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Finances
and Sources
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During the fiscal year ending June 30, 1970, expenditures for the National Bureau's program of research, publication, and related activities were $2,606,808. Current income was $2,162,224. Unrestricted sustaining funds of the National Bureau were drawn on to finance the $444,584 deficit.

Current financial support was received from philanthropic foundations, government agencies, business associations, companies, labor unions, and individuals.

About two-fifths of current income was obtained from restricted fund grants or contracts for the support of specific research projects. These sources of support for particular studies included: Agency for International Development—exchange control, liberalization, and economic development; American Bankers Association—banking structure and performance; Carnegie Commission on the Future of Higher Education—benefits of higher education; Carnegie Corporation of New York—economics of education; Commonwealth Fund—economics of health; Ford Foundation—international economic relations, technological diffusion; International Business Machines Corporation—inter-university computer workshop; National Science Foundation—household capital formation and savings, relation of U.S. manufacturing abroad and U.S. exports, and the conference series; Rockefeller Foundation—a program in international economics; Scherman Foundation—eastern European credit institutions; Securities and Exchange Commission—flow of funds and national balance sheet (also assisted by the Board of Governors of the Federal Reserve System); Alfred P. Sloan Foundation—studies of productivity, employment, and price levels; U.S. Department of Commerce, Economic Development Administration—regional economic studies; U.S. Department of Health, Education, and Welfare—economics of health, and education and economic productivity; U.S. Department of Housing and Urban Development—urban economic studies; Alex C. Walker Charitable and Educational Foundation—studies of productivity, employment, and price levels.

Studies for which restricted grants provide the major portion of support usually require some additional financing from general funds. Grants for specific studies normally do not cover the full costs of initiating and developing research proposals. Many restricted grants require a sharing of project costs. And, of course, those projects approved by the Board of Directors for which specific grants are not available rely for support entirely on unrestricted income or general funds.

In October 1969, the Ford Foundation awarded the National Bureau a grant of $2,000,000 to be used for general program support over a seven-year period. During the 1969-70 fiscal year, payments on this grant provided $300,000 of the National Bureau's unrestricted income. General support grants were also received from the Richard King Mellon Foundation and the Scherman Foundation. These general fund grants provided 17 per cent of the total income for the year.

General financial support from the annual contributions and subscriptions of companies, banks, labor organizations, libraries, and individuals provided 18 per cent of total income. The interest and dividends from the investment of sustaining funds provided another 17 per cent. The remaining 4 per cent of 1969-70 income was from sales of publications and statistical materials.

Tax Status

During the past year, with the development and enactment of the Tax Reform Act of 1969, the sources of financial support for tax-exempt organizations have been of particular interest and concern. The act established new classifications for some tax-exempt organizations with different rules and requirements and with different tax results to their contributors. The manner in which the activities of organizations like the National Bureau are financed now determines whether the organization is classified as a private foundation, a private operating foundation, or an organization other than a
private foundation—i.e., broadly, a public foundation.

The National Bureau's tax status was not changed by the Tax Reform Act. The National Bureau has long been recognized, by rulings of the Internal Revenue Service, as a tax-exempt organization operated exclusively for scientific and educational purposes—one of the organizations now described in section 501(c)(3) of the Internal Revenue Code, contributions to which are deductible under section 170 of the Code. The National Bureau has also received a ruling from the Internal Revenue Service that it is a publicly supported organization—or technically, "an organization referred to in section 170(b)(1)(A)(vi)." Thus, the National Bureau is an organization to which contributions were formally deductible up to 30 per cent of an individual donor's adjusted gross income and now, under the 1969 Act, are deductible up to 50 per cent of an individual donor's "contribution base."

Since the National Bureau is a publicly supported organization, it does not come within the classification of private foundations established by the 1969 Act and is not subject to the taxes and requirements imposed on private foundations. On the contrary, the National Bureau is among those organizations to which private foundations may make qualifying distributions without limitation under the act.

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