

THE NONPROFIT SECTOR IN BRIEF

Facts and Figures from the *Nonprofit Almanac* 2007

This brief highlights key findings from the *Nonprofit Almanac 2007*, prepared by the National Center for Charitable Statistics at the Urban Institute (Urban Institute Press, forthcoming). The *Almanac* is the latest in the Urban Institute's series of statistical profiles of the nonprofit sector, most recently produced in conjunction with *Independent Sector* in 2002.

Current Highlights

Approximately 1.4 million nonprofit organizations are registered with the IRS. The figure includes a diverse group of organizations, both in size and mission, which range from hospitals and human service organizations to advocacy groups and chambers of commerce. When compared to other sectors of the economy, the nonprofit sector accounts for 5.2 percent of gross domestic product (GDP) and 8.3 percent of wages and salaries paid in the United States.

While these figures shed light on the size and scope of the sector, a complete picture cannot be obtained without considering two critical components of the sector, voluntarism and charitable giving. In 2005, individuals, corporations, and foundations gave \$260 billion in charitable contributions to nonprofits and 29 percent of Americans volunteered through a formal organization.

Size and Scope

The nonprofit sector spans a wide range of organizations, from neighborhood associations that have no paid staff to multibillion-dollar hospitals and universities. The vast majority—and those holding most of the sector's revenues and assets—are registered with the IRS as 501(c)(3) "public charities," a category that includes most arts, education, health care, and human service organizations. (The nation's approximately 350,000 religious congregations are also considered public charities but they are not required to register with the IRS, although about half do so.)

The remaining 501(c)(3) organizations are private foundations. They are usually endowed by a founding individual, a family, or (less frequently) a corporation with investment assets. Typically, foundations fund 501(c)(3) public

Table 1. Overview of the U.S. Nonprofit Sector, 2004–2005

501(c)(3) public charities	
Public charities	845,233
Reporting public charities	299,033
Revenues	\$1,050 billion
Assets	\$1,819 billion
501(c)(3) private foundations	
Private foundations	103,880
Reporting private foundations	75,478
Revenues	\$61 billion
Assets	\$455 billion
Other nonprofit organizations	
Nonprofits	464,595
Reporting nonprofits	112,471
Revenues	\$250 billion
Assets	\$692 billion
Giving	
Annual, from private sources	\$260 billion
From individuals and households	\$199 billion
As a % of annual income	1.9
Average, from households that itemize deductions	\$3,576
Average, from households that do not itemize deductions	\$551
Volunteering	
Volunteers	65 million

Sources: Bureau of Labor Statistics (2005); IRS Business Master Files, Exempt Organizations (2005); Giving USA Foundation (2006); NCCS Core File (2004); NCCS National Nonprofit Research Database, Special Research Version (2004).

charities, although they may also provide scholarships or support government activities.

In addition to 501(c)(3) public charities and private foundations, there are other nonprofit organizations, including thousands of social and recreation clubs, trade associations, labor unions, veterans' associations, and advocacy organizations, as well as a relatively few large but obscure entities, such as a health care trust for a major automaker. Donations to these organizations, unlike those to 501(c)(3) charities and foundations, are generally *not* tax-deductible.

Of the 1.4 million nonprofit organizations registered with the IRS in 2004, nearly half a million collected more than \$25,000 in gross receipts and are therefore required to file a Form 990 annually. At this point, nonprofits are required by law to file annual Form 990 returns with the IRS. (Most of the remainder are either too small or are religious congregations, which are not required to file.) These "reporting organizations" accounted for approximately \$1.4 trillion in revenue and \$3 trillion dollars in assets in 2004, the latest year for which complete data are available (table 1).

Table 2 shows that the number of nonprofit organizations recognized by the IRS grew by a modest 27 percent from 1994 to 2004. In this period, the number of reporting nonprofit organizations that completed IRS Forms 990 grew by a comparable 25 percent. In contrast, the number of public charities that were registered with the IRS, as well as the number that filed a Form 990, grew at more than twice that rate.

The finances of nonprofit organizations also grew at a healthy rate from 1994 to 2004. While the U.S. GDP increased by less than 37 percent over this period after adjusting for inflation, all three of the major financial measures for nonprofit organizations increased by at least 56 percent—a difference of nearly 20 percentage points. Total assets, in particular, rose the most rapidly, with an increase of approximately 90 percent for both public charities and the sector as a whole (table 2).

Human service organizations are the most common type of public charity (35 percent), with nearly twice as many organizations as the next largest category, education (18 percent). The categories of health care, the catchall public and societal benefit, and arts, culture, and humanities follow, comprising 13, 12, and 11 percent of organizations, respectively (table 3).

Table 2. Size and Financial Scope of the Nonprofit Sector, 1994–2004

	1994	1999	2004	% change, 1994–2004	% change, 1994–2004 (inflation adjusted)
All nonprofits	1.1 million	1.2 million	1.4 million	27.0	n.a.
Reporting nonprofits	388,631	398,405	486,982	25.3	n.a.
Revenues	\$678 billion	\$950 billion	\$1,361 billion	101.0	61.5
Expenses	\$621 billion	\$851 billion	\$1,255 billion	102.0	62.6
Assets	\$1.252 billion	\$2.052 billion	\$2.967 billion	137.0	90.7
Public charities, 501(c)(3)					
Public charities	519,456	645,926	845,233	64.7	n.a.
Reporting public charities	179,390	243,612	299,033	62.7	n.a.
Revenues	\$538 billion	\$763 billion	\$1,050 billion	95.2	57.1
Expenses	\$503 billion	\$698 billion	\$981 billion	95.0	56.9
Assets	\$777 billion	\$1,331 billion	\$1,819 billion	134.1	88.3

Sources: IRS Business Master Files, Exempt Organizations (1995, 2000, 2005); NCCS Core Files (1994, 1999, 2004); NCCS National Nonprofit Research Database, Special Research Version (2004).

n.a. = not applicable

Table 3. Number and Financial Scope of Reporting Public Charities by Subsector, 2004

	Number		\$, millions			Percent (%)		
	Number	%	Revenue	Expenses	Assets	Revenue	Expenses	Assets
All public charities	299,033	100.0	1,050,134	981,271	1,819,320	100.0	100.0	100.0
Arts, culture, humanities	32,056	10.7	24,350	20,934	72,465	2.3	2.1	4.0
Education	53,074	17.7	171,118	150,034	534,440	16.3	15.3	29.4
Higher education	1,682	0.6	121,570	107,433	405,443	11.6	10.9	22.3
Other	51,392	17.2	49,548	42,600	128,997	4.7	4.3	7.1
Environment, animals	11,753	3.9	9,655	8,473	27,336	0.9	0.9	1.5
Health care	38,633	12.9	616,449	588,299	748,340	58.7	60.0	41.1
Hospitals and primary care facilities	3,139	1.1	446,433	426,672	539,604	42.5	43.5	29.7
Other	35,494	11.9	170,016	161,627	208,736	16.2	16.5	11.5
Human services	103,171	34.5	142,306	137,296	209,307	13.6	14.0	11.5
International and foreign affairs	5,694	1.9	19,618	18,787	17,145	1.9	1.9	0.9
Public and societal benefit	35,249	11.8	57,376	49,102	189,567	5.5	5.0	10.4
Religion-related	17,670	5.9	8,643	7,790	20,154	0.8	0.8	1.1
Unknown/Unclassified	1,733	0.6	619	556	566	0.1	0.1	0.0

Source: NCCS National Nonprofit Research Database, Special Research Version (2004).

Figure 1. Distribution of Public Charities by Total Revenue and Assets, 2004



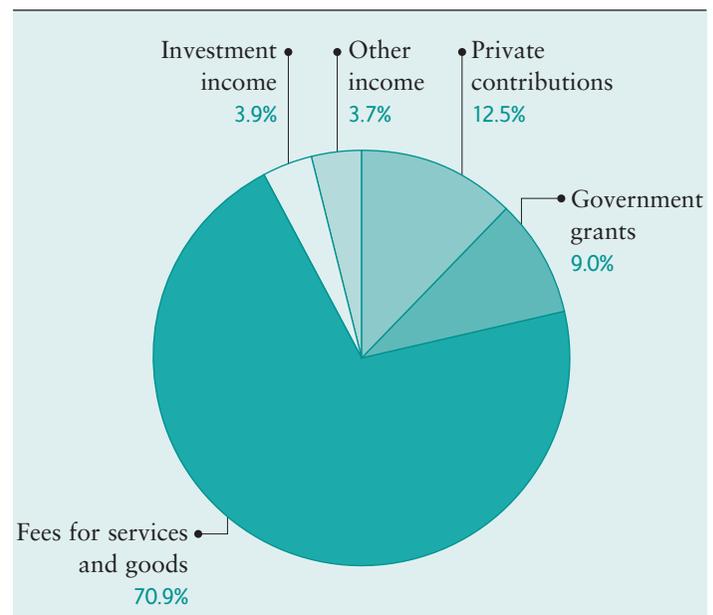
Source: NCCS National Nonprofit Research Database, Special Research Version (2004).

In revenues, expenses, and assets, however, the human services category appears much more modest. Although it represents more than one-third of all public charities, it accounts for less than 14 percent of the sector’s revenues and less than 12 percent of assets. Health care organizations, hospitals in particular, dominate the revenue and expense categories; these account for well over half of public charity revenues. Higher education, which accounts for less than 1 percent of nonprofit organizations, controls more than 22 percent of the sector’s assets (e.g., land, buildings, endowments, etc.), second only to hospitals with nearly 30 percent (table 3).

As figure 1 shows, more than 61 percent of public charities had revenues of less than \$250,000, but these accounted for less than 3 percent of the sector’s total assets and less than 2 percent of its total revenue. At the opposite end of the spectrum, the one-tenth of 1 percent of public charities having more than \$500 million in revenue accounted for more than 27 percent of the sector’s assets and revenue.

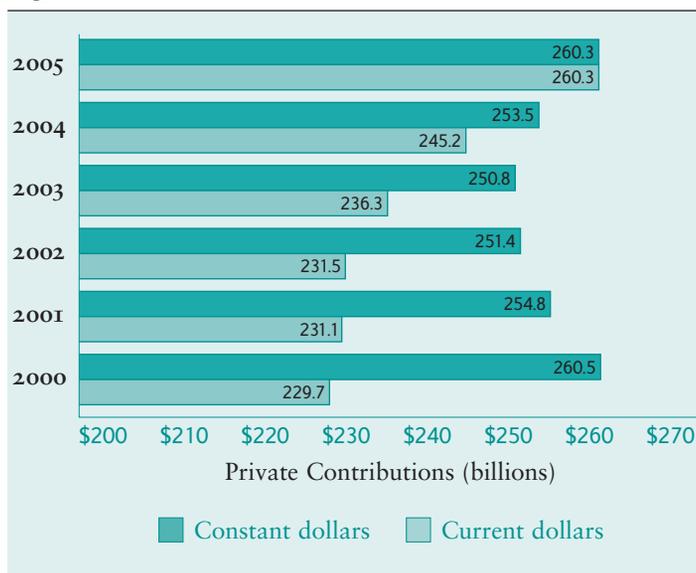
Figure 2 shows that fees for services and sales of goods account for a huge percentage (71 percent) of the revenues for reporting public charities. These include patient revenues for

Figure 2. Sources of Revenue for Reporting Public Charities, 2004



Source: NCCS National Nonprofit Research Database, Special Research Version (2004).

Figure 3. Private Charitable Contributions, 2000–2005



Source: Giving USA Foundation (2006).

hospitals (including Medicare and Medicaid reimbursements) and tuition at colleges and universities. They also include items such as the revenue from theater tickets, rental fees for providers of low-income housing, and—much less significant for most organizations—sales of goods such as merchandise sold at thrift or museum shops.

The next two most important categories of revenue for public charities are private contributions and government grants. The former includes contributions from individuals (83 percent of the total), private foundations (11 percent), and corporations (the remaining 5 percent). Government grants include funds from federal, state, and local governments; unfortunately, no precise breakout of these sources is available.

Some public charities are fortunate to have endowments or other investment funds. Unlike private foundations, which generate a majority of their revenue from investment income, public charities received less than 4 percent of their income from this source. “Other Income” includes dues and membership fees, special events income, and other miscellaneous sources.

Giving

Private charitable contributions, shown in figure 3, include not only giving to reporting public charities but also to religious congregations—a number that can only be estimated, since congregations do not file annual returns with the IRS. According to the latest estimates from *Giving USA* (2006), private charitable contributions from households, private foundations, and businesses increased by more than 13 percent in current dollars from 2000 to 2005. In constant (inflation-adjusted) dollars, however, there was virtually no change over this period, though the U.S. economy expanded by more than 12 percent and total personal income increased by more than 7 percent.

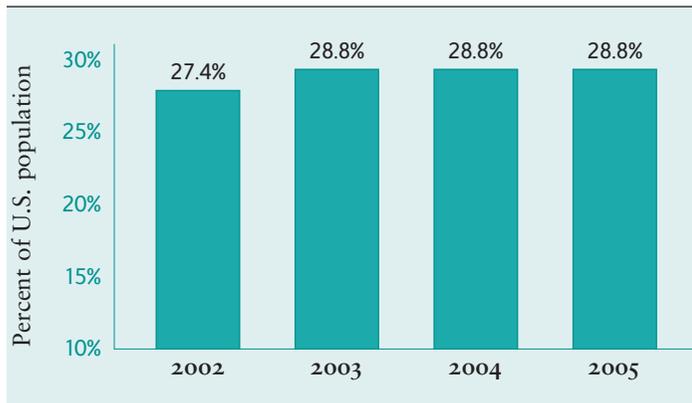
Table 4 shows that more than a third of all private contributions were given to religious organizations, more than twice as much as received by any other type of organization. Education was a strong second, receiving 15 percent of total charitable contributions.

Table 4. Charitable Contributions by Type of Recipient Organization

Type of charity	% of charitable contributions
Religion-related	35.8
Education	14.8
Human services	9.7
Health care	8.7
Gifts to foundations	8.3
Unallocated	6.2
Public and societal benefit	5.4
Arts, culture, humanities	5.2
Environment, animals	3.4
International and foreign affairs	2.5

Source: Giving USA Foundation (2006).

Figure 4. U.S. Volunteering Rate, 2002–2005



Source: Bureau of Labor Statistics (2005).

Table 5. U.S. Volunteers by Selected Demographic, 2002–2004

Demographic	% of demographic			
	2002	2003	2004	2005
Gender				
Men	23.6	25.1	25.0	25.0
Women	31.0	32.2	32.4	32.4
Total	27.4	28.8	28.8	28.8
Age				
16 to 24	21.9	24.1	24.2	24.4
25 to 34	24.8	26.5	25.8	25.3
35 to 44	34.1	34.7	34.2	34.5
45 to 54	31.3	32.7	32.8	32.7
55 to 64	27.5	29.2	30.1	30.2
65 and older	22.7	23.7	24.6	24.8
Total	27.4	28.8	28.8	28.8
Race and ethnicity				
White	29.2	30.6	30.5	30.4
Black or African American	19.1	20.0	20.8	22.1
Asian	n.d.	18.7	19.3	20.7
Hispanic or Latino	15.5	15.7	14.5	15.4
Total	27.4	28.8	28.8	28.8

Source: Bureau of Labor Statistics (2005).

n.d. = no data available

Volunteering

In 2005, less than 29 percent of U.S. adults volunteered in a formal organization. The rate of volunteering in the U.S. has been relatively steady from 2002 to 2005, with only a slight increase of less than 2 percent (figure 4). Changes in volunteering among different demographic groups have been similarly small, with the largest increase (3 percent) found among blacks or African Americans (table 5).

People between the ages of 35 and 44 were most likely to volunteer in 2005, with more than 34 percent saying they did so that year—approximately 10 percentage points higher than people 65 and older or those between 16 and 24 years old (table 5).

Nonprofits by State

Table 6 presents the distribution of public charities and their finances by state. The number of public charities per state ranges from a high of more than 34,000 in California to fewer than 1,000 in both Wyoming and North Dakota. Revenues range from a low of \$617 million in Wyoming to more than \$100 billion in New York and California. Excluding the District of Columbia, the density of nonprofits per 10,000 residents ranged from a high of 25 for Vermont to a low of 5.6 in Nevada, less than one-quarter of Vermont's density.

REFERENCES

Bureau of Labor Statistics, U.S. Department of Labor. 2005. "Volunteering in the United States." <http://www.bls.gov/news.release/volun.nr0.htm>.

Giving USA Foundation. 2006. *Giving USA 2006*.

Giving USA Foundation Annual Report on Philanthropy. Glenview, IL: Giving USA Foundation.

Table 6. Number and Financial Scope of Reporting Public Charities by State, 2004

	Number	Revenue	Expenses	Assets	Population	Organizations per 10,000 residents	Revenue per resident	Expenses per resident
United States	299,033	1,050,134	981,271	1,819,320	292,800,571	10.2	3,587	3,351
Northeast	67,560	301,750	281,962	586,052	54,574,215	12.4	5,529	5,167
New England	22,021	100,537	89,765	256,035	14,291,709	15.4	7,035	6,281
Connecticut	4,799	20,683	18,014	57,619	3,485,593	13.8	5,934	5,168
Massachusetts	9,613	57,343	50,845	159,547	6,488,615	14.8	8,837	7,836
Maine	2,232	6,834	6,477	9,066	1,310,421	17.0	5,215	4,943
New Hampshire	1,946	6,124	5,657	13,659	1,300,732	15.0	4,708	4,349
Rhode Island	1,863	6,832	6,256	11,525	1,079,675	17.3	6,328	5,794
Vermont	1,568	2,721	2,516	4,620	626,673	25.0	4,342	4,015
Middle Atlantic	45,539	201,213	192,197	330,017	40,282,506	11.3	4,995	4,771
New Jersey	8,789	30,119	29,211	49,575	8,684,081	10.1	3,468	3,364
New York	22,508	107,483	103,282	170,505	19,206,895	11.7	5,596	5,377
Pennsylvania	14,242	63,611	59,704	109,937	12,391,530	11.5	5,133	4,818
Midwest	69,756	246,409	231,192	429,010	65,708,420	10.6	3,750	3,518
East North Central	45,898	171,417	161,723	291,629	46,001,008	10.0	3,726	3,516
Illinois	11,792	48,259	45,618	91,784	12,650,414	9.3	3,815	3,606
Indiana	6,315	21,378	19,892	38,460	6,219,190	10.2	3,437	3,198
Michigan	8,688	32,055	30,837	48,193	10,158,867	8.6	3,155	3,035
Ohio	12,465	47,456	44,895	80,885	11,453,779	10.9	4,143	3,920
Wisconsin	6,638	22,270	20,481	32,307	5,518,758	12.0	4,035	3,711
West North Central	23,858	74,992	69,468	137,382	19,707,412	12.1	3,805	3,525
Iowa	3,638	8,783	8,090	18,980	2,964,689	12.3	2,963	2,729
Kansas	3,069	6,909	6,506	9,965	2,740,172	11.2	2,521	2,374
Minnesota	7,083	23,601	22,115	41,176	5,126,608	13.8	4,604	4,314
Missouri	5,790	22,868	20,852	47,546	5,733,240	10.1	3,989	3,637
North Dakota	979	2,672	2,476	3,153	635,067	15.4	4,207	3,899
Nebraska	2,238	6,507	5,967	11,274	1,738,973	12.9	3,742	3,431
South Dakota	1,061	3,650	3,463	5,289	768,663	13.8	4,749	4,505
South	92,721	293,634	273,336	508,254	105,597,820	8.8	2,781	2,588
South Atlantic	53,076	178,139	164,903	318,869	54,944,305	9.7	3,242	3,001
District of Columbia	3,767	21,148	20,172	32,253	555,363	67.8	38,080	36,322
Delaware	1,015	2,225	2,038	9,762	826,804	12.3	2,691	2,465
Florida	12,881	42,438	39,267	64,813	17,182,574	7.5	2,470	2,285
Georgia	6,777	24,566	22,819	43,919	8,791,776	7.7	2,794	2,595
Maryland	6,626	24,794	22,576	52,190	5,539,487	12.0	4,476	4,075
North Carolina	8,419	25,593	23,213	47,225	8,575,978	9.8	2,984	2,707
South Carolina	3,294	7,408	6,832	14,667	4,196,813	7.8	1,765	1,628
Virginia	8,416	24,814	23,038	47,849	7,460,774	11.3	3,326	3,088
West Virginia	1,881	5,153	4,948	6,191	1,814,736	10.4	2,840	2,727
East South Central	13,706	40,836	38,551	68,133	17,470,102	7.8	2,337	2,207
Alabama	3,412	7,132	6,821	11,498	4,513,207	7.6	1,580	1,511
Kentucky	3,484	11,418	10,984	15,466	4,140,973	8.4	2,757	2,653
Mississippi	1,822	4,676	4,347	7,399	2,903,196	6.3	1,611	1,497
Tennessee	4,988	17,610	16,399	33,770	5,912,726	8.4	2,978	2,774
West South Central	25,939	74,659	69,882	121,252	33,183,413	7.8	2,250	2,106
Arkansas	2,291	8,462	8,387	7,336	2,756,801	8.3	3,069	3,042
Louisiana	3,278	9,552	9,167	14,085	4,516,622	7.3	2,115	2,030
Oklahoma	3,184	7,878	7,049	13,830	3,507,229	9.1	2,246	2,010
Texas	17,186	48,767	45,279	86,001	22,402,761	7.7	2,177	2,021
West	68,588	206,647	193,177	292,810	66,920,116	10.2	3,088	2,887
Mountain	19,006	39,809	36,863	59,274	19,669,619	9.7	2,024	1,874
Arizona	4,310	13,640	12,599	15,148	5,723,060	7.5	2,383	2,201
Colorado	6,039	11,967	11,036	21,227	4,574,908	13.2	2,616	2,412
Idaho	1,253	1,765	1,672	2,616	1,385,861	9.0	1,274	1,206
Montana	1,648	2,949	2,741	4,621	925,739	17.8	3,186	2,961
New Mexico	2,086	3,202	3,006	5,078	1,884,402	11.1	1,699	1,595
Nevada	1,281	1,937	1,784	3,789	2,287,735	5.6	847	780
Utah	1,565	3,732	3,505	5,387	2,383,663	6.6	1,566	1,470
Wyoming	824	617	520	1,408	504,251	16.3	1,224	1,031
Pacific	49,582	166,838	156,314	233,536	47,250,497	10.5	3,531	3,308
Alaska	1,236	2,135	2,009	2,701	655,349	18.9	3,258	3,066
California	34,639	118,114	110,932	164,675	35,627,966	9.7	3,315	3,114
Hawaii	1,490	4,081	3,604	11,438	1,261,599	11.8	3,235	2,857
Oregon	4,988	20,692	19,313	24,654	3,560,595	14.0	5,811	5,424
Washington	7,229	21,815	20,456	30,069	6,144,988	11.8	3,550	3,329
U.S. Territories	408	1,694	1,604	3,193	n.d.	n.d.	n.d.	n.d.

Source: NCCS National Nonprofit Research Database, Special Research Version (2004)

n.d. = no data available



THE URBAN INSTITUTE

2100 M STREET, NW
WASHINGTON, DC 20037

Phone: (202) 833-7200
Fax: (202) 467-5775
www.urban.org

Nonprofit Org.
US Postage
PAID
Permit No. 8098
Mt. Airy, MD

The Urban Institute's Center on Nonprofits and Philanthropy conducts research on the nonprofit sector to inform decisionmakers in government, nonprofits, foundations and business. Our mission is to create an objective picture of the nonprofit sector, advance transparency and accountability, and assess consequences of public policies on the sector through rigorous research. We facilitate dialogue on pressing issues by hosting policy briefings and by disseminating findings widely. Our publications are available on the Urban Institute web site, at <http://www.urban.org/center/cnp/>.

Through the National Center for Charitable Statistics (NCCS) we create and maintain the National Nonprofit Data System, a research-quality data source on the nonprofit sector. NCCS translates data on the sector's size, scope, and financial trends into accessible information for local, state, and national policymakers and provides data and technical assistance to scholars and the public. NCCS databases can be accessed at <http://www.nccs.urban.org>.

For more information, call Public Affairs at (202) 261-5709 or visit our web site, <http://www.urban.org>.

To order additional copies of this publication, call (202) 261-5687 or 877-UIPRESS, or visit our online bookstore, <http://www.uipress.org>.

The Urban Institute is a nonprofit, nonpartisan policy research and educational organization established in Washington, D.C., in 1968. Views expressed in this report are those of the authors and do not necessarily reflect the views of the Institute, its trustees, or its funders.