

edition 2, page 9, published in 1964, explains the definition of a foundation used by the Center as follows:

For purposes of this directory a foundation may be defined as a nongovernmental, nonprofit organization having a principal fund of its own, managed by its own trustees or directors, and established to maintain or aid social, educational, charitable, religious, or other activities serving the common welfare. Both charitable trusts and corporations are included. As previously, the new directory excludes "foundations" which make a general appeal to the public for funds; which act as trade associations for industrial or other special groups; which are restricted by charter solely to aiding one or several named institutions; or which function as endowments set up for special purposes within colleges, churches, or other organizations and are governed by the trustees of the parent institution. Obviously, many "foundations" fall in a gray area, with most of the characteristics of regular foundations but some disqualifications; edition 2 interprets the exclusions more rigidly than did its predecessor.

The "Foundation Directory" published by the Foundation Library Center omits "very small" foundations. The files of the Foundation Library Center do, however, contain copies of the Form 990-A for many of these very small foundations.

Since the word "foundation" is not technically defined for tax purposes, there is no ready way to separate those organizations called foundations from other tax-exempt organizations so far as tax information returns are concerned. As a means of obtaining a body of statistical information, it seemed necessary to utilize the classification which had been established by the Foundation Library Center. Data have been added for certain very large organizations which one might want to define as a foundation where these could be identified.¹⁰ No effort was made to expand the center's definition in the other size categories. The Foundation Library Center indicates that their records show that there were approximately 15,000 foundations, according to their definition, in existence around the end of 1962. Of these, an estimated 9,000 were below \$100,000 in total assets.

A stratified sampling design was adopted that would produce a sample of about 1,300 foundations. It developed that the 1962 Form 990-A was available in the Foundation Library Center for only about one-half of the total number of foundations. This was principally due to delays involved in obtaining and reproducing the returns. The sampling rates for the foundations below \$1 million in size were accordingly doubled, and in the group of foundations with assets size of over \$10 million other sources were utilized to obtain the Forms 990-A for the year 1962 in order to carry out the plan to have 100 percent coverage in this area. Information was taken from the Form 990-A, and a supplementary questionnaire was sent to each of the foundations whose return was selected.¹¹ In the aggregate a response rate of close to 98 percent was realized.¹²

¹⁰ Since the particular concern of the present study was private foundations, several community foundations which could be readily identified were omitted from the tabulation.

¹¹ Copies of the Form 990-A (including instructions) and the supplemental questionnaire are attached as exhibits 1 and 2, respectively.

¹² When the initial machine tabulation of results was run, the response rate to the questionnaire was about 96 percent. Those organizations from which a questionnaire was not received were tabulated in a special category called unclassified. The results of the initial run were adjusted in the very large category so as to shift several foundations from unclassified to the appropriate donor influence category on the basis of the questionnaire when it was received. Further, for several tabulations of market value asset data, the 2 percent of questionnaires received after the initial tabulations were taken into account. In the remaining cases where negligible effects would be involved, these last 2 percent of questionnaires received were not reallocated from the unclassified category tabulated. The total market value of assets of the unclassified category was calculated, where necessary, by raising the ledger values on stockholdings on the basis of market to ledger ratios for stockholdings on those foundations reporting market values.