



From the Foundation

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The Foundation and the Public Good

You may have seen the following phrases used on the

Foundation's printed materials, such as on our annual giving brochure or in our written correspondence:

The Foundation of the Federal Bar Association was chartered by Congress as a 501(c)(3) nonprofit organization in 1954. Donations may be considered tax deductible as charitable contributions.

What does this language really mean? What exactly is a “non-profit” organization? Why are donations tax deductible? And how does the Foundation of the Federal Bar Association fit in with the idea of charity?

Some Historical Context

Many people point to Alexis de Tocqueville's *Democracy in America* as a good starting point to describe the vital role of the nonprofit sector in American society. Following his extensive travels in the United States in 1831–'32, Tocqueville wrote about the American phenomenon of forming “associations” of all types—professional, social, civil, and political—and emphasized the American culture of voluntary action on behalf of the common good.

Indeed, this culture of forming “associations” still exists, almost 200 years after Tocqueville's observations. According to the National Center of Charitable Statistics, there are now more than 1.5 million nonprofit organizations registered in the United States, including public charities, private foundations, and many other types of organizations, such as chambers of commerce, fraternal organizations, and civic leagues.

Benefiting the Public Interest

The nonprofit sector plays an indispensable role in society and the economy today, distinct from both the public sector (government) and the private sector (business). There are many kinds of nonprofits, serving many types of societal needs: religious congregations, universities, hospitals, environmental groups, art museums, youth recreation associations, international aid groups, health and human services, medical research, and much, much more.

The Internal Revenue Service defines more than 25 categories of organizations that are exempt from federal income taxes, but for most people, a “nonprofit” refers to what the tax code classifies under section 501(c)(3) as a “charitable” organization, or one

that has as its purpose to benefit the public interest.

Congress recognizes this important public role of the nonprofit sector by making certain organizations tax-exempt, enabling them to dedicate their funds to fulfilling their missions. Furthermore, Congress encourages the American people to support these organizations financially by allowing many taxpayers to deduct their charitable contributions.

According to the “Giving USA 2014” report, charitable giving in the United States jumped 4.4% to \$335.17 billion in 2013. The vast majority of this giving comes not from large corporations or wealthy foundations but from individual donors supporting their favorite charities and institutions. Donations from individuals represent 72% of all charitable giving.

Gifts to the Foundation of the Federal Bar Association

The Foundation of the Federal Bar Association is recognized by the IRS as a 501(c)(3) charitable organization. Our organizational purpose is in support of the public good, as exemplified by our mission:

- To promote and support legal research and education
- To advance the science of jurisprudence
- To facilitate the administration of justice
- To foster improvements in the practice of federal law.

Consistent with best practices of leading nonprofits, the Foundation of the Federal Bar Association is governed by a volunteer board of directors, who affirm that the Foundation is fulfilling its public purpose. The board of directors develops strategic plans to provide for organizational growth and is focused on the long-term health and sustainability of the organization.

As a nonprofit organization, the work of the Foundation is made possible by charitable gifts from FBA members like you. We recognize that there are many local, regional, and national nonprofit organizations doing excellent work on causes that are important to you; thank you for supporting your profession through your gifts to the Foundation. ☺