



Robert Wood Johnson Foundation

## **GUIDE TO THE FORM 990-PF FOR 2015**

The Robert Wood Johnson Foundation files a Form 990-PF each year with the IRS. This is a public document that provides information about the Foundation's financial and charitable activities.

Information reported on the 990-PF tax return is presented differently from the audited financial statements, in accordance with the IRS reporting rules governing private foundations.

To address the questions we are asked most frequently, we have organized the information into a table and provided answers to those questions in the form of Frequently Asked Questions. We have provided references to the location in the tax return where the information can be found to provide additional context.

## Summary from the 2015 990-PF Robert Wood Johnson Foundation tax return

Form 990-PF Topic	2015 Amount	Form 990-PF Reference	Comments
Grants Paid	\$347.6 million	Page 1, Part 1, line 25(d)	
Direct Charitable Activities	\$55.9 million	Page 7, Part IX-A	Reported as part of the operating and administrative expense total, Page 1, Part 1, line 24(d)
Program-Related Investments	\$19.5 million	Page 7, Part IX-B	
Programmatic Distributions (including grants)	\$423.0 million	Not reported as a separate item on the return	Total of Grants Paid, Direct Charitable Activities, and Program-Related Investments
Administrative Expenses	\$59.3 million	Not reported as a separate item on the return	Administrative Expenses and Direct Charitable Activities are reported together as one number on Page 1, Part 1, line 24(d)
Qualifying Distributions	\$487.5 million	Page 8, Part XII, line 4	This amount is the Foundation's total charitable spend (payout) for the year.

## Frequently Asked Questions

### **1. How much was the Foundation required to distribute in 2015?**

The Foundation was required to distribute \$504.7 million in 2015 as shown on page 8, Part XI, line 7 of the return. The required distribution is often referred to as the annual payout requirement, although the technical IRS term for the payout requirement is “distributable amount.”

### **2. How much did the Foundation distribute in 2015?**

The Foundation paid out \$487.5 million in 2015. These distributions included grantmaking, direct charitable activities, administrative expenses, capital costs, and program-related investments. This amount is reported on page 8, Part XII, line 4 of our 990-PF return. While the amount is \$17.2 million below the distributable amount, the Foundation met the payout requirement in full by applying excess distributions from prior years to cover the difference.

### **3. What types of disbursements count toward the Foundation’s annual payout requirement?**

All reasonable operating expenses count toward the payout requirement, provided they further the charitable work of the Foundation. Operating expenses include administrative expenses, grantmaking, and direct charitable activities, as well as capital costs such as internal software development. Program-related investments, such as low-interest loans made for charitable purposes, also count toward the payout requirement. The technical term for these expenses is “qualifying distributions.”

### **4. What are Direct Charitable Activities?**

Direct charitable activities are charitable efforts undertaken by a foundation directly, rather than through grants awarded to other not-for-profit organizations. The expenses of the Foundation’s direct charitable activities are reported on page 7, Part XI-A, and detailed as an attachment to the return. These expenses are also included and reported as part of our administrative and operating expenses on Part I, line 24(d) of our 990-PF.

**5. How much did the Foundation spend on administrative expenses in 2015?**

The Foundation spent \$59.3 million on administrative expenses in 2015. This amount includes the costs of Foundation staff that directly award and administer our grants, but it does not include the expenses of the Foundation's direct charitable activities.

The 990-PF return does not report administrative expenses separately. The total reported on Page 1, Part I, line 24(d) as operating and administrative expenses includes both our administrative expenses and our direct charitable activities.

The Foundation's administrative expenses are reported on lines 13 through 23 of Page 1, Part 1 of the return; in addition, \$55.9 million in direct charitable activities are included and reported on line 23. Subtracting our direct charitable activity expenses from the total reported on line 24(d) results in \$59.3 million of administrative expense costs.

**6. What were the Foundation's administrative expenses in 2015 as a percentage of qualifying distributions?**

The ratio of administrative expense (\$59.3 million) to total qualifying distributions (\$487.5 million) was 12.2 percent.

A tax return provides information on the financial health and expenditures of an organization, but it cannot assess the effectiveness of an organization with respect to meeting its objectives. However, one measure of a foundation's organizational efficiency is, in part, the percentage of its total outlay spent on administrative expenses. We believe the Foundation's administrative expense ratio of 12.2 percent compares favorably to other organizations of similar size, operational complexity, and programmatic approach.