This figure would not include certain church organizations (e.g., missionary societies, men's and women's clubs, organized Sunday School classes, etc.), and students' clubs (Science Clubs of America, honors society chapters, language clubs, etc.).

The IRS Exempt Organization Master File (EOMF) contains entity records for approximately 325,000 tax exempt organizations, excluding pension trusts. This figure reflects all independent organizations exempt under individual rulings and determination letters, and subordinate organizations (other than 23,000 credit unions and Federal land bank associations) covered by group rulings which are required to file annual returns in the Form 990 series.

Fraternal beneficiary associations exempt under section 501(c)(8) are not required to file returns and local units of such associations are not included in the master file. Reference to IRS group ruling files and to the Encyclopedia of Associations indicates that there are approximately 144,000 local units in this category.

While the master file reflects approximately 100,000 organizations exempt under section 501(c)(3), this does not include a great majority of subordinates of such organizations not required to file returns. Reference to IRS group ruling files, the Encyclopedia of Associations, the Statistical Abstract of the United States, and church yearbooks and directories produce an estimate of organizations in this category as follows:

Churches	352, 000
Scouting organizations	298, 000
Private schools	22, 000
PTA's	55, 000
Hospitals	7, 000
4-H Clubs and similar organizations	120, 000
YMCA's and similar organizations	4, 000
Health organizations	15, 000
Community chests or funds	2, 500
Social welfare type charities	26, 500
Education (noninstitutional) organizations	20, 000
Provisions for additions to directories	50, 000
Subtotal	972, 000
Less section 501(c)(3) organizations on EOMF	100, 000
Total of 501(c)(3) organizations not on EOMF	872, 000

Adding the number of section 501(c)(3) organizations not on the master file (872,000), the number of exempt organizations on the master file (325,000), the credit unions and Federal land bank associations (23,000), and the section 501(c)(8) organizations (144,000), gives us a revised estimate of 1,364,000 exempt organizations. However, it is reasonable to believe that there are still many organizations not accounted for. With some allowance for this latter group, it is estimated that one and a half million is a reasonable approximation of the universe of tax-exempt organizations.

Mr. PATMAN. Mr. Corman?

Mr. CORMAN. Thank you, Mr. Chairman.

Mr. Director, will you speak a moment about the family foundation? What is the test of their tax exemption?

I assume that one of those tests is how they spend the money.

Mr. COHEN. The code indicates that an organization operated exclusively for charitable, religious, or a number of other purposes, no part of the benefits or income of which inures to the private shareholder or individual, is exempt from the income tax. The general test established by the code is that the organization must be organized and operated for charitable, religious, or educational purposes and its income must not benefit a private shareholder or individual. There