

**SUPPORTING STATEMENT**  
**U.S. Department of Commerce**  
**U.S. Census Bureau**  
**Quarterly Financial Report (QFR) Program**  
**OMB Control Number 0607-0432**

**B. Collections of Information Employing Statistical Methods**

**1. and 2. Description of the Sample/Procedures for Collection**

The frame from which the major portion of the QFR sample is selected consists of the IRS file of those corporate entities which are required to file Form 1120, 1120A or 1120S and which also have as their principal industrial activity either manufacturing, mining, wholesale trade, retail trade, information, or professional and technical services (except legal). The IRS file is sampled once each year. At the time the sample is selected, the file does not contain those corporate entities whose first income tax return has not been processed. In addition, several months elapse between the selection of this sample and its introduction into the QFR Program.

To keep the QFR sample up-to-date, staff reviews current corporate news releases and public records to identify any potential large additions and changes to the target population. Corporations thus identified and thought to meet QFR in-scope criteria are contacted to verify their in-scope status. If determined to be in-scope of the QFR, the corporation will automatically be included in the survey for the remainder of the sample year.

About 25% of the cases initially sampled are outside the scope of the QFR industry coverage or are already included in companies reporting in the sample. The survey estimator adjusts for the resulting reduction in the sample.

Nearly all corporations whose operations are within the scope of the QFR and which have total assets greater than \$250 million are included in the sample. They are permanent sample members, with a one-out-of-one sampling fraction. In addition, receipts cut-off values are determined on an industry basis. If a corporation has receipts at or above the receipts cut-off value for their industry, that corporation is made a permanent sample member, with a one-out-of-one sampling fraction.

Simple random samples are selected from the eligible units in the remaining industry-by-size groups. The total sample size for the non-certainty portion of the sample remains the same from year to year. After the initial sample allocation, the sample allocation may be adjusted to ensure the time-in/time-out constraints required by the 1995 Paperwork Reduction Act are achieved.

The non-certainty sample in each industry-by-size group is divided systematically into four panels that are introduced over the next year. Each panel is in the survey for eight successive quarters. Each quarter, one panel is rotated out and a new panel is rotated into the sample. This means that the non-certainty portion of the sample for adjacent quarters is seven-eighths identical, and is one-half identical for quarters ending one year apart.

These statistical procedures yield a sample of corporations that are considered potential respondents. After an initial screening, and if the company is found to be within the scope of the program, filing of the QFR report form is required.

The table below, *Composition of the Sample, by NAICS Sector and Size of Total Assets*, summarizes the resulting sample size by industry sector and size groups.

Composition of the Sample, by NAICS Sector and Size of Total Assets Third Quarter 2011						
Asset size	Manufacturing <sup>1</sup>			Mining <sup>2</sup>		
	Total Assets <sup>4</sup>		Number of Active Corps. in Sample <sup>5</sup>	Total Assets <sup>4</sup>		Number of Active Corps. in Sample <sup>6</sup>
	Million dollars	Percent		Million dollars	Percent	
All asset sizes	7,855,551	100	7,861	881,240	100	293
Under \$10 million	175,273	2	3,518	6	0	1
\$10 million and over	7,680,278	98	4,343	881,234	100	292
\$10 million to less than \$25 million	119,486	2	1,237	87	0	3
\$25 million to less than \$50 million	77,746	1	585	1,069	0	14
\$50 million to less than \$100 million	86,345	1	473	8,208	1	60
\$100 million to less than \$250 million	135,828	2	488	11,189	1	41
\$250 million to less than \$1,000 million	417,651	5	798	39,167	4	64
\$1,000 million and over	6,843,222	87	762	821,514	93	110
Asset size	Wholesale Trade <sup>2</sup>			Retail Trade <sup>2,11</sup>		
	Total Assets <sup>4</sup>		Number of Active Corps. in Sample <sup>7</sup>	Total Assets <sup>4</sup>		Number of Active Corps. in Sample <sup>8</sup>
	Million dollars	Percent		Million dollars	Percent	
All asset sizes	852,776	100	1,179	1,093,229	100	597
Under \$10 million	260	0	27	90	0	11
\$10 million and over	852,517	100	1,152	1,093,139	100	586
\$10 million to less than \$25 million	1,512	0	39	829	0	21
\$25 million to less than \$50 million	21,503	3	241	9,739	1	118
\$50 million to less than \$100 million	41,247	5	267	13,018	1	83
\$100 million to less than \$250 million	56,854	7	212	24,287	2	92
\$250 million to less than \$1,000 million	131,087	15	247	69,294	6	137
\$1,000 million and over	600,313	70	146	975,973	89	135
Asset size	Information <sup>2</sup>			Professional and Technical Services <sup>2,3</sup>		
	Total Assets <sup>4</sup>		Number of Active Corps. in Sample <sup>9</sup>	Total Assets <sup>4</sup>		Number of Active Corps. in Sample <sup>10</sup>
	Million dollars	Percent		Million dollars	Percent	
All asset sizes	2,058,932	100	584	552,989	100	701
Under \$10 million	93	0	11	277	0	28
\$10 million and over	2,058,840	100	573	552,713	100	673
\$10 million to less than \$25 million	934	0	25	1,662	0	46
\$25 million to less than \$50 million	5,902	0	85	10,180	2	147
\$50 million to less than \$100 million	12,479	1	101	16,368	3	114
\$100 million to less than \$250 million	23,194	1	98	32,564	6	126
\$250 million to less than \$1,000 million	66,193	3	130	78,071	14	140
\$1,000 million and over	1,950,137	95	134	413,868	75	100

<sup>1</sup> Includes manufacturing corporations with total assets of \$250 thousand and over at time of sample selection.

<sup>2</sup> Includes mining, wholesale trade, retail trade, information, and professional and technical services corporations with total assets of \$50 million and over at time of sample selection.

<sup>3</sup> Except legal services.

<sup>4</sup> Estimated universe total; figures are rounded and will not necessarily add to totals.

<sup>5</sup> Drawn from a universe of approximately 140,975.

<sup>6</sup> Drawn from a universe of approximately 611.

<sup>7</sup> Drawn from a universe of approximately 2,237.

<sup>8</sup> Drawn from a universe of approximately 1,235.

<sup>9</sup> Drawn from a universe of approximately 1,045.

<sup>10</sup> Drawn from a universe of approximately 1,770.

<sup>11</sup> Composition of sample, second quarter 2011, revised.

The QFR response rates differ by size category. Corporations with assets of \$250 million and over achieve a response rate of about 84%; corporations below the \$250 million asset level achieve a response rate of about 65%; over all asset size categories, the QFR achieves a response rate of about 70%. Data are imputed for corporations that are active but do not respond to the survey. This is done using statistical procedures that utilize previously reported data (if available) and data from current respondents of similar asset size and industry classification. The total quantity response rate, defined as the percentage of a published estimate represented by data from respondents or equivalent source data, is over 90% for the QFR major data items. This level is adequate to support the precision requirements of the survey.

Each QFR report form received is reviewed by QFR staff accountants for adherence to GAAP and QFR guidelines. Should QFR requirements dictate a classification of data different from the reporting corporation's report, the accountant is responsible for reclassifying or adjusting the data item(s). If complex problems arise, officials of the reporting corporation are contacted to discuss proposed adjustments.

### **3. Methods to Maximize Response**

A set of QFR report forms is mailed during the last month of a company's quarter. Upon expiration of the 25-day filing requirement, a letter advising the company of its delinquency is mailed. In the event of continued noncompliance, companies are contacted by telephone and advised of the report's mandatory nature. This follow-up process results in an acceptable response rate.

### **4. Testing**

Forms and methods used in the QFR program are subject to continued informal assessments. They have been refined as warranted to reflect changed conditions in the private sector and improved data program practices. The program has over 60 years of experience collecting this information. The information requested is easily accessible by reporting corporations, and the burden associated with completing these forms is not considered significant.

The QFR report forms are in traditional corporate income statement and balance sheet formats. Reporting rules conform, for the most part, to GAAP and financial statement presentation. The QFR report short form was developed and introduced in 1981. The short form (a simplified version of the long form) was developed in response to comments from small companies and representatives of small businesses.

### **5. Consultations on Statistical Design**

In July 1998 the QFR's statistical methods were evaluated in accordance with OMB Directive No. 3, and the completed evaluation clearly supports continuation of the current methodology. In addition, the QFR's primary users, the BEA and FRB, have expressed continued satisfaction with the reliability of this data series for estimation of the corporate profits component of the GDI and the Flow of Funds accounts respectively.

Ms. Demetria V. Hanna, Chief of the Financial Report Branch for the Quarterly Financial Report Program, is responsible for collection and analysis of QFR data. She can be reached

at telephone number (301) 763-6600. Mr. Mark S. Sands, Chief of the Statistical Research & Methods Branch, is responsible for oversight of and consultation regarding the QFR statistical methods. He can be reached at telephone number (301) 763-3310.

**List of Attachments**

A. Forms Used in Conducting the QFR Program:

QFR-200 (MT) and instructions QFR-200 (I)  
QFR-201 (MG) and instructions QFR-201 (I)  
QFR-300 (S) and instructions QFR-300 (I)

B. Cover Letters:

QFR-006 (L1)  
QFR-29 (L2)