

34 TREASURY DEPARTMENT REPORT ON PRIVATE FOUNDATIONS

In slightly over two-thirds of all foundations by number, the donor or persons related in some way to the donor made up 50 percent of those trustees who take some voice in investment policy, including the decision of how much of the currently available funds will be reinvested and how much will be applied to charitable purposes. (A trustee whose sole participation involves selecting which charitable activity gets the money was not taken into account.) Foundations were classified by the portion of trustees who participated in investment policy, as defined above, who were related in any way to the donor, including his lawyers, his accountant, distant relatives, and employees. The number in each classification would be affected very little if a narrower definition of donor-related trustee were utilized, since in most cases the influence was exercised through immediate family members on the board. In dollar terms the foundations with less than 20 percent influence were slightly more important than the foundations with 50 percent or more donor influence because of the presence of some very large foundations, such as Ford in the former category.

Foundations have extremely little indebtedness. Excluding grants payable, the total liabilities of foundations amount to barely more than 2 percent of ledger assets.

7. *Certain ratios with respect to foundations*

Table 12 classifies the foundations by certain ratios involving grants, income, and assets. The table gives estimated figures for all foundations, that is, the sample portion of the survey was blown up. The first four banks of the table show the ratio of grants to various sources of income. The next four banks deal with various ratios of income to net worth. The last two show ratios of grants made to net worth. In the aggregate the average ratio of ordinary income (net) to book value was 5.6 percent and to market value 3.7 percent. The average rates of total income (ordinary income plus capital gains) to book and market values, respectively, were 10.6 percent and 6.8 percent. Grants were on the average 172 percent of ordinary income and 94 percent of total income. They were equal to 120 percent of contributions received and 53 percent of total sources (total income plus contributions received). On the average, grants were 10 percent of book net worth and 6.4 percent of market net worth.