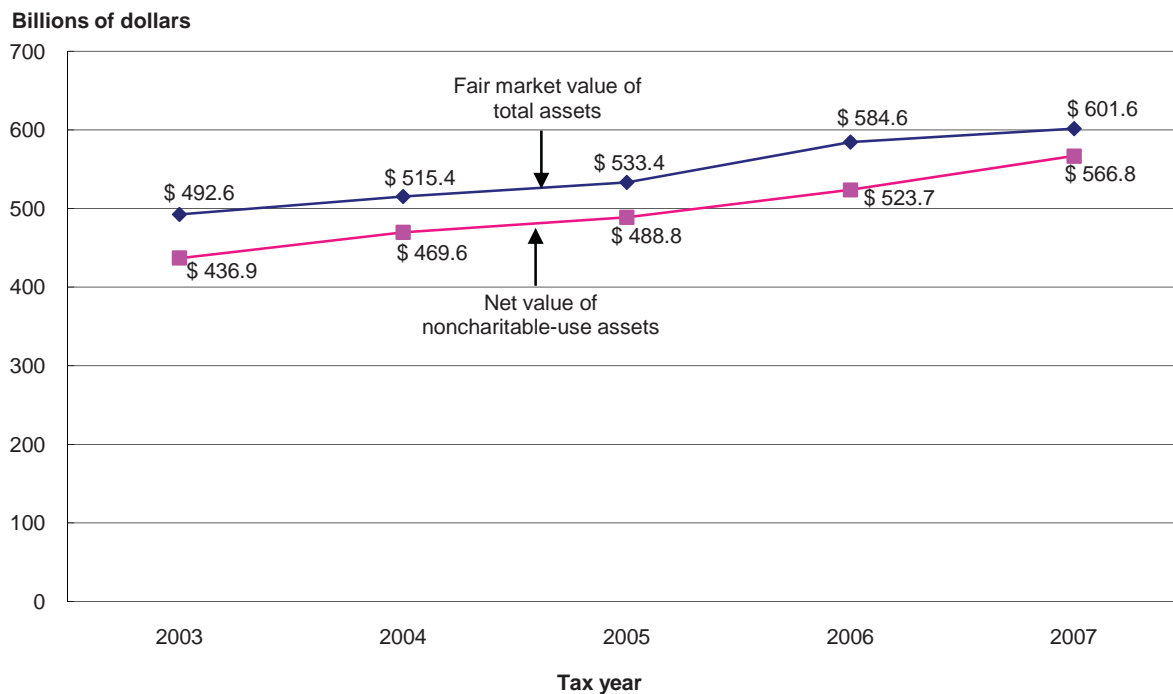
¹⁰ Only data from returns that were included in the sample for 2 consecutive tax years were used in the calculations. For example, the Tax Year 2007 net investment income yield and rate of return on total assets were calculated only for organizations that filed sampled returns for each of Tax Years 2006 and 2007. Thus, approximately 73 percent of returns for nonoperating foundations included in the Tax Year 2003 sample were eligible for this analysis. Eligible returns represented 90 percent, 91 percent, 88 percent, and 91 percent of the Tax Year 2004, Tax Year 2005, Tax Year 2006, and Tax Year 2007 samples, respectively. Because some organizations may have exited the sample in consecutive years due to decreases in their fair market values of total assets, these results may reflect some bias toward organizations with positive investment performance.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure C1

Domestic Nonoperating Private Foundations: Fair Market Value of Total Assets and Net Value of Noncharitable-Use Assets, in Constant Dollars, Tax Years 2003–2007



NOTE: Amounts labeled "constant dollars" have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2007 constant dollars.

Figure C2

Domestic Nonoperating Private Foundations: Net Value of Noncharitable-Use Assets and Net Investment Income, Current and Constant Dollars, Tax Years 2003–2007

[Money amounts are in millions of dollars]

Tax year	Net value of noncharitable-use assets		Net investment income	
	Current dollars	Constant dollars	Current dollars	Constant dollars
	(1)	(2)	(3)	(4)
Tax Year 2003	386,964	436,883	24,023	27,122
Tax Year 2004	427,732	469,650	32,289	35,453
Tax Year 2005	460,279	488,816	42,148	44,761
Tax Year 2006	508,978	523,738	51,308	52,796
Tax Year 2007	566,771	566,771	60,027	60,027
Average annual rate of growth	10.0	6.7	25.9	22.2

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure D

Domestic Nonoperating Private Foundation Net Investment Income Yields and Real Rates of Total Return on Assets, by Size of Beginning of Year Fair Market Value of Total Assets, Tax Years 2003–2007 [1]

Tax year	Asset size [2]	Net investment income yields (percentages)		Real rates of total return (percentages)	
		Median (1)	Mean (2)	Median (3)	Mean (4)
Tax Year 2003	Total	3.0	19.9	10.8	14.9
	Small foundations	2.3	24.4	8.0	17.8
	Medium foundations	3.4	16.5	12.2	12.0
	Large foundations	3.9	5.9	14.8	15.0
Tax Year 2004	Total	2.9	11.8	3.6	8.4
	Small foundations	2.2	9.9	2.0	9.7
	Medium foundations	4.3	14.7	5.1	5.6
	Large foundations	5.9	28.4	7.3	7.5
Tax Year 2005	Total	3.8	9.3	1.2	15.1
	Small foundations	3.0	9.6	0.4	21.8
	Medium foundations	5.2	8.6	2.6	2.9
	Large foundations	7.1	11.1	4.6	6.0
Tax Year 2006	Total	4.7	15.8	6.4	11.5
	Small foundations	4.0	13.4	4.3	13.1
	Medium foundations	6.0	20.4	8.3	8.5
	Large foundations	8.0	10.5	9.9	10.5
Tax Year 2007	Total	5.1	15.7	1.4	8.8
	Small foundations	4.3	12.5	0.8	14.5
	Medium foundations	6.4	21.1	2.3	-0.1
	Large foundations	8.1	11.9	3.6	1.6

[1] Only data from returns that were included in the sample for two consecutive tax years were used in the calculations. For example, the Tax Year 2007 net investment income yield and rate of return on total assets were calculated only for organizations that filed sampled returns for each of Tax Years 2006 and 2007. Thus, approximately 73 percent of returns for nonoperating foundations included in the Tax Year 2003 sample were eligible for this analysis. Eligible returns represented 90 percent, 91 percent, 88 percent, and 91 percent of the Tax Year 2004, Tax Year 2005, Tax Year 2006, and Tax Year 2007 samples, respectively. Because some organizations may have exited the sample in consecutive years due to decreases in their fair market values of total assets, these results may reflect some bias toward organizations with positive investment performance.

[2] Foundations were assigned to asset-size classes based on the reported current dollar end-of-year fair market value of total assets for each tax year. Small foundations are those holding from zero (including unreported) to less than \$1,000,000 in fair market value of total assets. Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets. Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

period.¹¹ Median net investment income yields realized by domestic nonoperating private foundations were between 2.9 and 3.8 percent for Tax Years 2003 through 2005, before improving to 4.7 and 5.1 percent for Tax Years 2006 and 2007. This pattern corresponded to the relatively large overall increases in total net investment income received by domestic nonoperating private foundations, combined with relatively modest growth in the net value of noncharitable-use assets over the 5-year period.

Median realized net investment income yields increased with organization size for each of Tax

Years 2003 through 2007. Median net investment income yields for small foundations were between 2.2 and 4.3 percent for each year in the period, while large foundations realized median net investment income yields between 3.9 and 8.1 percent. Foundations in each of the three size classes reported their highest median net investment income yields for Tax Year 2007.

The real rate-of-total-return formula, which measures the total, inflation-adjusted capital appreciation of a foundation's assets, equals the change in the value of the entire asset base (adjusted for contributions

¹¹ The net investment income amount used in calculating the net investment income yield was obtained from column (b) of the income statement, found in Part I of Form 990-PF.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

received, grants paid, and certain expenses) divided by the value of the base.¹² Because the real rate of total return on assets measures the realized income from investments and other assets, as well as the unrealized appreciation or depreciation in the fair market value of assets, it provides a more comprehensive measure of total investment performance than the net investment income yield. Median real rates of total return on assets, as reported by nonoperating foundations, illustrate a somewhat different pattern in investment performance for Tax Years 2003 through 2007. Overall, median rates of total return realized by nonoperating foundations declined substantially over the period, falling from 10.8 percent in Tax Year 2003 to just 1.4 percent for Tax Year 2007.

Like net investment income yields, the realized real rates of total return were higher for large foundations than for foundations in other size classes. Median rates of total return followed the same pattern for foundations of all sizes, declining in each consecutive year for Tax Years 2003 through 2005 before improving for Tax Year 2006 and again decreasing substantially for Tax Year 2007.

Excise Tax on Net Investment Income

The realized income from investments, or net investment income, that is reported by private foundations is subject to an excise tax each year under IRC section 4940. This tax is intended to cover expenses incurred by the IRS in the oversight of private foundation activities and the enforcement of laws governing private foundations' exempt status. Generally, domestic private foundations are taxed at a rate equal to 2 percent of their net investment income.¹³ Figure E shows selected information for private foundations that reported excise tax on net investment income for

Tax Years 2003 through 2007. Of the \$28.4 billion in real net investment income reported by all domestic foundations for Tax Year 2003, \$27.9 billion was subject to the excise tax, which totaled \$370 million in real terms. For Tax Year 2007, \$60.8 billion of the \$62.8 billion in net investment income reported by foundations was subject to the excise tax, which totaled \$890 million.

Under IRC section 4940(e), domestic private foundations that are able to demonstrate growth in the rate of their charitable distributions are taxed at a reduced net investment income tax rate of 1 percent. If total Tax Year 2007 qualifying distributions were larger than the total of averaged qualifying distributions made between 2002 and 2006 plus 1 percent of the total amount of current net investment income, a foundation was eligible for the reduced tax rate for Tax Year 2007. For Tax Year 2003, the first year of the 5-year period, of the foundations reporting excise taxes on net investment income, just over half of all foundations qualified for the reduced 1-percent tax rate. For each of the following 4 years, less than 45.0 percent of foundations qualified for the reduced rate. Generally, larger foundations were more likely to qualify for the reduced tax rate than smaller foundations; for example, for Tax Year 2007, some 52.9 percent of large foundations were eligible for the reduced rate, compared to 43.3 percent of small foundations. Despite the lower average tax rates, excise tax on net investment income paid by large foundations accounted for 70.4 percent of total tax liability for Tax Year 2007.

Qualifying Distributions and Components

“Qualifying distributions” are expenditures made by nonoperating foundations that qualify toward meet-

¹² The rate-of-total-return formula used here is the same as that developed and used by Salamon and Voytek in their studies on foundation assets. See Salamon, Lester M. and Voytek, Kenneth P., *Managing Foundation Assets: An Analysis of Foundation Investment and Payout Procedures and Performance*, Washington, DC: The Council on Foundations, 1989, p. 32. The formula for this calculation is shown below:

$$\begin{aligned} \text{Rate of Total Return} = & \text{[Ending Fair Market Value of Assets - Indexed Beginning Fair Market Value of Assets - Contributions Received} \\ & + \text{Grants Paid} + \text{Operating and Administrative Expenses} + \text{Excise Tax Paid on Net Investment Income}] \\ & \text{DIVIDED BY} \\ & \text{[Indexed Beginning Fair Market Value of Assets + 50 percent of Contributions Received]} \end{aligned}$$

To calculate the rate of total return shown in Figure D, samples of private foundation information returns for consecutive tax years were matched in order to analyze both the beginning and end-of-year fair market value data.

In order to obtain an inflation-adjusted real rate of return, the beginning-of-year fair market value of assets was indexed based on the 2005 chain-type price index for Gross Domestic Product as published by the Bureau of Economic Analysis, using the year corresponding with the latter tax year as the base year. For example, to calculate the 2007 rate of total return, the 2006 ending fair market value of total asset amount was adjusted, using 2007 as the base.

¹³ Under IRC section 4948, exempt foreign private foundations are subject to a 4-percent tax on their gross investment income derived from U.S. sources (from line 12, column (b) of the income statement, found in Part I of Form 990-PF). For domestic private foundations, net investment income is income received from investments worldwide.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure E

Domestic Private Foundations Reporting Excise Tax on Investment Income, by Asset-Size Class, in Constant Dollars, Tax Years 2003–2007

[Money amounts are in millions of dollars]

Tax year	Asset size [1]	Number of returns	Percentage of all foundations	Net investment income	Qualifying distributions	Excise tax	Percentage of foundations reporting:	
							1-Percent tax	2-Percent tax
		(1)	(2)	(3)	(4)	(5)	(6)	(7)
Tax Year 2003	Total	57,095	74.8	27,874	33,482	370	50.6	49.4
	Small foundations	34,416	65.9	708	2,190	11	47.1	52.9
	Medium foundations	21,604	94.0	8,202	12,083	118	55.6	44.4
	Large foundations	1,075	94.9	18,964	19,209	241	61.1	38.9
Tax Year 2004	Total	58,780	76.4	35,915	34,086	515	43.9	56.1
	Small foundations	34,514	67.1	775	1,931	12	40.8	59.2
	Medium foundations	23,087	95.2	10,300	12,647	153	48.2	51.8
	Large foundations	1,179	95.6	24,840	19,508	350	50.0	50.0
Tax Year 2005	Total	63,519	79.9	45,421	37,272	663	44.7	55.3
	Small foundations	37,611	71.6	947	2,987	14	42.8	57.2
	Medium foundations	24,628	95.9	12,085	13,288	180	47.2	52.8
	Large foundations	1,279	95.9	32,389	20,997	469	51.0	49.0
Tax Year 2006	Total	65,583	80.1	53,621	40,064	820	44.4	55.6
	Small foundations	37,575	71.3	1,166	3,625	16	44.6	55.4
	Medium foundations	26,553	96.2	14,433	13,773	221	43.8	56.2
	Large foundations	1,455	96.5	38,021	22,666	582	48.4	51.6
Tax Year 2007	Total	68,686	81.2	60,795	47,178	890	44.8	55.2
	Small foundations	39,475	73.1	1,308	4,104	18	43.3	56.7
	Medium foundations	27,709	95.3	16,122	15,754	244	46.4	53.6
	Large foundations	1,501	96.4	43,365	27,320	627	52.9	47.1

[1] Foundations were assigned to asset-size classes based on the reported current dollar end-of-year fair market value of total assets for each tax year. Small foundations are those holding from zero (including unreported) to less than \$1,000,000 in fair market value of total assets. Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets. Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

NOTE: Amounts labeled "constant dollars" have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2007 constant dollars.

ing their required distributable amounts. Although qualifying distributions generally consist primarily of contributions, gifts, and grants disbursed throughout the year, they may also include operating and administrative expenses related to conducting charitable operations; "set-asides," which are amounts earmarked for future charitable distributions; program-related investments, such as loans to other 501(c)(3) organizations; and amounts paid to acquire buildings, equipment, supplies, or other assets for charitable use. Figure F presents total qualifying distributions disbursed between Tax Years 2003 and 2007, as well as the total value of contributions, gifts, and grants included in these distributions, in current and con-

stant dollars. Contributions, gifts, and grants paid accounted for nearly 90.0 percent of total qualifying distributions for each tax year in the period.

Operating and administrative expenses were the second largest component of qualifying distributions. These amounts represented between 7.2 and 9.1 percent of total disbursements for charitable purposes for Tax Years 2003 through 2007. Components of operating and administrative expenses for each of Tax Years 2003 through 2007 are shown in Figure G.¹⁴ Other employee compensation, including salaries and wages, pension plans and other employee benefits, accounted for the single largest component of operating and administrative expenses for each year, except for

¹⁴ Only those operating and administrative expenses included in qualifying distributions are discussed in this section.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure F

Domestic Nonoperating Private Foundations: Qualifying Distributions and Contributions, Gifts, and Grants Paid, in Current and Constant Dollars, Tax Years 2003–2007

[Money amounts are in millions of dollars]

Tax year	Qualifying distributions		Contributions, gifts, and grants paid		Percentage of qualifying distributions disbursed as contributions, gifts, and grants paid
	Current dollars	Constant dollars	Current dollars	Constant dollars	
	(1)	(2)	(3)	(4)	(5)
Tax Year 2003	29,811	33,657	26,116	29,485	87.6
Tax Year 2004	30,493	33,481	27,074	29,727	88.8
Tax Year 2005	34,263	36,387	30,644	32,544	89.4
Tax Year 2006	37,635	38,727	33,850	34,832	89.9
Tax Year 2007	45,575	45,575	41,268	41,268	90.5
Average annual rate of growth	11.4	8.1	12.3	9.0	0.8

NOTE: Amounts labeled "constant dollars" have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2007 constant dollars.

Tax Year 2004, where the proportion of other expenses was slightly larger. Other employee compensation ranged between 25.8 and 28.5 percent of the total operating and administrative expenses reported by domestic nonoperating private foundations for each tax year in the period. After factoring in compensation paid to officers, directors, and trustees, the percentage of expenses attributable to total employee compensation ranged from 38.7 to 43.3 percent of total operating and administrative expenses for each tax year. The other expense category experienced the largest change, dropping from 25.2 percent of total operating and administrative expenditures for Tax Year 2003 to 19.3 percent for Tax Year 2007.¹⁵

Payout Rates

Nonoperating foundations may combine current-year qualifying distributions with excess amounts that were carried over from previous tax years in order to meet the current-year distributable amount. Excess qualifying distributions can be carried-over for 5 consecutive tax years. These carryovers, along with current-year qualifying distributions, are adjusted to include certain taxes and deductions and are then

divided by the total value of noncharitable-use assets to arrive at a foundation's "payout rate."¹⁶ This rate provides a measure of a foundation's success in meeting the annual required distributable amount. Median payout rates for domestic nonoperating foundations by asset-size class, as well as the percentage distributions of payout rate ranges among the various asset-size-classes, are displayed in Figure H.

Median payout rates, which may be reflective of the activities of typical foundations, were notably consistent for Tax Years 2003 through 2007. Generally, median payout rates for medium and large foundations were at or around the required 5 percent. Median payout rates for small foundations were somewhat higher than for their larger counterparts, between 5.8 and 6.7 percent for each tax year.

As foundation size increased, the percentage of nonoperating foundations that exceeded the 5-percent payout requirement generally decreased. Approximately half of small foundations reported payout rates of 6.5 percent or more for each of Tax Years 2003 through 2007. In contrast, between 24.0 and 28.0 percent of large foundations reported payout rates of 6.5 percent or higher throughout the period.

¹⁵ Additional time-series data, including both current and constant dollar amounts for operating and administrative expenses, qualifying distributions, and distributable amounts, may be accessed via the Internet at <http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html>.

¹⁶ The payout rate was calculated by dividing the amount of (adjusted) qualifying distributions by the value of noncharitable-use assets. This payout formula is as follows:

Payout Rate = Qualifying Distributions (Part XII, line 4)+ Taxes (Part XI, line 2c)- Recoveries of Amounts Treated as Qualifying Distributions (Part XI, Line 4)+ Deduction from Distributable amount (Part XI, Line 6) + Excess Distributions Applied (Part XIII, Col. A, Line 5)

DIVIDED BY

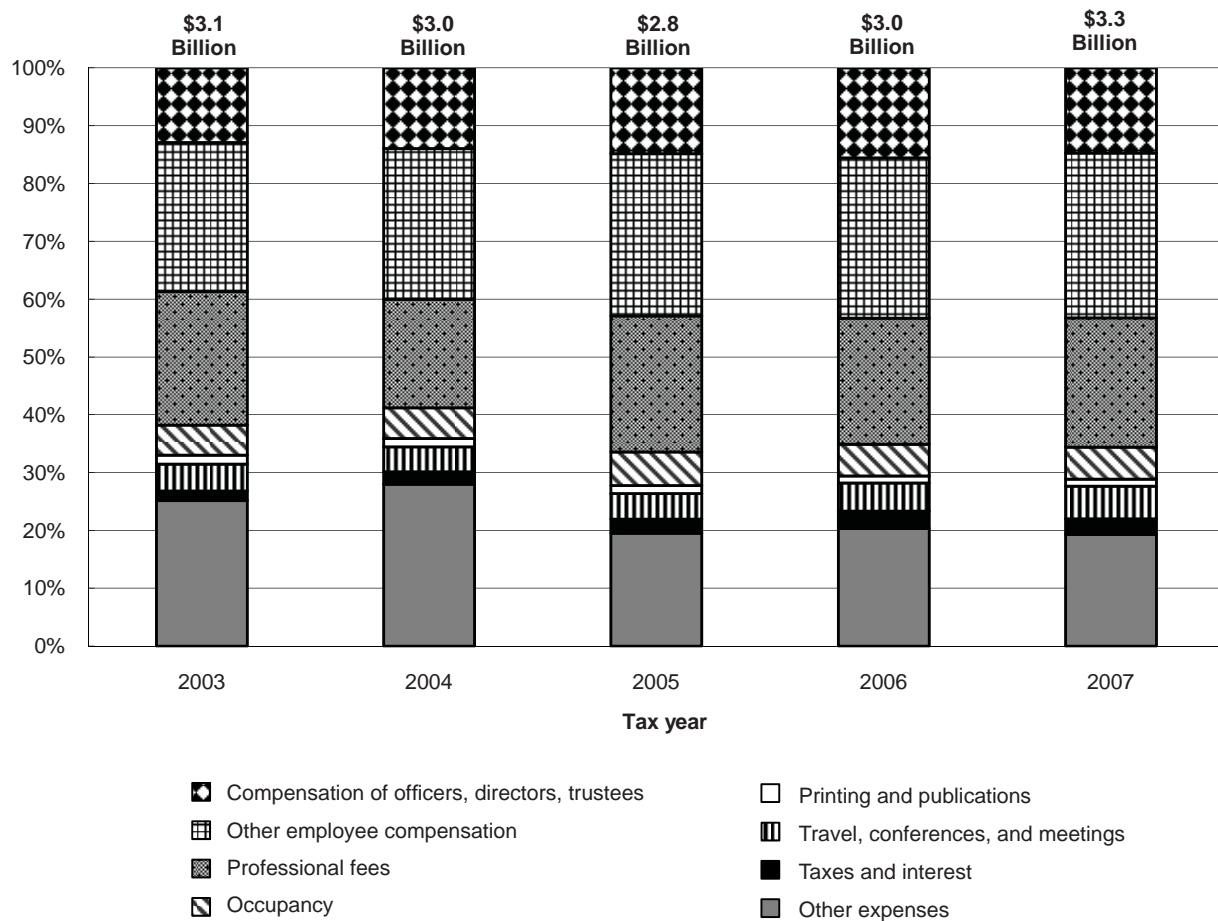
Net value of Noncharitable-use Assets (Part X, Line 5)

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure G

Domestic Nonoperating Private Foundations: Components of Operating and Administrative Expenses, Tax Years 2003–2007



NOTE: The total amount of operating and administrative expenses are in constant dollars. These amounts have been adjusted for inflation based on the 2005 chain-type price index for Gross Domestic Product, as published by the U.S. Department of Commerce, Bureau of Economic Analysis. Inflation-adjusted money amounts were calculated in 2007 constant dollars.

Summary

Tax Years 2003 through 2007 represented a period of both growth and consistency for private foundations. By the end of the period, the aggregate fair market value of total assets held by private foundations had grown, in real terms, by 21.7 percent, while disbursements for charitable purposes made by these organizations increased, in real terms, by 40.2 percent. The number of private foundations that filed Form 990-PF increased 10.8 percent between Tax Years 2003 and 2007.

While foundations disbursed a larger amount of charitable dollars for Tax Year 2007 than they did for Tax Year 2003, the components of disbursements for charitable purposes were remarkably consistent throughout the period. Nearly 90 percent of qualifying distributions were made in the form of contributions, gifts, and grants for every year in the 5-year period. The percentage of disbursements for charitable purposes directed toward operating and administrative expenses was consistently between 7.2 and 9.1 percent throughout the period. Additionally,

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure H

Domestic Nonoperating Private Foundations: Median Payout Rates and Selected Percentages, by Asset-Size Class, Tax Years 2003–2007

Asset size, item [1]	Tax Year 2003	Tax Year 2004	Tax Year 2005	Tax Year 2006	Tax Year 2007
	(1)	(2)	(3)	(4)	(5)
All foundations:					
Median payout rate (percentage)	5.9	5.4	5.6	5.6	5.7
Percentage of foundations with payout rates of less than 0.2 percent	3.3	4.9	4.7	3.7	4.2
0.2 percent under 3.3 percent	5.7	5.4	5.7	6.1	5.4
3.3 percent under 4.8 percent	10.6	13.8	10.9	10.6	11.2
4.8 percent under 5.0 percent	8.5	11.0	9.8	10.5	8.1
5.0 percent or more	71.9	64.8	68.8	69.0	71.1
5.0 percent under 6.5 percent	27.4	24.4	26.2	27.2	27.9
6.5 percent under 13.0 percent	15.9	15.3	15.0	16.7	16.3
13.0 percent under 75.0 percent	17.1	15.0	15.8	15.3	15.7
75.0 percent under 200.0 percent	4.8	5.1	5.1	5.2	4.7
200.0 percent or more	6.7	5.0	6.8	4.7	6.6
Small foundations:					
Median payout rate (percentage)	6.7	5.8	6.2	6.3	6.6
Percentage of foundations with payout rates of less than 0.2 percent	4.5	6.7	6.3	4.7	5.8
0.2 percent under 3.3 percent	5.4	5.6	5.5	6.2	5.0
3.3 percent under 4.8 percent	8.8	11.4	8.2	7.0	7.7
4.8 percent under 5.0 percent	7.8	10.5	8.7	9.5	6.6
5.0 percent or more	73.5	65.8	71.2	72.6	74.9
5.0 percent under 6.5 percent	22.9	20.4	22.4	23.8	24.4
6.5 percent under 13.0 percent	14.1	13.7	13.1	15.7	15.4
13.0 percent under 75.0 percent	20.4	17.5	18.6	18.2	18.4
75.0 percent under 200.0 percent	6.5	6.8	7.0	7.6	6.8
200.0 percent or more	9.6	7.4	10.1	7.2	10.0
Medium foundations:					
Median payout rate (percentage)	5.4	5.2	5.2	5.2	5.2
Percentage of foundations with payout rates of less than 0.2 percent	0.9	1.6	1.8	2.2	1.4
0.2 percent under 3.3 percent	6.4	5.2	6.3	6.1	6.2
3.3 percent under 4.8 percent	14.4	18.3	15.8	16.2	16.9
4.8 percent under 5.0 percent	9.8	12.0	11.8	12.3	10.7
5.0 percent or more	68.4	62.9	64.4	63.2	64.8
5.0 percent under 6.5 percent	36.4	31.5	32.9	32.3	33.4
6.5 percent under 13.0 percent	19.6	18.4	18.5	18.4	17.8
13.0 percent under 75.0 percent	10.4	10.5	10.7	10.7	11.3
75.0 percent under 200.0 percent	1.3	1.8	1.5	1.2	1.3
200.0 percent or more	0.7	0.6	0.9	0.6	0.9
Large foundations:					
Median payout rate (percentage)	5.3	5.1	5.2	5.2	5.3
Percentage of foundations with payout rates of less than 0.2 percent	0.4	0.4	0.6	0.7	0.8
0.2 percent under 3.3 percent	3.6	3.3	2.5	3.7	4.3
3.3 percent under 4.8 percent	13.2	21.4	18.0	20.1	18.7
4.8 percent under 5.0 percent	11.9	11.8	13.3	11.2	9.7
5.0 percent or more	70.9	63.2	65.6	64.3	66.5
5.0 percent under 6.5 percent	43.7	39.1	38.7	37.2	38.6
6.5 percent under 13.0 percent	18.7	15.2	16.6	17.7	18.2
13.0 percent under 75.0 percent	7.5	8.0	9.1	8.4	8.8
75.0 percent under 200.0 percent	0.8	0.4	1.1	0.4	0.9
200.0 percent or more	0.2	0.4	0.2	0.5	0.1

[1] Foundations were assigned to asset-size classes based on the reported current dollar end-of-year fair market value of total assets for each tax year. Small foundations are those holding from zero (including unreported) to less than \$1,000,000 in fair market value of total assets. Medium foundations are those holding from \$1,000,000 to less than \$50,000,000 in fair market value of total assets. Large foundations are those holding \$50,000,000 or more in fair market value of total assets.

median payout rates were between 5.4 and 5.9 percent for all of Tax Years 2003 through 2007, although median payout rates were generally higher for small foundations than for their larger counterparts. Although the components of total operating and administrative expenses were similar for the years between Tax Year 2003 and 2007, other expenses decreased in proportion to total operating and administrative expenses over the period.

Data Sources and Limitations

The statistics for Tax Year 2007 that are presented in this article are based on a sample of Tax Year 2007 Forms 990-PF that were filed with the Internal Revenue Service. Organizations having accounting periods beginning in 2007 (and therefore ending between December 2007 and November 2008) that filed returns in Calendar Years 2008 and 2009 that posted to the IRS Business Master File during those years were included in the sample. Some part-year returns were included in the samples for organizations that changed their accounting periods, or filed initial or final returns. Some 72 percent of the domestic private foundations in the sample had accounting periods covering Calendar Year 2007 or, in some cases, part-year periods that ended in December 2007.

The Tax Year 2007 sample was stratified based on both the size of fair market value of total assets and the type of organization (either a private foundation or an IRC section 4947(a)(1) charitable trust). To accomplish this, 100 percent of returns filed for foundations with fair market asset value of \$10 million or more were included in the samples, since these organizations represented the vast majority of financial activity. Close to 8 percent of all foundations reported \$10 million or more in fair market value of total assets for 2007 and were selected at a rate of 100 percent. The remaining foundation population was randomly selected for the sample at various rates of less than 100 percent depending on asset size. The realized sampling rates for each asset-size category are included in Figure I. Figure J shows the magnitude of sampling error for selected items for Tax Year 2007, measured by coefficients of variation.

Efforts were made to verify that organizations that were selected for the sample were properly classified as foundations or trusts. The relatively few foundations in the sample that were incorrectly selected as trusts were ultimately treated as foundations for these statistics. However, the weights used

Figure I

Realized Sampling Rates for Private Foundation Returns, Tax Year 2007

End-of-year fair market value of total assets	Realized sampling rate (percentage)
Less than \$125,000	1.0
\$125,000 under \$400,000	1.9
\$400,000 under \$1,000,000	2.1
\$1,000,000 under \$2,500,000	6.7
\$2,500,000 under \$10,000,000	9.9
\$10,000,000 or more	100.0

for these organizations were based on the original sample selection classification.

For Tax Year 2007, there were 9,407 foundation returns in the sample selected from a population of 87,655. The difference between the actual population of Forms 990-PF records that posted to the IRS Business Master File during 2008 and 2009 and the estimated population of domestic foundation returns as published in this article results from sample code changes and the effects of returns that were “rejected” from the sample as part of the editing process. For example, foreign returns and duplicate filings by a single organization were included in the actual population of Forms 990-PF filed but were rejected from the SOI sample. Returns for each of the Tax Year 2003 through 2006 studies were sampled, selected, and processed in a similar manner. Sample and population counts for each of these additional tax years are available via the Internet at <http://www.irs.gov/taxstats/charitablestats/article/0,,id=212357,00.html>.

The data presented were obtained from returns as originally filed with IRS. In most cases, changes made to the original return because of administrative processing, audit procedures, or a taxpayer amendment were not captured in the statistics. The data were subject to comprehensive testing and correction procedures in order to ensure statistical reliability and validity. A general discussion of the reliability of estimates based on samples, methods for evaluating both the magnitude of sampling and non-sampling error, and the precision of sample estimates can be found in the general Appendix to this issue of the *SOI Bulletin*, or at <http://www.irs.gov/pub/irs-soi/sampling.pdf>.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure J

Coefficients of Variation for Domestic Private Foundations, Selected Income Statement and Balance Sheet Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2007

Item	Total	Asset size							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number of returns	0.00	19.87	3.18	1.68	0.62	n/a	n/a	n/a	n/a
Total revenue	0.95	48.64	49.37	10.77	3.72	n/a	n/a	n/a	n/a
Contributions, gifts, and grants received	2.03	60.57	52.02	15.42	6.10	n/a	n/a	n/a	n/a
Interest on savings and temporary cash investments	0.76	70.82	17.13	8.24	5.00	n/a	n/a	n/a	n/a
Dividends and interest from securities	0.66	78.57	14.52	4.18	2.88	n/a	n/a	n/a	n/a
Gross rents and royalties	4.23	* 0.00	99.49	46.60	26.49	n/a	n/a	n/a	n/a
Net gain (less loss) from sales of assets	0.59	86.04	61.32	13.40	4.91	n/a	n/a	n/a	n/a
Gross profit (less loss) from business activities	23.00	* 0.00	83.21	97.78	1.16	n/a	n/a	n/a	n/a
Other income	3.98	99.07	[1] 54.46	41.67	24.93	n/a	n/a	n/a	n/a
Total expenses	2.74	71.31	44.44	13.76	5.72	n/a	n/a	n/a	n/a
Contributions, gifts, and grants paid	3.07	71.61	21.16	16.92	5.84	n/a	n/a	n/a	n/a
Compensation of officers	3.80	67.59	42.04	23.47	6.40	n/a	n/a	n/a	n/a
Other salaries and wages	7.11	* 0.00	61.54	41.48	33.78	n/a	n/a	n/a	n/a
Pension plans and employee benefits	4.39	* 0.00	57.84	45.53	38.02	n/a	n/a	n/a	n/a
Legal fees	3.84	46.26	28.00	15.99	13.30	n/a	n/a	n/a	n/a
Accounting fees	4.62	56.99	22.24	21.23	3.93	n/a	n/a	n/a	n/a
Other professional fees	3.08	68.21	50.12	25.36	15.80	n/a	n/a	n/a	n/a
Interest	2.66	* 0.00	57.37	68.37	21.96	n/a	n/a	n/a	n/a
Taxes	1.23	79.09	36.33	16.71	8.88	n/a	n/a	n/a	n/a
Depreciation and depletion	1.87	* 0.00	30.94	29.36	13.32	n/a	n/a	n/a	n/a
Occupancy	4.57	99.49	37.97	32.72	18.68	n/a	n/a	n/a	n/a
Travel, conferences, and meetings	9.20	95.60	52.74	38.61	21.60	n/a	n/a	n/a	n/a
Printing and publications	6.61	80.48	73.30	41.13	22.34	n/a	n/a	n/a	n/a
Other expenses	22.38	54.12	90.00	21.23	11.86	n/a	n/a	n/a	n/a
Excess of revenue (less loss) over expenses	2.76	80.86	47.20	20.62	7.83	n/a	n/a	n/a	n/a
Excess of revenue	0.74	99.49	22.34	9.78	4.55	n/a	n/a	n/a	n/a
Loss	11.86	80.86	28.71	14.25	12.45	n/a	n/a	n/a	n/a
Total assets (fair market value)	0.12	* 0.00	7.36	1.74	0.95	n/a	n/a	n/a	n/a
Cash (non-interest bearing accounts)	3.50	* 0.00	16.34	12.16	10.05	n/a	n/a	n/a	n/a
Savings and temporary cash investments	0.83	* 0.00	14.69	7.18	4.04	n/a	n/a	n/a	n/a
Accounts receivable, net	4.39	* 0.00	76.51	49.25	40.43	n/a	n/a	n/a	n/a
Pledges receivable, net	6.21	* 0.00	99.49	80.40	41.04	n/a	n/a	n/a	n/a
Grants receivable	5.93	* 0.00	* 0.00	46.93	53.68	n/a	n/a	n/a	n/a
Receivables due from disqualified persons	38.75	* 0.00	84.70	53.58	83.19	n/a	n/a	n/a	n/a
Other notes and loans receivable	3.19	* 0.00	88.70	37.71	16.29	n/a	n/a	n/a	n/a
Inventories	35.70	* 0.00	81.23	76.86	67.92	n/a	n/a	n/a	n/a
Prepaid expenses and deferred charges	2.69	* 0.00	83.65	78.92	16.78	n/a	n/a	n/a	n/a
Investments, total (non-cash)	0.16	* 0.00	13.26	3.00	1.25	n/a	n/a	n/a	n/a
Securities, total	0.21	* 0.00	14.73	3.61	1.56	n/a	n/a	n/a	n/a
Government obligations	0.68	* 0.00	43.65	15.09	5.68	n/a	n/a	n/a	n/a
Corporate stock	0.24	* 0.00	16.17	4.05	1.77	n/a	n/a	n/a	n/a
Corporate bonds	0.71	* 0.00	34.16	11.74	4.55	n/a	n/a	n/a	n/a
Land, buildings, and equipment (less accumulated depreciation)	1.66	* 0.00	64.71	38.37	14.69	n/a	n/a	n/a	n/a
Mortgage loans	9.70	* 0.00	99.49	82.93	35.62	n/a	n/a	n/a	n/a
Other investments	0.34	* 0.00	27.53	11.46	5.51	n/a	n/a	n/a	n/a
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	1.30	* 0.00	39.42	28.01	11.12	n/a	n/a	n/a	n/a
Other assets	1.59	* 0.00	84.87	42.84	19.45	n/a	n/a	n/a	n/a
Total assets (book value)	0.14	* 0.00	7.38	2.10	1.10	n/a	n/a	n/a	n/a

Footnotes at end of figure.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Figure J—Continued

Coefficients of Variation for Domestic Private Foundations, Selected Income Statement and Balance Sheet Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Year 2007—Continued

Item	Total	Asset size							
		Assets zero or unreported	\$1 under \$100,000	\$100,000 under \$1,000,000	\$1,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Cash (non-interest bearing accounts)	3.49	* 0.00	16.34	12.10	10.06	n/a	n/a	n/a	n/a
Savings and temporary cash investments	0.83	* 0.00	14.70	7.19	4.02	n/a	n/a	n/a	n/a
Accounts receivable, net	4.39	* 0.00	76.51	49.25	40.38	n/a	n/a	n/a	n/a
Pledges receivable, net	6.21	* 0.00	99.49	80.40	41.03	n/a	n/a	n/a	n/a
Grants receivable	5.65	* 0.00	* 0.00	45.94	53.42	n/a	n/a	n/a	n/a
Receivables due from disqualified persons	38.74	* 0.00	84.70	53.58	83.19	n/a	n/a	n/a	n/a
Other notes and loans receivable	3.25	* 0.00	88.70	39.66	16.29	n/a	n/a	n/a	n/a
Inventories	36.74	* 0.00	81.24	76.86	68.25	n/a	n/a	n/a	n/a
Prepaid expenses and deferred charges	2.68	* 0.00	83.65	78.92	16.79	n/a	n/a	n/a	n/a
Investments, total (non-cash)	0.18	* 0.00	13.45	3.36	1.40	n/a	n/a	n/a	n/a
Securities, total	0.23	* 0.00	14.97	3.96	1.70	n/a	n/a	n/a	n/a
Government obligations	0.68	* 0.00	44.45	15.66	5.71	n/a	n/a	n/a	n/a
Corporate stock	0.26	* 0.00	16.69	4.50	1.97	n/a	n/a	n/a	n/a
Corporate bonds	0.71	* 0.00	34.39	11.62	4.57	n/a	n/a	n/a	n/a
Land, buildings, and equipment (less accumulated depreciation)	1.76	* 0.00	65.27	40.64	15.58	n/a	n/a	n/a	n/a
Mortgage loans	9.48	* 0.00	99.49	82.65	35.59	n/a	n/a	n/a	n/a
Other investments	0.35	* 0.00	27.79	11.59	5.62	n/a	n/a	n/a	n/a
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	1.40	* 0.00	39.59	29.33	11.99	n/a	n/a	n/a	n/a
Other assets	1.59	* 0.00	65.72	39.84	19.79	n/a	n/a	n/a	n/a
Total liabilities (book value)	1.34	99.49	86.85	29.32	18.49	n/a	n/a	n/a	n/a
Net worth (book value)	0.15	99.49	37.90	2.18	1.18	n/a	n/a	n/a	n/a
Total assets, beginning-of-year (book value)	0.29	80.42	11.11	2.59	1.55	n/a	n/a	n/a	n/a
Cash (non-interest bearing accounts)	3.11	79.55	17.77	12.80	9.63	n/a	n/a	n/a	n/a
Savings and temporary cash investments	1.33	92.93	20.26	8.26	4.97	n/a	n/a	n/a	n/a
Accounts receivable, net	4.84	99.49	81.49	60.27	42.18	n/a	n/a	n/a	n/a
Pledges receivable, net	3.88	* 0.00	89.08	92.54	40.80	n/a	n/a	n/a	n/a
Grants receivable	6.96	* 0.00	* 0.00	58.19	75.67	n/a	n/a	n/a	n/a
Receivables due from disqualified persons	44.73	* 0.00	79.39	69.98	81.32	n/a	n/a	n/a	n/a
Other notes and loans receivable	4.56	* 0.00	99.49	35.50	17.67	n/a	n/a	n/a	n/a
Inventories	36.74	* 0.00	93.63	74.47	63.00	n/a	n/a	n/a	n/a
Prepaid expenses and deferred charges	5.54	* 0.00	58.74	62.50	25.96	n/a	n/a	n/a	n/a
Investments, total (non-cash)	0.29	80.39	18.91	3.71	1.79	n/a	n/a	n/a	n/a
Securities, total	0.34	87.95	16.16	4.30	1.97	n/a	n/a	n/a	n/a
Government obligations	2.19	98.82	39.78	14.26	5.80	n/a	n/a	n/a	n/a
Corporate stock	0.29	59.72	17.56	4.86	2.31	n/a	n/a	n/a	n/a
Corporate bonds	0.72	99.49	30.35	12.26	4.54	n/a	n/a	n/a	n/a
Land, buildings, and equipment (less accumulated depreciation)	2.34	99.49	73.23	35.40	15.64	n/a	n/a	n/a	n/a
Mortgage loans	9.49	* 0.00	99.49	62.79	37.46	n/a	n/a	n/a	n/a
Other investments	0.44	94.13	52.00	11.75	6.20	n/a	n/a	n/a	n/a
Charitable-purpose land, buildings, and equipment (less accumulated depreciation)	1.56	* 0.00	43.24	29.19	12.64	n/a	n/a	n/a	n/a
Other assets	1.04	98.29	52.80	42.34	17.83	n/a	n/a	n/a	n/a
Total liabilities, beginning-of-year (book value)	1.08	95.44	90.51	29.60	15.56	n/a	n/a	n/a	n/a
Net worth, beginning-of-year (book value) [2]	0.29	80.44	29.82	2.65	1.58	n/a	n/a	n/a	n/a

* No money amount reported.

[1] Excludes 1 sampled return that reported a negative other income amount. In the weighted estimates, this represented 98 returns with other income totaling -\$49 million. The coefficient of variation for the sample estimate of this negative other income amount is 99.49. The coefficient of variation for the sample estimate of total other income is 20,454.02.

NOTE: Coefficients of variation for selected items from each of the Tax Year 2003 through 2006 studies are available via the Internet at <http://www.irs.gov/taxstats/charitablestats/article/0,,id=96996,00.html>.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Explanation of Selected Terms

The following explanations describe terms as they applied to private foundations:

Disbursements for Charitable Purposes—These disbursements are outlays made exclusively in support of a foundation’s tax-exempt purpose and include grants paid and operating and administrative expenses. They were the largest component of “qualifying distributions” for Tax Year 2007. The total of disbursements for charitable purposes was reported on Form 990 PF, Part I, line 26, column (d).

Disqualified Person—In general, a disqualified person is a substantial contributor; a foundation manager; a person who owns more than 20 percent of a corporation, partnership, trust, or unincorporated enterprise that is itself a substantial contributor; or a family member of a disqualified person.

Distributable (Payout) Amount—This is the minimum payout amount that is required to be distributed by nonoperating foundations by the end of the tax year that follows the tax year for which the return was filed. For example, foundations were required to distribute their Tax Year 2007 amounts before the end of Tax Year 2008. The distributable amount equals 5 percent of the net value of noncharitable-use assets, called the “minimum investment return,” minus the excise tax on net investment income, plus or minus other adjustments, either allowed or required (see Net Adjustments to Distributable Amount in this section). Failure to distribute income within this period results in an excise tax on the undistributed portion.

Minimum Investment Return—The minimum investment return is used as the base for calculating the “distributable amount.” This is the aggregate fair market value of assets not used for charitable purposes, less both the indebtedness incurred to acquire these assets and the cash held for charitable activities, multiplied by 5 percent. Minimum investment return was reported on Form 990 PF, Part X, line 6.

Net Adjustments to Distributable Amount—The “distributable amount” is increased by recoveries of amounts previously treated as qualifying distributions. Additionally, certain organizations with governing instruments that require the accumulation of income are instructed to deduct the accumulated income from their distributable amount. These adjustments are allowed only for foundations organized before May 27, 1969, whose governing instrument requires such accumulation because State Courts

would not allow the organization to change the governing instrument. Recoveries on amounts treated as qualifying distributions and the deduction for accumulated income were reported on Form 990 PF, Part XI, lines 4 and 6, respectively.

Net Investment Income—This equals gross investment income less allowable deductions. Interest, dividends, rents, payments with respect to securities loans (as defined in IRC section 512(a)(5)), royalties, net income from realized capital gains, and, beginning in 2006, certain other similar income from investments are included in net investment income. Any investment income derived from unrelated trade or business activities, and therefore subject to the “unrelated business income” tax and reported on Form 990 T, *Exempt Organization Business Income Tax Return*, is excluded. Net investment income was reported on Form 990 PF, Part I, line 27b, column (b). This income may be subject to the excise tax on net investment income under IRC section 4940.

Net Value of Noncharitable-use Assets—An asset is considered a noncharitable-use asset if it is not used in carrying out a charitable, educational, or other similar function which relates directly to the tax-exempt status of the foundation. Examples include the fair market values of securities and rental property owned by the foundation for investment purposes. For purposes of calculating the “minimum investment return,” valuation methods for noncharitable-use assets reported in this section differ from those used to report the end-of-year fair market values for all assets in Part II. The average, rather than end of year, fair market values of cash and securities that were not used or held for use for charitable purposes during the tax year is derived and used in this calculation. With certain exceptions, other assets included in this calculation are valued annually, but not necessarily based on the end-of-year value. The fair market values of noncharitable-use assets may reflect reductions due to certain characteristics associated with those assets, such as lack of marketability or blockage. The net value of noncharitable-use assets is reduced by acquisition indebtedness and cash deemed held for charitable purposes; the latter reduction is generally limited to 1.5 percent of noncharitable-use assets less acquisition indebtedness. Thus, the net value of noncharitable-use assets, which was reported on Form 990 PF, Part X, line 5 as an element of the “minimum investment return”

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

calculation, differed from the balance sheet-derived fair market value of total assets, as reported on Part II, line 16, column (c), which equaled the total end-of-year value for all assets held by the foundation.

Nonoperating Foundations—These are foundations that generally carried on their charitable activities in an indirect manner by making grants to other organizations directly engaged in charitable activities, in contrast to operating foundations that engaged in charitable activities themselves. However, for Tax Year 2007, some nonoperating foundations may have been actively involved in charitable programs of their own, in addition to making grants. For example, a foundation initially organized as operating that was unable to meet the operating foundation requirements for Tax Year 2007 could have continued its direct charitable activities. Such an organization could have directed expenditures made for these direct charitable activities, as well as expenditures made for the disbursement of contributions, gifts, and grants and other indirect charitable activities, toward meeting the required distribution requirement.

Operating Foundations—These foundations generally expended their income for direct, active involvement in a tax exempt activity. Operating foundations were exempted from the income distribution requirement and related excise taxes that were applicable to their nonoperating counterparts. Individual taxpayers could deduct contributions to operating foundations on their individual income tax returns; the deduction could not exceed 50 percent of a donor's "adjusted gross income" (as opposed to 30 percent for contributions to nonoperating foundations).

Private Foundation—A private foundation is defined in IRC section 501(c)(3) as a nonprofit organization with a narrow source of funds that operated or supported educational, scientific, charitable, religious, and other programs dedicated to improving the general welfare of society. A private foundation was an organization that qualified for tax-exempt status under IRC section 501(c)(3) but was not (1) a church, school, hospital, or medical research organization; (2) an organization with broad public support in the form of contributions or income from tax exempt activities; (3) an organization that was operated by, or in connection with, any of the above described organizations; or (4) an organization that conducted tests for public safety. The primary difference be-

tween a private foundation and other organizations exempt under 501(c)(3) was the source of the organization's funding. An individual, a family, or a corporation typically funded foundations, while most other tax-exempt organizations received funds from a large number of sources among the general public.

Qualifying Distributions—Qualifying distributions include disbursements for charitable purposes (grants, direct expenditures to accomplish charitable purposes, and charitable purpose operating and administrative expenses); amounts paid to acquire assets used directly to accomplish tax exempt functions; charitable program related investments; and amounts set aside for future charitable projects. Qualifying distributions may be credited against a foundation's obligation to pay out its "distributable amount." Total qualifying distributions were reported on Form 990 PF, Part XII, line 4.

Set-Asides—Amounts set-aside for specific charitable purposes can be treated as qualifying distributions only if the foundation establishes to the satisfaction of the IRS that the amount will be paid for the specific project within 60 months from the date of the first set-aside and if the foundation meets either the suitability test or the cash distribution test. To meet the suitability test, a foundation must receive prior approval from the IRS and must demonstrate that the project can be better accomplished by a set-aside than by an immediate payment of funds. To meet the cash distribution test under IRC section 4942(g)(2)(B)(ii), a foundation must attach a distribution schedule to its annual return for the year of the set-aside and for each subsequent year until the set-aside amount has been distributed. Set-asides were reported on Form 990-PF, Part XII, lines 3a and 3b.

Total Assets—This is the sum of all assets reported in the foundation's balance sheet, shown at both book value and fair market value. Total assets were reported on Form 990 PF, Part II, line 16, columns (a) beginning of year book value, (b) end of year book value, and (c) end of year fair market value.

Total Revenue—This is the sum of gross contributions, gifts, and grants received; interest on savings and temporary cash investments; dividends and interest from securities; net gain (or loss) from sales of assets (mostly investment assets, but also charitable use assets); gross rents and royalties; gross profit (or loss) from business activities; and other income (such as royalty income, program-related investment income,

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

interest earned on assets used for charitable purposes, and imputed interest on distributions deferred interest). Total revenue items, which included both investment and charitable-use items, were reported on Form 990 PF, Part I, line 12, column (a).

Undistributed Income—This is the portion of the required “distributable amount” still undistributed after the sum of current year qualifying distributions and any excess distributions carried over from prior years are subtracted. This item was reported on Form 990 PF, Part XIII, line 6f, column (d). Under

IRC section 4942, nonoperating private foundations that did not pay out an amount equal to the Tax Year 2007 “distributable amount” by the end of Tax Year 2008 were subject to an excise tax on the undistributed amount. As a result of legislation included in the Pension Protection Act of 2006, the initial tax on undistributed income was increased from 15-percent to 30-percent of the undistributed amount for taxable years beginning after August 17, 2006. The tax, which is automatically imposed, is reported on Form 4720.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Table 1. All Domestic Private Foundations: Selected Data Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Years 2003–2007, in Current Dollars

[Money amounts are in thousands of dollars]

Item	Fair market value of total assets						
	All	Small foundations		Medium foundations		Large foundations	
		Less than \$100,000	\$100,000 less than \$1,000,000	\$1,000,000 less than \$10,000,000	\$10,000,000 less than \$50,000,000	\$50,000,000 less than \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Tax Year 2003							
Number of returns	76,348	24,172	28,061	19,202	3,780	574	559
Fair market value of total assets	474,952	672	11,851	59,096	79,580	39,984	283,769
Revenue	48,391	658	2,003	8,239	9,750	4,612	23,129
Qualifying distributions	32,780	941	1,718	5,814	5,917	2,837	15,554
Disbursements for charitable purposes	31,058	926	1,707	5,688	5,660	2,650	14,427
Contributions, gifts, and grants paid	26,667	794	1,388	4,941	4,926	2,305	12,312
Operating and administrative expenses	4,392	132	319	747	734	345	2,115
Compensation of officers, directors, and trustees	440	14	21	83	99	49	174
Other compensation	1,432	7	41	182	221	109	873
Professional fees	786	20	55	254	103	54	299
Interest	38	[1]	[1]	4	7	2	24
Taxes	58	2	5	13	16	7	15
Occupancy	264	5	14	35	59	18	133
Travel, conferences, and meetings	183	26	11	18	24	16	89
Printing and publications	76	4	5	9	9	6	43
Other expenses	1,115	54	167	149	197	83	466
Tax Year 2004							
Number of returns	76,897	22,738	28,676	20,126	4,124	623	610
Fair market value of total assets	509,924	626	12,194	62,628	86,622	43,065	304,790
Revenue	58,668	669	2,511	9,118	12,796	5,587	27,987
Qualifying distributions	33,486	736	1,777	5,313	6,761	2,939	15,959
Disbursements for charitable purposes	32,125	729	1,773	5,177	6,529	2,820	15,096
Contributions, gifts, and grants paid	27,625	608	1,269	4,590	5,727	2,467	12,963
Operating and administrative expenses	4,500	120	504	587	802	353	2,133
Compensation of officers, directors, and trustees	483	14	26	96	109	52	186
Other compensation	1,420	10	47	164	223	107	869
Professional fees	713	21	102	105	120	56	308
Interest	53	[1]	[1]	5	9	4	35
Taxes	65	2	6	11	18	8	20
Occupancy	271	6	16	29	56	20	143
Travel, conferences, and meetings	196	19	23	24	25	15	91
Printing and publications	70	2	2	9	11	6	39
Other expenses	1,230	48	282	143	230	85	442

Footnotes at end of table.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Table 1. All Domestic Private Foundations: Selected Data Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Years 2003–2007, in Current Dollars—Continued

[Money amounts are in thousands of dollars]

Item	Fair market value of total assets						
	All	Small foundations		Medium foundations		Large foundations	
		Less than \$100,000	\$100,000 less than \$1,000,000	\$1,000,000 less than \$10,000,000	\$10,000,000 less than \$50,000,000	\$50,000,000 less than \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Tax Year 2005							
Number of returns	79,535	23,039	29,479	21,224	4,459	680	654
Fair market value of total assets	545,938	637	12,593	66,533	92,377	47,329	326,469
Revenue	76,365	1,323	2,809	12,958	15,094	7,644	36,538
Qualifying distributions	38,629	1,967	1,833	6,074	7,941	3,522	17,292
Disbursements for charitable purposes	37,017	1,959	1,773	5,962	7,710	3,393	16,219
Contributions, gifts, and grants paid	31,856	1,333	1,446	5,287	6,820	2,939	14,032
Operating and administrative expenses	5,161	626	327	675	890	455	2,187
Compensation of officers, directors, and trustees	525	15	46	90	117	62	195
Other compensation	1,555	9	64	206	228	135	914
Professional fees	924	122	89	122	138	99	353
Interest	51	[1]	[1]	3	11	5	31
Taxes	69	1	5	14	20	7	22
Occupancy	283	5	10	44	59	23	143
Travel, conferences, and meetings	216	6	30	32	29	16	102
Printing and publications	73	1	2	9	11	9	42
Other expenses	1,464	465	80	155	277	99	387
Tax Year 2006							
Number of returns	81,850	23,257	29,473	22,782	4,831	742	765
Fair market value of total assets [2]	616,246	661	12,741	71,639	101,504	51,824	377,878
Revenue	94,107	1,543	3,246	13,353	17,874	8,106	49,986
Qualifying distributions	42,392	2,481	2,575	6,129	8,172	3,781	19,254
Disbursements for charitable purposes	40,686	2,472	2,558	5,985	7,928	3,595	18,148
Contributions, gifts, and grants paid	34,932	1,735	2,199	5,276	6,975	3,149	15,598
Operating and administrative expenses	5,754	737	359	709	952	446	2,550
Compensation of officers, directors, and trustees	583	19	63	103	123	59	216
Other compensation	1,618	4	68	194	249	133	970
Professional fees	919	88	58	142	130	105	396
Interest	72	[1]	1	8	15	5	43
Taxes	77	1	6	14	21	8	27
Occupancy	304	10	11	40	67	22	154
Travel, conferences, and meetings	247	11	27	36	32	22	118
Printing and publications	78	4	7	10	9	5	44
Other expenses	1,855	600	117	163	307	87	582

Footnotes at end of table.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Table 1. All Domestic Private Foundations: Selected Data Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Years 2003–2007, in Current Dollars—Continued

[Money amounts are in thousands of dollars]

Item	Fair market value of total assets						
	All	Small foundations		Medium foundations		Large foundations	
		Less than \$100,000	\$100,000 less than \$1,000,000	\$1,000,000 less than \$10,000,000	\$10,000,000 less than \$50,000,000	\$50,000,000 less than \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Tax Year 2007							
Number of returns	84,613	22,890	31,081	24,083	5,002	788	769
Fair market value of total assets [3]	652,441	647	13,430	75,016	105,521	55,063	402,765
Revenue	107,304	1,754	3,698	15,015	19,831	9,591	57,414
Qualifying distributions	51,038	3,357	2,213	7,161	9,813	4,435	24,058
Disbursements for charitable purposes	49,177	3,338	2,185	7,052	9,464	4,277	22,860
Contributions, gifts, and grants paid	42,578	2,372	1,884	6,284	8,212	3,802	20,023
Operating and administrative expenses	6,599	966	301	768	1,252	475	2,837
Compensation of officers, directors, and trustees	622	38	39	117	139	60	229
Other compensation	1,877	14	80	210	301	173	1,099
Professional fees	1,044	117	62	161	182	70	452
Interest	75	[1]	1	7	19	6	42
Taxes	87	1	10	18	27	9	22
Occupancy	333	12	14	41	71	28	168
Travel, conferences, and meetings	305	50	27	29	41	16	142
Printing and publications	83	6	8	7	11	5	46
Other expenses	2,173	728	61	179	462	107	636

[1] Less than \$500.

[2] The total assets amounts differ from those previously published for Tax Year 2006. The Bill and Melinda Gates Foundation reported "other investments," valued at fair market value of \$29.6 billion. This amount represented the foundation's interest in the Bill and Melinda Gates Foundation Trust. These assets were also reported by the Bill and Melinda Gates Foundation Trust on its Form 990-PF. For statistical purposes, the data shown in columns 1 and 7 were reduced by \$29.6 billion to avoid overstating these joint assets.

[3] The Bill and Melinda Gates Foundation reported "other investments," valued at fair market value of \$38.7 billion. This amount represented the foundation's interest in the Bill and Melinda Gates Foundation Trust. These assets were also reported by the Bill and Melinda Gates Foundation Trust on its Form 990-PF. For statistical purposes, the data shown in columns 1 and 7 were reduced by \$38.7 billion to avoid overstating these joint assets.

NOTE: Detail may not add to total due to rounding and processing tolerances.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Table 2. All Domestic Nonoperating Private Foundations: Selected Data Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Years 2003–2007, in Current Dollars

[Money amounts are in thousands of dollars]

Item	Fair market value of total assets						
	All	Small foundations		Medium foundations		Large foundations	
		Less than \$100,000	\$100,000 less than \$1,000,000	\$1,000,000 less than \$10,000,000	\$10,000,000 less than \$50,000,000	\$50,000,000 less than \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Tax Year 2003							
Number of returns	70,004	21,288	26,319	17,869	3,497	522	509
Fair market value of total assets	436,296	586	11,077	54,748	73,930	36,588	259,367
Revenue	44,285	553	1,767	7,342	8,893	3,996	21,734
Qualifying distributions	29,811	858	1,566	5,251	5,336	2,560	14,240
Disbursements for charitable purposes	28,826	849	1,556	5,194	5,187	2,488	13,553
Contributions, gifts, and grants paid	26,116	759	1,337	4,803	4,805	2,282	12,131
Operating and administrative expenses	2,710	91	219	391	382	206	1,422
Compensation of officers, directors, and trustees	350	10	11	59	80	41	149
Other compensation	699	6	1	38	83	47	524
Professional fees	626	13	43	209	81	37	242
Interest	17	[1]	[1]	4	3	1	9
Taxes	27	2	2	5	8	5	7
Occupancy	140	1	3	11	22	11	91
Travel, conferences, and meetings	127	24	4	7	15	11	65
Printing and publications	42	[1]	4	5	5	3	24
Other expenses	683	34	151	53	86	48	311
Tax Year 2004							
Number of returns	70,613	19,760	27,022	18,894	3,807	573	557
Fair market value of total assets	469,389	533	11,427	58,510	80,287	39,677	278,954
Revenue	54,072	595	2,230	8,239	11,685	5,256	26,066
Qualifying distributions	30,493	686	1,547	4,783	6,164	2,610	14,703
Disbursements for charitable purposes	29,803	680	1,544	4,736	6,056	2,562	14,224
Contributions, gifts, and grants paid	27,074	598	1,225	4,461	5,632	2,350	12,808
Operating and administrative expenses	2,729	83	318	275	424	213	1,416
Compensation of officers, directors, and trustees	380	10	13	69	87	43	159
Other compensation	711	[1]	4	49	79	52	528
Professional fees	512	17	51	64	95	38	248
Interest	26	[1]	[1]	4	5	3	13
Taxes	32	1	2	5	9	5	11
Occupancy	146	1	3	12	22	12	96
Travel, conferences, and meetings	118	16	4	8	15	9	67
Printing and publications	39	2	1	4	7	3	22
Other expenses	764	37	242	60	106	48	272

Footnotes at end of table.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Table 2. All Domestic Nonoperating Private Foundations: Selected Data Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Years 2003–2007, in Current Dollars—Continued

[Money amounts are in thousands of dollars]

Item	Fair market value of total assets						
	All	Small foundations		Medium foundations		Large foundations	
		Less than \$100,000	\$100,000 less than \$1,000,000	\$1,000,000 less than \$10,000,000	\$10,000,000 less than \$50,000,000	\$50,000,000 less than \$100,000,000	\$100,000,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Tax Year 2005							
Number of returns	72,800	19,581	28,008	19,868	4,118	623	601
Fair market value of total assets	502,268	527	11,763	62,298	85,643	43,496	298,541
Revenue	69,245	802	2,325	11,906	13,204	7,127	33,882
Qualifying distributions	34,263	1,420	1,536	5,478	6,591	3,231	16,008
Disbursements for charitable purposes	33,323	1,414	1,478	5,442	6,492	3,175	15,321
Contributions, gifts, and grants paid	30,644	1,278	1,391	5,176	6,035	2,890	13,873
Operating and administrative expenses	2,679	137	87	266	457	285	1,448
Compensation of officers, directors, and trustees	397	12	12	65	93	49	166
Other compensation	752	7	14	40	79	61	550
Professional fees	630	54	23	75	108	80	290
Interest	34	[1]	[1]	1	7	4	22
Taxes	31	1	1	6	10	4	9
Occupancy	156	1	5	16	23	13	98
Travel, conferences, and meetings	118	3	7	12	16	10	72
Printing and publications	37	1	1	3	6	5	20
Other expenses	523	57	23	47	115	60	221
Tax Year 2006							
Number of returns	74,364	19,509	27,612	21,375	4,473	685	710
Fair market value of total assets [2]	568,145	534	11,790	66,891	94,055	47,910	346,965
Revenue	86,196	777	2,790	12,185	15,848	7,563	47,034
Qualifying distributions	37,635	1,780	2,258	5,449	6,960	3,461	17,727
Disbursements for charitable purposes	36,729	1,776	2,250	5,399	6,866	3,352	17,085
Contributions, gifts, and grants paid	33,850	1,713	2,128	5,117	6,371	3,084	15,438
Operating and administrative expenses	2,879	63	122	282	495	268	1,647
Compensation of officers, directors, and trustees	448	9	27	75	101	48	189
Other compensation	798	[1]	6	38	84	63	606
Professional fees	628	8	24	77	101	87	331
Interest	49	[1]	[1]	4	6	3	36
Taxes	37	1	3	7	11	4	11
Occupancy	157	1	4	12	25	12	104
Travel, conferences, and meetings	141	2	12	14	19	10	83
Printing and publications	35	1	1	4	6	2	20
Other expenses	586	41	45	51	143	39	267

Footnotes at end of table.

Domestic Private Foundations, Tax Years 2003–2007

Statistics of Income Bulletin | Winter 2011

Table 2. All Domestic Nonoperating Private Foundations: Selected Data Items, by Size of End-of-Year Fair Market Value of Total Assets, Tax Years 2003–2007, in Current Dollars—Continued

[Money amounts are in thousands of dollars]

Item	Fair market value of total assets						
	All	Small foundations		Medium foundations		Large foundations	
		Less than \$100,000	\$100,000 less than \$1,000,000	\$1,000,000 less than \$10,000,000	\$10,000,000 less than \$50,000,000	\$50,000,000 less than \$100,000,000	\$100,000,000 or more
Tax Year 2007	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns	77,457	19,255	29,472	22,695	4,594	733	707
Fair market value of total assets [3]	601,621	519	12,511	70,451	97,024	51,179	369,937
Revenue	99,039	828	3,211	14,140	17,185	9,006	54,668
Qualifying distributions	45,575	2,445	1,993	6,492	8,123	4,142	22,380
Disbursements for charitable purposes	44,547	2,429	1,982	6,426	8,004	4,071	21,635
Contributions, gifts, and grants paid	41,268	2,339	1,834	6,100	7,441	3,764	19,790
Operating and administrative expenses	3,279	90	148	325	563	307	1,846
Compensation of officers, directors, and trustees	483	7	25	88	111	51	200
Other compensation	933	[1]	15	40	105	108	665
Professional fees	733	19	49	90	140	58	377
Interest	46	[1]	[1]	5	8	4	29
Taxes	43	[1]	4	8	14	5	11
Occupancy	182	1	4	15	25	14	123
Travel, conferences, and meetings	186	28	10	13	22	10	102
Printing and publications	40	2	2	3	6	2	24
Other expenses	632	31	38	62	131	55	315

[1] Less than \$500.

[2] The total assets amounts differ from those previously published for Tax Year 2006. The Bill and Melinda Gates Foundation reported "other investments," valued at fair market value of \$29.6 billion. This amount represented the foundation's interest in the Bill and Melinda Gates Foundation Trust. These assets were also reported by the Bill and Melinda Gates Foundation Trust on its Form 990-PF. For statistical purposes, the data shown in columns 1 and 7 were reduced by \$29.6 billion to avoid overstating these joint assets.

[3] The Bill and Melinda Gates Foundation reported "other investments," valued at fair market value of \$38.7 billion. This amount represented the foundation's interest in the Bill and Melinda Gates Foundation Trust. These assets were also reported by the Bill and Melinda Gates Foundation Trust on its Form 990-PF. For statistical purposes, the data shown in columns 1 and 7 were reduced by \$38.7 billion to avoid overstating these joint assets.

NOTE: Detail may not add to total due to rounding and processing tolerances.