

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2013

Open to Public Inspection

Form **990**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- ▶ Do not enter Social Security numbers on this form as it may be made public.
- ▶ Information about Form 990 and its instructions is at www.irs.gov/form990.

Department of the Treasury
Internal Revenue Service

A For the 2013 calendar year, or tax year beginning 04/01, 2013, and ending 03/31, 2014

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization CATO INSTITUTE		D Employer identification number 23-7432162	
	Doing Business As			
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 1000 MASSACHUSETTS AVE., N.W.		E Telephone number (202) 842-0200	
	City or town, state or province, country, and ZIP or foreign postal code WASHINGTON, DC 20001-5403		G Gross receipts \$ <u>29,121,823.</u>	

I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3)	<input type="checkbox"/> 501(c) () ◀ (insert no.)	<input type="checkbox"/> 4947(a)(1) or	<input type="checkbox"/> 527	H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
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J Website: ▶ WWW.CATO.ORG

K Form of organization: Corporation Trust Association Other ▶

L Year of formation: 1974 **M** State of legal domicile: KS

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: <u>TO ORIGINATE, DISSEMINATE, AND INCREASE UNDERSTANDING OF PUBLIC POLICIES BASED ON THE PRINCIPLES OF INDIVIDUAL LIBERTY, LIMITED GOVERNMENT, FREE MARKETS, AND PEACE.</u>		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	233.
	6	Total number of volunteers (estimate if necessary)	6	17.
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	9	Program service revenue (Part VIII, line 2g)	20,782,297.	27,386,455.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	789,744.	661,801.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	82,622.	86,264.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	351,702.	215,590.
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	22,006,365.	28,350,110.
	14	Benefits paid to or for members (Part IX, column (A), line 4)	873,596.	708,851.
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	12,960,835.	13,172,134.
		b Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>3,521,956.</u>	0	0
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	12,194,414.	10,657,580.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	26,028,845.	24,538,565.
19	Revenue less expenses. Subtract line 18 from line 12	-4,022,480.	3,811,545.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	21	Total liabilities (Part X, line 26)	60,639,117.	64,520,251.
	22	Net assets or fund balances. Subtract line 21 from line 20.	1,907,422.	2,065,271.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

PUBLIC INSPECTION COPY

Sign Here	Signature of officer _____	Date _____
	Type or print name and title _____	

Paid Preparer Use Only	Print/Type preparer's name <u>Daniel C. Shea</u>	Preparer's signature <u>Daniel C. Shea</u>	Date <u>2/13/15</u>	Check <input type="checkbox"/> if self-employed	PTIN <u>P00957510</u>
	Firm's name ▶ <u>COHNREZNICK LLP</u>			Firm's EIN ▶ <u>22-1478099</u>	
	Firm's address ▶ <u>6720B ROCKLEDGE DRIVE, SUITE 750 BETHESDA, MD 20817</u>			Phone no. <u>301-654-7555</u>	

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2013)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission:

TO ORIGINATE, DISSEMINATE, AND INCREASE UNDERSTANDING OF PUBLIC POLICIES BASED ON THE PRINCIPLES OF INDIVIDUAL LIBERTY, LIMITED GOVERNMENT, FREE MARKETS, AND PEACE.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

Yes No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?

Yes No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 10,990,726. including grants of \$ 708,851.) (Revenue \$)

POLICY ANALYSIS AND RESEARCH - STUDY AND EXAMINATION OF AREAS SUCH AS HEALTH CARE, INTERNATIONAL ECONOMICS AND DEVELOPMENT, TRADE POLICY, REGULATORY STUDIES, ENVIRONMENT, FOREIGN POLICY AND DEFENSE, EDUCATION, CONSTITUTIONAL STUDIES, FISCAL POLICY, AND DOMESTIC ISSUES IN ORDER TO PROMOTE AND DISSEMINATE LIBERTARIAN PHILOSOPHY AND IDEAS.

4b (Code:) (Expenses \$ 4,922,963. including grants of \$) (Revenue \$ 380,566.)

PUBLICATIONS AND MEDIA - INCLUDES 22 POLICY ANALYSES, 4 DEVELOPMENT POLICY PAPERS, 8 TRADE POLICY PAPERS AND 4 TAX AND BUDGET BULLETINS. ALSO 4 ISSUES OF REGULATION MAGAZINE, 3 ISSUES OF CATO JOURNAL, 12 AUDIO CD'S AND 10 PUBLISHED BOOKS.

4c (Code:) (Expenses \$ 2,527,444. including grants of \$) (Revenue \$ 661,801.)

CONFERENCES AND FORUMS/SEMINARS - CATO SPONSORED 513 FORUMS AND SEMINARS WITH TOPICS INCLUDING CONSTITUTIONAL STUDIES, MONETARY POLICY, LIMITED GOVERNMENT, HEALTH CARE, INTERNATIONAL TRADE AND ECONOMICS, TECHNOLOGY, FREE MARKETS, ENVIRONMENT, TERRORISM AND DEFENSE.

4d Other program services (Describe in Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 18,441,133.

Part IV Checklist of Required Schedules

Table with columns for question number, question text, and Yes/No checkboxes. Rows include questions 1 through 20b regarding organizational requirements and reporting.

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question ID, Question Text, and Yes/No checkboxes. Rows include questions 21 through 38 regarding organizational reporting, compensation, bond issues, and controlled entities.

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Table with columns for line numbers (1a-14b), descriptions of tax compliance items, and Yes/No response columns. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited transactions, and charitable contributions.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI [X]

Section A. Governing Body and Management

Form section A containing questions 1a through 9 regarding governing body members, relationships, and documentation. Includes a table with Yes/No columns and a summary box for lines 1a and 1b.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

Form section B containing questions 10a through 16b regarding organizational policies on chapters, conflict of interest, whistleblower, document retention, and compensation.

Section C. Disclosure

Form section C containing questions 17 through 20 regarding state filing requirements, public inspection of forms, and disclosure of governing documents.