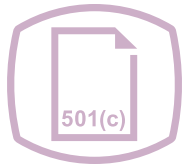
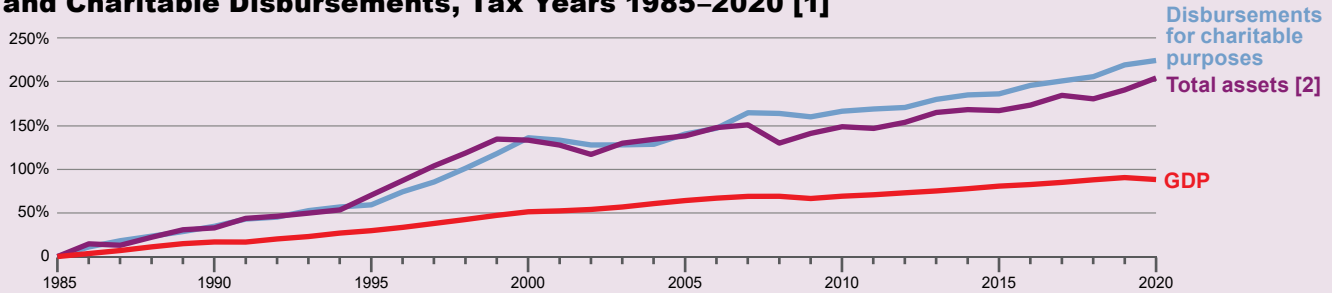


Domestic Private Foundations, Tax Year 2020



Private foundations organized for charitable purposes are exempt from income taxes. They are subject to stricter rules than public charities because of their narrow bases of support and control. Private foundations are required to pay an excise tax on “net investment income”—the amount of gross investment income and capital gain net income in excess of allowable deductions. For charitable purposes, most foundations are also required to distribute annually, a minimum amount in proportion to their total investment assets. These requirements, and other private foundation rules, are defined under Internal Revenue Code (IRC) Sections 4940–4945. Effective for TY 2020, a flat excise tax rate of 1.39% on investment income became the rule for domestic entities, replacing the previous system of either a standard 2% or 1% for those meeting certain standards. SOI collects data from a sample of Forms 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation filed by organizations tax-exempt under IRC Section 501(c)(3).

Cumulative Growth in Gross Domestic Product (GDP), Private Foundation Total Assets, and Charitable Disbursements, Tax Years 1985–2020 [1]

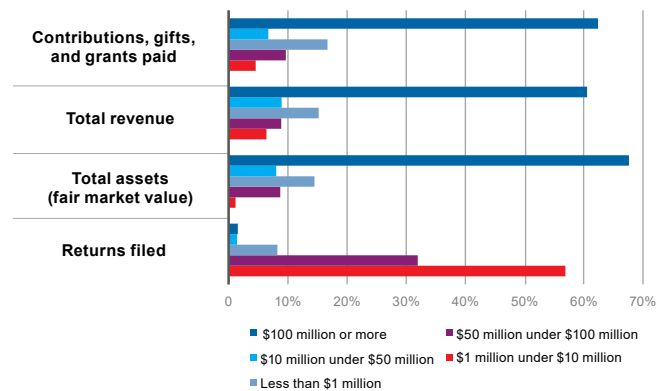


[1] All data are adjusted for inflation using the chain-type price index as reported by the U.S. Department of Commerce, Bureau of Economic Analysis.
 [2] Based on the end of year fair market value of total assets.

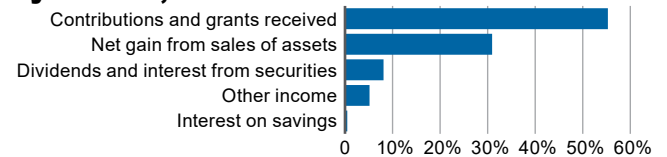
Highlights of the Data

- For Tax Year (TY) 2020, there were a total of 103,968 returns filed, with \$1.27 trillion in fair market value of assets, \$172.2 billion in revenue, and \$92.3 billion in contributions, gifts, and grants paid.
- In real terms, private foundations’ total assets and charitable disbursements have increased by well over double the rate of increase of GDP between TYs 1985 and 2020.¹
- The largest foundations, those with \$100 million or more of total assets, represented 2% of all returns filed for TY 2020. These organizations accounted for \$861.6 billion (68%) of total assets, \$104.3 billion (61%) of total revenue, and \$57.6 billion (62%) of contributions, gifts, and grants paid.
- Nonoperating foundations accounted for 91% of the returns filed and a similar amount of financial activity for TY 2020. These foundations primarily support charitable activities through grants and distributions. In contrast, operating foundations spend their income or assets on direct involvement in a tax-exempt, charitable activity.

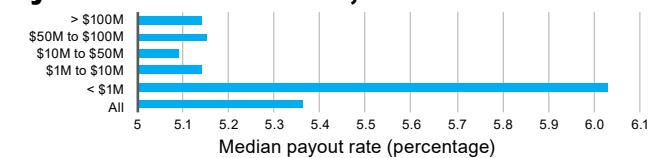
Percentage of Private Foundation Returns Filed, Total Assets, Total Revenue, and Contributions, Gifts, and Grants Paid, by Foundation Size, Tax Year 2020



Percentage of Private Foundation Revenue by Source, Tax Year 2020



Private Foundations: Median Payout Rates, by Size of Total Assets, Tax Year 2020



1 Amount has been adjusted for inflation using the 2017 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 2020 constant dollars.



Exempt Organization Tax Statistics

