

The *United States* Nonprofit Sector 2001

MORE THAN CHARITY

Nonprofit organizations also:

- Attract foundation and federal grants into the states.
- Aid in attracting businesses to locate in local communities through direct services and cultural richness.
- Help improve the work force through direct job training programs.
- Provide opportunities for citizens to engage in their communities through volunteerism and civic organizations.
- Frequently hire underemployed or unemployed workers and often reduce labor force inequalities by offering upward mobility to otherwise disadvantaged groups.
- Help to define and shape the character of communities and the quality of life.

The nonprofit sector in the United States of America is large, diverse and growing. Most recent data indicates that 501(c)(3) organizations have grown by 70% in the last decade (1991 to 2001). In every state in the U.S. you will find nonprofits working to better their communities by directly addressing issues of concern through service or civic engagement. The nonprofit sector spans the political spectrum of ideas and encompasses every aspect of human endeavor, from symphonies to little leagues to homeless shelters and day care centers. While every nonprofit is unique, each is based on the core value of people coming together around issues of mutual concern and common interest in pursuit of the common good. All of our lives are touched – in some cases transformed – by nonprofits.

This report summarizes the most recently available data on nonprofits in the U.S. The data illustrates the significant role and presence of this sector across our country. While there is more attention given to the condition of business and government in our country, little timely information is available about the economic and social impact of the sector's work. This report is one effort that attempts to shed light on the breadth and scope of the nonprofit sector in American society. Through this report we aim to build awareness about the vital role nonprofits play and to educate policymakers, the media, and the public about charitable activities in the U.S.

The primary sources for these data are annual reports filed with the IRS by charitable nonprofits with over \$25,000 in gross annual receipts. Some highlights of this report are:

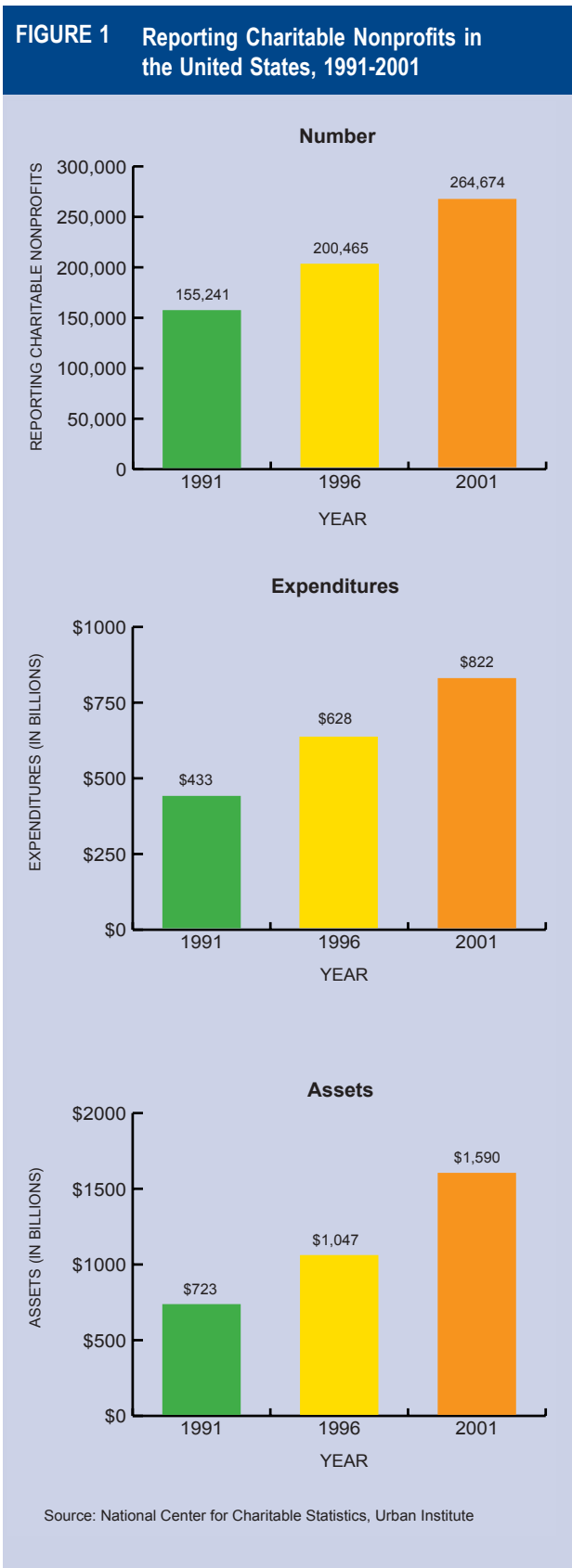
- There were 264,674 reporting charitable nonprofits in the U.S. in 2001.
- The 56,582 foundations in the U.S. held over \$486 billion in assets and gave almost \$28 billion in grants.
- In 2000, the average charitable deduction for itemizing taxpayers in the U.S. was \$3,180 —about 3.5% of their incomes.

Yet these numbers don't tell the whole story. In addition to the reporting 501(c)(3)s, there are nearly twice as many organizations not required to file with the IRS because they do not meet the minimum reporting requirements. These groups include booster clubs, local PTAs, youth soccer, Little League, and numerous other small organizations that are active in our communities.

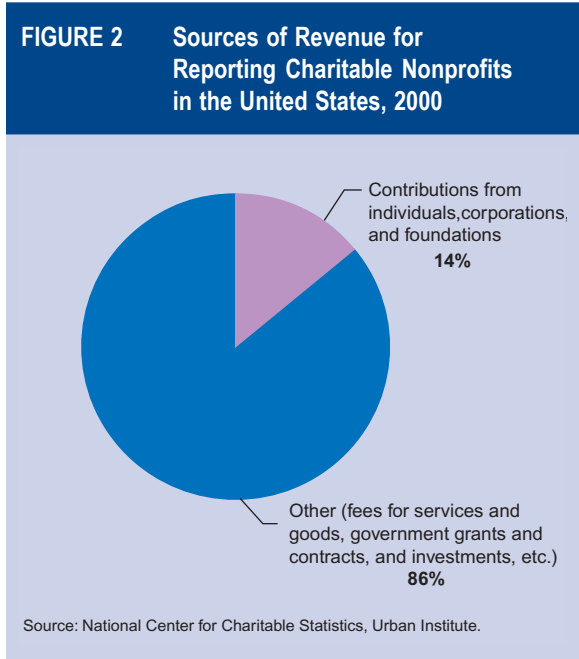
Charitable nonprofits benefit us in ways that can't easily be quantified, by serving as tools for community building, fostering civil society, and strengthening our social fabric, and they are essential to improving the quality of life in our states. Americans have and will continue to place their trust in the responsiveness, performance, and quality of services provided by these organizations. NCNA is pleased to present this report, in collaboration with the Urban Institute's National Center for Charitable Statistics, to promote better understanding and appreciation of our nation's nonprofit community.

Audrey R. Alvarado, Ph.D., Executive Director
National Council of Nonprofit Associations



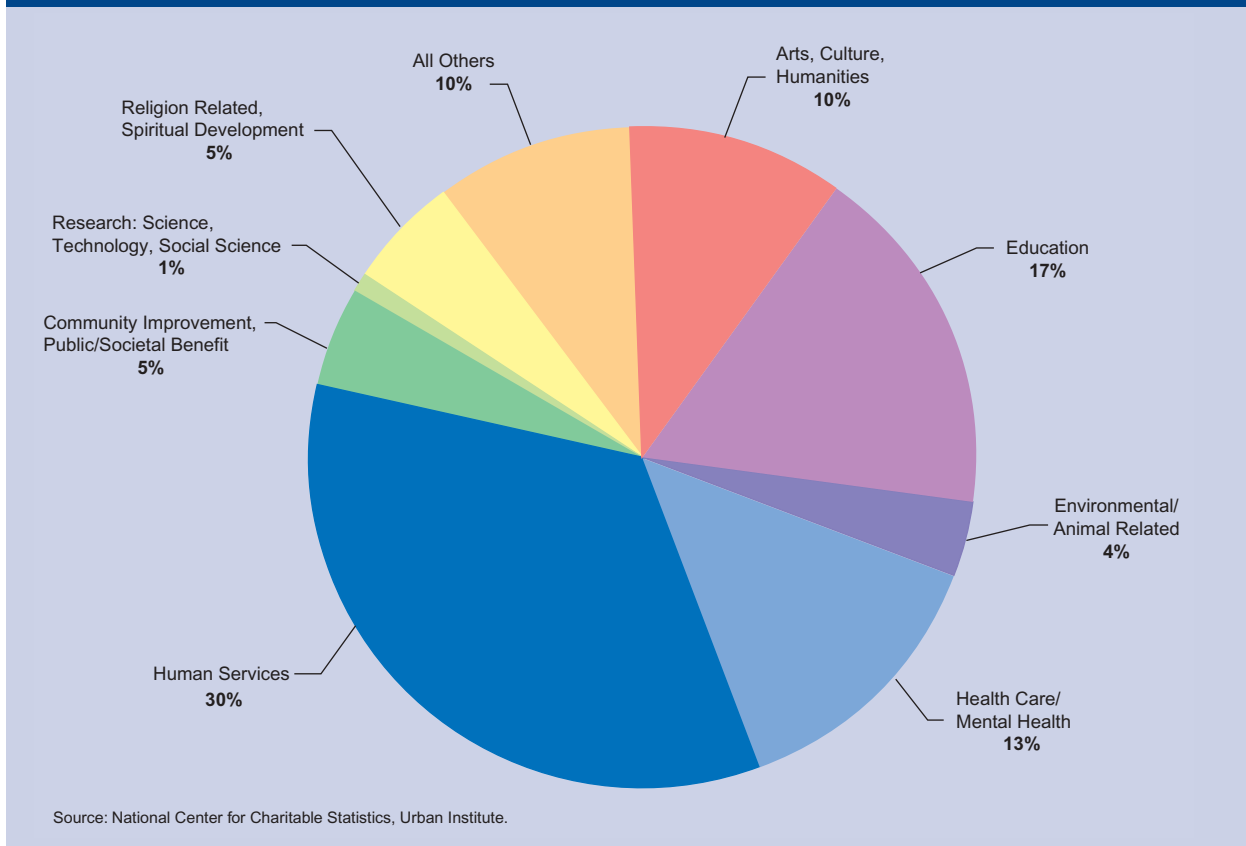


- There were 264,674 reporting charitable nonprofits that were tax-exempt under Section 501(c)(3) of the IRS code. This number excludes private foundations (see page 6). Religious congregations are not required to report to the IRS and are not included (Fig. 1).
- Reporting charitable nonprofits had \$822 billion in expenditures in 2001—about 8% of the Gross Domestic Product (Fig. 1).
- The value of assets held reached \$1.59 trillion in 2001, which is an almost 120% increase from \$723 billion in 1991 (Fig. 1).



- About 14% of total revenues for reporting charitable nonprofits were from contributions made by individuals, corporations, and foundations (Fig. 2).
- The major source of revenues is earned income through fees and charges. Other sources include government support and investment income.

FIGURE 3 Reporting Charitable Nonprofits in the United States by Field, 2001



- Human services organizations make up the largest proportion of reporting charitable nonprofits (over 30%). These organizations provide a broad spectrum of services including youth development, disaster relief, housing services, and family support (Fig. 3).
- Education is the second largest field, with 17% of the total (Fig. 3).
- Religiously-affiliated charitable nonprofits that provide specific programs, such as mental health services or day care, are placed with organizations providing similar services, not under religion related (Fig. 3).
- 783,436 nonprofits are registered as tax exempt under 501 (c)(3), but only one third are large enough (over \$25,000 in annual gross receipts) to file an annual report with the IRS (Fig. 4).

FIGURE 4 The United States Nonprofit Sector, 2001

Tax-Exempt Organizations	Registered with IRS (over \$5,000 in gross receipts)	Filing Annual IRS Report (over \$25,000 in gross receipts)
Under 501(c)(3)*	840,018	321,256
Private Foundations	56,582	56,582
Charitable Nonprofits	783,436	264,674
Under Other 501(c) Subsections**	486,295	142,968
501(c)(4) social welfare	120,863	25,081
501(c)(5) labor/agricultural	58,579	21,369
501(c)(6) business leagues	71,101	31,649
501(c)(other)	235,752	64,869

Source: National Center for Charitable Statistics, Urban Institute.
*Does not include religious congregations.

- In 2001, nonprofit hospitals represented only 1.9% of total reporting charitable nonprofits, but they had 41% of total expenditures. Higher education institutions—0.9% of total reporting organizations—had expenditures of almost 11% (Fig. 5).
- Human services organizations, representing more than 30% of the total number, had only 14% of total expenditures (Fig. 5).

FIGURE 5 Number, Expenditures, and Assets of Reporting Charitable Nonprofits in the United States by Field, 2001

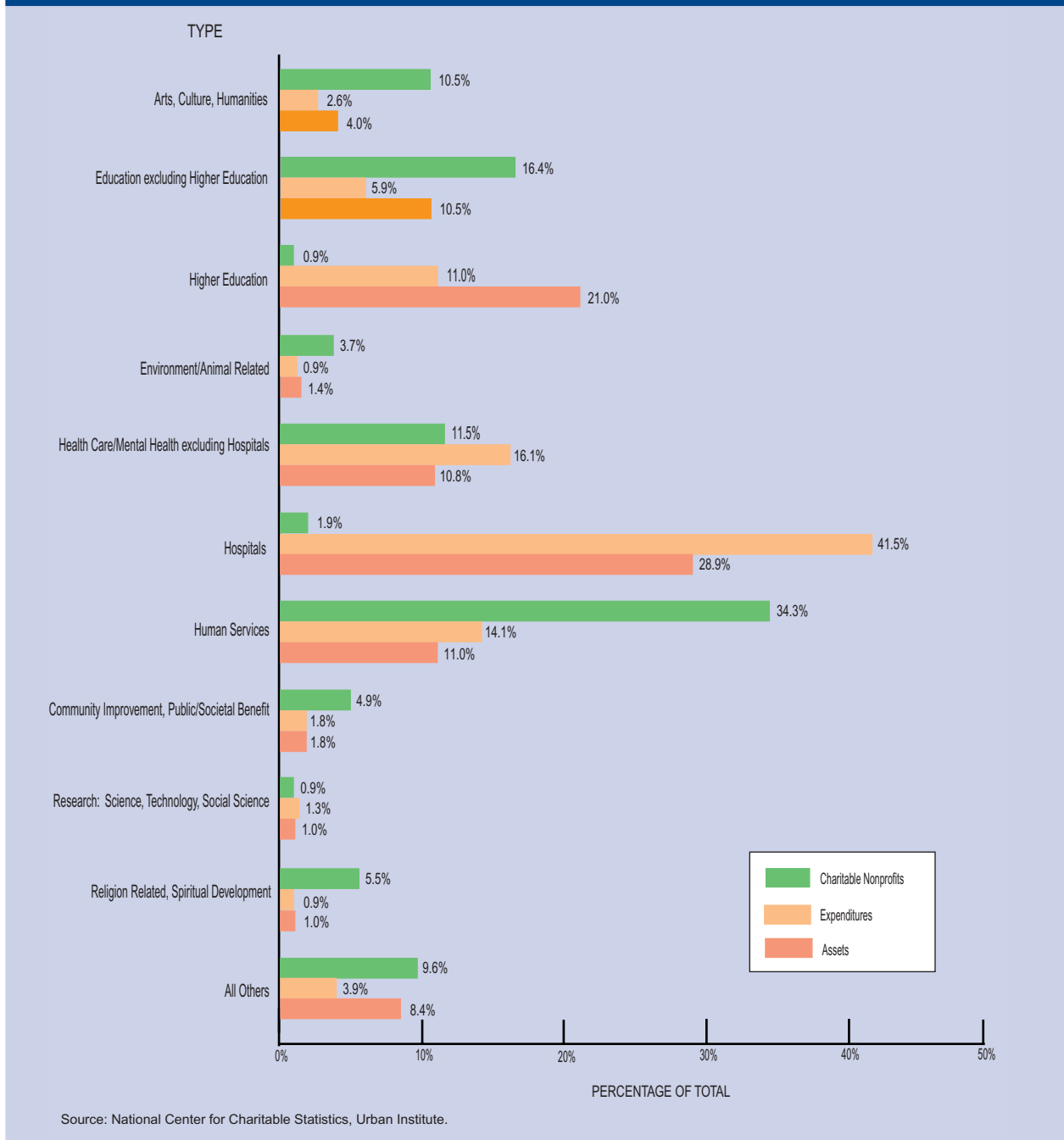
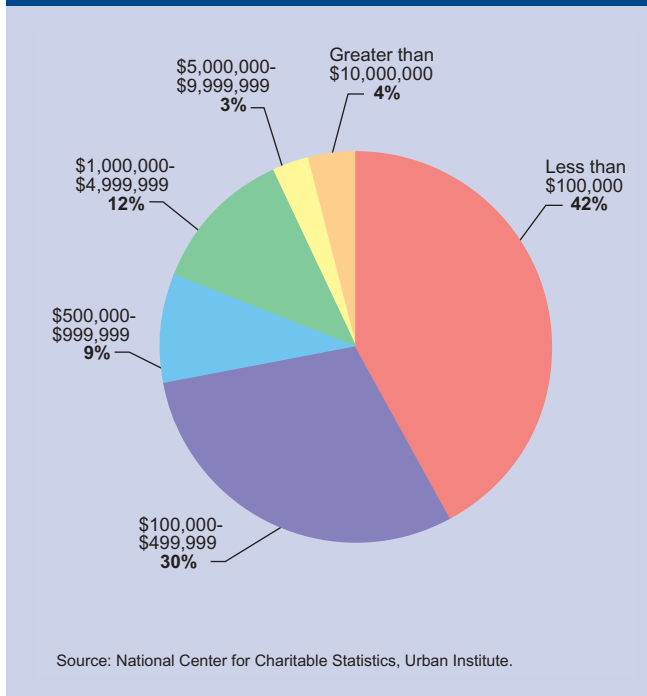


FIGURE 6 Reporting Charitable Nonprofits in the United States by Expenditure Level, 2001



- In 2001, only 6.5% of reporting charitable nonprofits (17,237 organizations) had annual expenditures greater than \$5 million. However, these organizations accounted for over 82% of total assets and over 87% of total expenditures (Fig. 6).
- In contrast, 82% (215,949 organizations) had annual expenditures under \$1 million (Fig. 6).
- Not reflected in Figure 6 are the over 518,000 small charitable nonprofits registered with the IRS not required to file. This group includes organizations such as youth sports leagues and rescue squads.
- Three states— California, New York, and Texas—together have 25% of the organizations with 25% of total expenditures and 23% of total assets (Fig. 7).

FIGURE 7 Reporting Charitable Nonprofits in the United States by State, 2001

State	Number of Organizations	Expenditures (in millions)	Assets (in millions)	State	Number of Organizations	Expenditures (in millions)	Assets (in millions)
Alabama	2,989	\$6,122	\$11,556	Montana	1,447	\$2,227	\$3,784
Alaska	1,073	\$1,619	\$2,144	Nebraska	2,031	\$5,227	\$10,495
Arkansas	2,047	\$6,028	\$6,780	Nevada	1,057	\$1,312	\$2,930
Arizona	3,659	\$9,712	\$13,902	New Hampshire	1,682	\$4,295	\$11,027
California	30,194	\$84,350	\$137,102	New Jersey	7,526	\$23,622	\$42,461
Colorado	5,236	\$9,016	\$18,314	New Mexico	1,901	\$2,661	\$4,678
Connecticut	4,372	\$14,547	\$59,848	New York	20,084	\$89,405	\$150,261
District of Columbia	3,401	\$15,313	\$27,334	North Carolina	7,451	\$18,992	\$41,321
Delaware	946	\$2,906	\$9,141	North Dakota	948	\$1,990	\$2,898
Florida	10,946	\$33,696	\$61,451	Ohio	11,426	\$35,611	\$73,671
Georgia	5,687	\$19,497	\$39,745	Oklahoma	2,875	\$6,126	\$12,161
Hawaii	1,317	\$3,178	\$11,959	Oregon	4,374	\$15,632	\$19,953
Iowa	3,352	\$6,880	\$16,410	Pennsylvania	12,935	\$51,659	\$99,611
Idaho	1,042	\$1,311	\$2,532	Rhode Island	1,612	\$5,080	\$9,415
Illinois	10,704	\$39,227	\$79,918	South Carolina	2,844	\$5,712	\$13,233
Indiana	5,619	\$17,217	\$36,982	South Dakota	950	\$2,753	\$4,417
Kansas	2,757	\$5,778	\$10,315	Tennessee	4,506	\$13,261	\$26,608
Kentucky	3,074	\$9,257	\$15,459	Texas	14,875	\$35,746	\$78,967
Louisiana	2,897	\$7,283	\$12,798	Utah	1,372	\$3,494	\$4,766
Maine	1,964	\$5,047	\$7,920	Vermont	1,355	\$2,846	\$4,992
Maryland	5,836	\$17,142	\$43,032	Virginia	7,283	\$20,322	\$40,651
Massachusetts	8,609	\$43,260	\$108,291	Washington	6,251	\$15,451	\$23,080
Michigan	7,881	\$28,838	\$41,800	West Virginia	1,698	\$4,509	\$6,081
Minnesota	6,293	\$18,761	\$35,585	Wisconsin	5,967	\$15,988	\$27,137
Mississippi	1,575	\$3,745	\$7,252	Wyoming	732	\$435	\$1,218
Missouri	5,198	\$19,058	\$39,243	All others	824	\$8,439	\$17,871

Source: National Center for Charitable Statistics, Urban Institute.

FIGURE 8 Overview of United States Foundations, 2000

Foundation Type	Number of Foundations	Assets	Total Giving
Independent Foundations	50,532	\$408,749,391,000	\$21,346,232,000
Corporate Foundations	2,018	\$15,899,090,000	\$2,984,645,000
Community Foundations	560	\$30,463,674,000	\$2,166,343,000
Operating Foundations	3,472	\$30,973,156,000	\$1,065,947,000
Total in United States	56,582	\$486,085,311,000	\$27,563,167,000

Source: The Foundation Center

- There were 56,582 foundations in the U.S. in 2000 (Fig. 8).

- The total assets of U.S. foundations were over \$486 billion and their giving totaled over \$27 billion, or 5.7% of their asset base (Fig. 8).

- The top 10 foundations had over \$101 billion in assets, which was 20% of the national total (Fig. 9).

- The top 10 foundations gave almost \$4.5 billion or 16% of total giving by all U.S. foundations (Fig. 10).

- The top 10 foundations in both assets and total giving were independent foundations.

- The Foundation Center describes independent foundations as grantmaking organizations that aid charitable activities and file a Form 990-PF. Other types of foundations include corporate, operating, and community.

FIGURE 9 Top 10 United States Foundations by Assets, 2000

Foundation Name*	Assets
Bill and Melinda Gates Foundation (WA)	\$32,751,466,000
Lilly Endowment Inc. (IN)	\$12,814,397,581
The Ford Foundation (NY)	\$10,814,696,000
The Robert Wood Johnson Foundation	\$9,044,511,000
J. Paul Getty Trust (CA)	\$8,793,485,757
The David and Lucile Packard Foundation (CA)	\$6,196,520,868
The William and Flora Hewlett Foundation (CA)	\$6,080,721,309
W. K. Kellogg Foundation (MI)	\$5,530,494,099
The Starr Foundation (NY)	\$4,781,056,809
The Pew Charitable Trusts (PA)	\$4,338,580,605
Total	\$101,145,930,028

Source: The Foundation Center
*All foundations listed are Independent.

FIGURE 10 Top 10 United States Foundations by Total Giving, 2000

Foundation Name*	Total Giving
Bill & Melinda Gates Foundation (WA)	\$1,146,958,000
The Ford Foundation (NY)	\$829,190,310
Lilly Endowment Inc. (IN)	\$598,001,581
The David and Lucile Packard Foundation (CA)	\$428,897,276
The Annenberg Foundation (PA)	\$355,021,336
The Robert Wood Johnson Foundation (NJ)	\$270,985,040
The Starr Foundation (NY)	\$245,469,098
W. K. Kellogg Foundation (MI)	\$200,745,771
Theodore & Vada Stanley Foundation (CT)	\$194,783,770
The Pew Charitable Trusts (PA)	\$192,291,755
Total	\$4,462,343,937

Source: The Foundation Center
*All foundations listed are Independent.

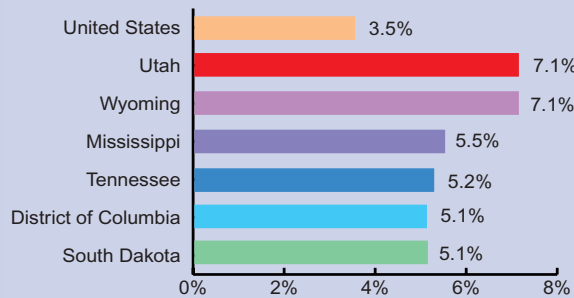
FIGURE 11 Charitable Contributions of Itemizers, 2000

National Figures	Average Income per Tax Return, 2000	Average Contribution of Itemizers, 2000	Percent of Itemizer Income Contributed, 2000
United States	\$48,470	\$3,180	3.5%

Source: National Center for Charitable Statistics, Urban Institute.

- The average charitable contribution of those who itemized deductions was \$3,180 in 2000 (Fig. 11).
- The percent of income contributed by these itemizers was 3.5% (Fig. 11).

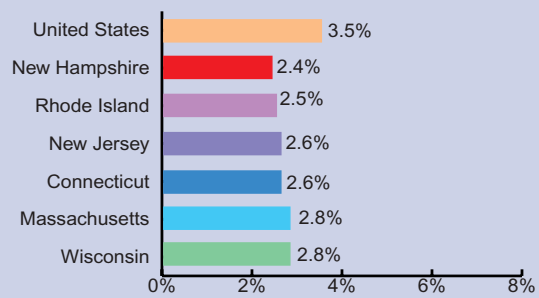
FIGURE 12 States With Highest Percentage of Income Contributed by Itemizers, 2000



Source: National Center for Charitable Statistics, Urban Institute.

- Utah itemizers contributed the highest percentage of their income (7.11%) with Wyoming residents a close second (7.09%) (Fig. 12).
- Other top states were Alabama, Arkansas, Oklahoma, South Carolina, and Nebraska.

FIGURE 13 States With Lowest Percentage of Income Contributed by Itemizers, 2000



Source: National Center for Charitable Statistics, Urban Institute.

- New Hampshire itemizers contributed the lowest percentage of their income (2.35%), while Rhode Island itemizers had the second lowest percentage (2.51%) (Fig. 13).
- The lowest giving states also included Vermont, Maine, Hawaii, Illinois, and Colorado.

For details on the methodology for this report, see <http://www.nccs.urban.org/statereport.htm>

For more information, see National Center for Charitable Statistics at the Urban Institute (<http://www.nccs.urban.org>); Foundation Center (<http://www.fdcenter.org>); National Council of Nonprofit Associations (<http://www.ncna.org>)



National Voice • State Focus • Local Impact

1030 15th Street NW
Suite 870
Washington, DC 20005
phone: 202-962-0322
fax: 202-962-0321
web: www.ncna.org

About NCNA

With a mission to advance the vital role and capacity of the nonprofit sector in civil society and support and give voice to state and regional associations of nonprofit organizations, the National Council of Nonprofit Associations (NCNA) serves as a credible voice and champion for the nonprofit sector. A 501(c)(3) membership-based organization, NCNA represents a network of 40 state and regional associations of nonprofits serving over 22,000 charities nationally. NCNA and its members support the nonprofit sector by providing cutting edge training and technical assistance to charities, advocating for and raising awareness of sound public policies at the state and national levels, and promoting the value, merits, and impact of nonprofits broadly.

How to Join NCNA

NCNA offers a Supporter Membership for individuals or organizations who are not affiliated with state associations but who support NCNA's mission and would like to be part of a national voice for the nonprofit sector.

Supporter membership categories and annual dues are as follows:

Corporation/Foundation	\$ 2,500
Nonprofit Affiliate	\$ 300
Individual	\$ 150

For more information about becoming a Supporter Member of NCNA, please visit www.ncna.org or call 202-962-0322.