

# THE NONPROFIT SECTOR IN BRIEF

## Facts and Figures from the *Nonprofit Almanac 2008*: Public Charities, Giving, and Volunteering

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*This brief highlights trends from the seventh edition of the Nonprofit Almanac, prepared by the National Center for Charitable Statistics at the Urban Institute (Urban Institute Press, 2008). The Almanac is the latest in the Urban Institute's series of statistical profiles of the nonprofit sector and focuses primarily on 501(c)(3) public charities. We also highlight key findings on private charitable contributions and volunteering, two vital components of the nonprofit sector. This brief includes the most recent available data (2005 and 2006).*

### Current Highlights

Approximately 1.4 million nonprofit organizations were registered with the IRS in 2005 (table 1). This 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. The vast majority (nearly 63 percent)—and those holding most of the sector's revenues and assets—are registered with the IRS as 501(c)(3) public charities.

In 2006, total private giving reached \$295 billion, more than doubling over 10 years. In 2006, 26.7 percent of adults in the U.S. said they volunteered through an organization. These volunteers spent a total of 12.9 billion hours volunteering in 2006.

### Size and Scope

We divide nonprofit organizations into three groups, 501(c)(3) public charities, 501(c)(3) private foundations, and "other" nonprofit organizations. Public charities include most organizations active in the arts, education, health care, and human services. They are what most people mean when they use the term nonprofit organization. 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 have chosen to do so.

Private foundations are also tax exempt under section 501(c)(3). A founding individual, a family, or a corporation usually endows these organi-

**Table 1. Size and Financial Scope of the Nonprofit Sector, 1995–2005**

	1995	2000	2005	% change, 1995–2005	% change, 1995–2005 (inflation adjusted)
<b>All nonprofits</b>	1.1 million	1.3 million	1.4 million	27.3	-
Reporting nonprofits	431,567	428,154	530,376	22.9	-
Revenues (\$)	802 billion	1.1 trillion	1.6 trillion	96.9	54.6
Expenses (\$)	729 billion	984 billion	1.4 trillion	96.4	54.2
Assets (\$)	1.5 trillion	2.4 trillion	3.4 trillion	125.6	77.1
<b>Public charities, 501(c)(3)</b>	572,660	690,326	876,164	53	-
Reporting public charities	187,038	245,749	310,683	66.1	-
Revenues (\$)	573 billion	811 billion	1.1 trillion	99.5	56.6
Expenses (\$)	530 billion	731 billion	1.1 trillion	98.7	56
Assets (\$)	843 billion	1.432 trillion	1.98 trillion	134.3	83.9

Sources: Urban Institute, National Center for Charitable Statistics, NCCS-GuideStar National Nonprofit Research Database: Special Research Version (2005); Core Files (1995, 2000, 2005); IRS Business Master Files, Exempt Organizations (1996, 2001, 2006).

Notes: Reporting public charities include only organizations that both reported (filed IRS Forms 990) and were required to do so. The following were excluded: foreign organizations, government-associated organizations, organizations without state identifiers, and organizations excluded by the authors' discretion. Organizations not required to report include religious congregations and organizations with less than \$25,000 in gross receipts. All amounts are in current dollars and are not adjusted for inflation.

- = data not available

zations. Typically, foundations fund 501(c)(3) public charities, although they may also provide scholarships, support government activities, or conduct operating activities similar to those of public charities.

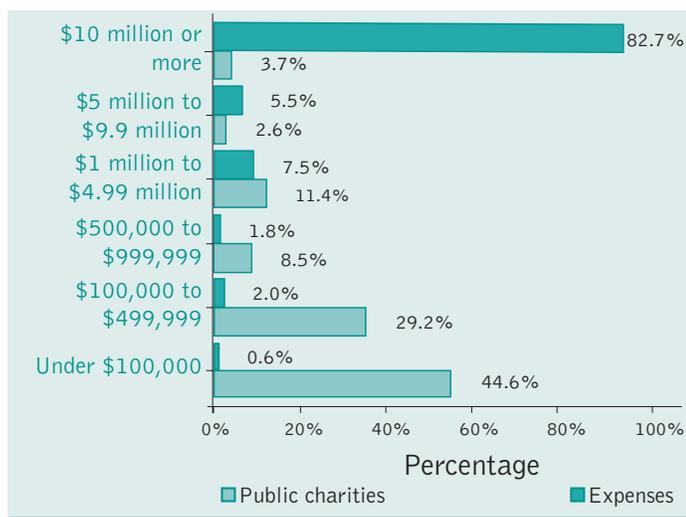
The “other” category includes thousands of social and recreational clubs, trade associations, labor unions, veterans associations, and advocacy organizations, as well as a relatively few large but obscure entities, such as a health care trust for a major automaker.

Of the 1.4 million nonprofit organizations registered with the IRS in 2005, over half a million collected more than \$25,000 in gross receipts and are therefore required to file a Form 990 annually. (All private foundations are required to file an annual Form 990-PF, regardless of their size.) These “reporting organizations” accounted for approximately \$1.6 trillion in revenue and \$3.4 trillion in assets in 2005, the latest year for which complete data are available.

As displayed in table 1, the number of nonprofit organizations registered with the IRS grew by 27.3 percent from 1995 to 2005. Over this same time, the number of reporting nonprofit organizations grew by 22.9 percent. The finances of reporting nonprofit organizations also grew at a healthy rate from 1995 to 2005. While the U.S. GDP increased by approximately 35 percent over this period after adjusting for inflation (Bureau of Economic Analysis 2007), revenues and assets for reporting nonprofits grew by at least 54 percent—a difference of nearly 20 percentage points. Total assets, in particular, rose dramatically, with an inflation-adjusted increase of 77.1 percent.

Public charities account for more than 60 percent of all registered nonprofit organizations and nearly 59 percent of all reporting nonprofit organizations. The number of public charities registered with the IRS grew 53 percent, more than twice the rate of all nonprofit organizations, and the number of reporting public charities grew 66 percent over the same time period.

**Figure 1. Number and Expenses of Reporting Public Charities, 2005**



Source: Urban Institute, National Center for Charitable Statistics, NCCS-GuideStar National Nonprofit Research Database: Special Research Version (2005).

Public charities reported a total of \$1.1 trillion in expenses and nearly \$2 trillion in total assets for 2005. However, these total dollar figures are dominated by the largest organizations, primarily hospitals and higher education institutions, which account for more than half of total expenses and assets of all public charities.

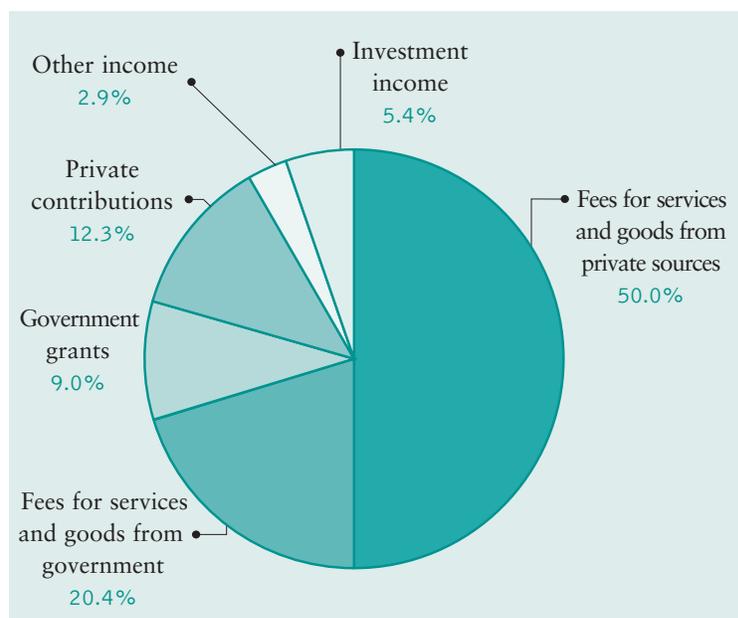
As shown in figure 1, the majority of public charities report less than \$500,000 in expenses. In 2005, 44.6 percent of public charities reported less than \$100,000 in expenses and another 29.2 percent reported between \$100,000 and \$499,999. Only 17.7 percent of public charities reported over \$1 million in expenses, with 3.7 percent reporting \$10 million or more. Organizations with under \$1 million in total expenses, while accounting for over 80 percent of public charities, account for just 4.4 percent of total expenses of all public charities.

In 2005, public charities reported total revenues of \$1.1 trillion. Fees from the sale of services and goods, which include tuition payments, hospital patient revenues (including Medicare and Medicaid), and ticket sales, accounted for approximately 70 percent of revenue. Of those fees, private sources accounted for 71 percent (50 percent of total revenue) and government

accounted for the remaining 29 percent (20 percent of total revenue). Private contributions, which include individual contributions and grants from foundations and corporations, accounted for 12.3 percent. These distributions, however, are largely driven by hospitals and higher education institutions. If we exclude these organizations, the distribution of sources of revenue changes substantially. In contrast, the remaining organizations are less dependent on fees for services and goods and more dependent on private contributions and government grants.

Table 2 displays the distribution of number of organizations, revenue, expenses, and assets by sub-sector. In 2005, human services organizations accounted for the greatest number of reporting public charities—accounting for nearly one-third of all public charities. This is followed by education organizations with 18.7 percent. Health charities, while only comprising 13.3 percent of reporting public charities, accounted for 58.8 percent of revenue, 60.5 percent of expenses, and 41.8 percent of assets.

**Figure 2. Sources of Revenue for Reporting Public Charities, 2005**



Sources: Urban Institute, National Center for Charitable Statistics, NCCS-GuideStar National Nonprofit Research Database: Special Research Version (2005); U.S. IRS Statistics of Income Exempt Organizations Sample File (2004).

Note: See NCCS web site, <http://nccs.urban.org>, for additional sources and technical notes.

Table 2. Number and Financial Scope of Reporting Public Charities by Subsector, 2005

	Number		\$, Millions			Percent (%)		
			Revenues	Expenses	Assets	Revenue	Expenses	Assets
All reporting public charities	310,683	100	1,144,022	1,053,487	1,975,792	100	100	100
Arts, culture, humanities	35,840	11.5	27,355	23,927	81,885	2.4	2.3	4.1
Education	57,991	18.7	188,178	158,679	571,643	16.4	15.1	28.9
Higher education	2,112	0.7	130,722	110,004	421,542	11.4	10.4	21.3
Other	55,879	18	57,456	48,675	150,101	5.0	4.6	7.6
Environment, animals	13,399	4.3	11,658	9,807	31,607	1.0	0.9	1.6
Health	41,243	13.3	672,131	637,323	826,158	58.8	60.5	41.8
Hospitals and primary care facilities	5,045	1.6	492,498	468,000	608,836	43.0	44.4	30.8
Other	36,198	11.7	179,633	169,323	217,323	15.7	16.1	11.0
Human services	100,436	32.3	148,099	141,215	223,041	12.9	13.4	11.3
International and foreign affairs	5,075	1.6	22,827	20,535	18,341	2.0	1.9	0.9
Public and societal benefit	37,677	12.1	63,362	53,052	200,315	5.5	5.0	10.1
Religion-related	18,600	6.0	10,304	8,867	22,650	0.9	0.8	1.1
Unknown/Unclassified	422	0.1	109	83	152	0.0	0.0	0.0

Source: Urban Institute, National Center for Charitable Statistics, NCCS-GuideStar National Nonprofit Research Database: Special Research Version (2005).

Note: See NCCS web site, <http://nccs.urban.org>, for additional sources and technical notes.

The number of reporting public charities grew from 187,038 in 1995 to 310,683 in 2005—an increase of 5.2 percent per year or 66 percent for the full period (table 3). Among the subsectors, two of the smallest, environment and animal and international and foreign affairs, showed the greatest growth, both more than doubling in size. The health subsector grew the least in terms of number, only increasing by 28 percent.

Total revenue for all reporting public charities grew from \$573 billion in 1995 to \$1.1 trillion in 2005, an increase of 99.5 percent (an inflation-adjusted 56.6 percent). Overall, revenue grew at almost the same pace from 1995 to 2000 (7.2 percent per year) as it did from 2000 to 2005 (7.1 percent). The growth rates, however, varied substantially for different subsectors in different time periods. Growth in total revenue across subsectors ranged from 80.6 percent in current dollars for arts, culture,

and humanities organizations to 224.3 percent for international and foreign affairs organizations. Much like the trend in the number of public charities, the smaller subsectors exhibited the greatest growth in revenue. International and foreign affairs increased in revenue by 224.3 percent (155.1 percent after adjusting for inflation), while environment and animal organizations’ revenue increased by 141.7 percent (89.7 percent after adjusting for inflation).

## Giving

Private charitable contributions, shown in figure 3, include 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 and we don’t know how much individuals who don’t itemize on their tax returns give. According to the latest figures from *Giving USA* (Giving USA Foundation, 2007), private charitable

**Table 3. Number, Revenue, and Assets of Reporting Public Charities by Subsector, 1995–2005**

	Number			Revenue (\$ Millions)			Assets (\$ Millions)		
	1995	2000	2005	1995	2000	2005	1995	2000	2005
<b>All public charities</b>	187,038	245,749	310,683	573,319	811,362	1,144,022	843,174	1,432,919	1,975,792
Arts, culture, humanities	21,277	28,489	35,840	15,148	24,256	27,355	32,828	59,901	81,885
Education	30,509	43,094	57,991	95,289	146,236	188,178	213,483	406,739	571,643
Higher education	1,869	1,988	2,112	71,496	103,873	130,722	159,417	305,448	421,542
Other	28,640	41,106	55,879	23,793	42,364	57,456	54,066	101,291	150,101
Environment, animals	6,088	9,529	13,399	4,823	8,830	11,658	11,494	21,911	31,607
Health	32,289	36,502	41,243	349,606	458,397	672,131	401,758	605,292	826,158
Hospital and primary care facilities	4,992	5,032	5,045	262,943	328,558	492,498	300,007	433,341	608,836
Other	27,297	31,470	36,198	86,662	129,838	179,633	101,751	171,950	217,323
Human services	63,528	81,043	100,436	66,811	107,352	148,099	94,065	162,693	223,041
International and foreign affairs	2,471	3,843	5,075	7,040	11,471	22,827	6,139	11,096	18,341
Public and social benefit	21,634	29,532	38,099	29,814	47,598	63,471	74,117	148,825	200,467
Religion-related	9,242	13,717	18,600	4,788	7,222	10,304	9,291	16,462	22,650

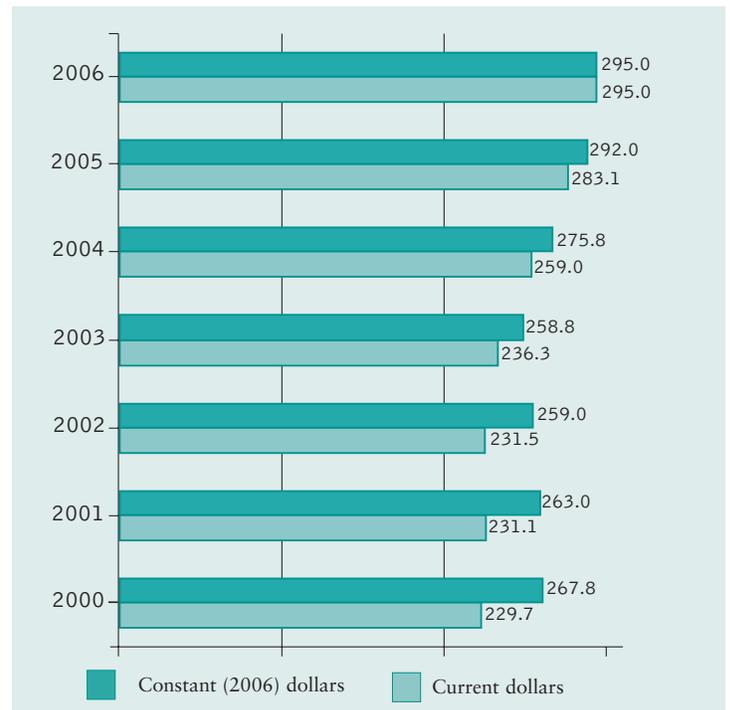
Source: Urban Institute, National Center for Charitable Statistics, NCCS-GuideStar National Nonprofit Research Database: Special Research Version (2005). Note: See NCCS web site, <http://nccs.urban.org>, for additional sources and technical notes. All amounts are in current dollars and are not adjusted for inflation.

contributions reached \$295.02 billion in 2006.

From 2000 to 2006, this figure has risen by 28 percent in current dollars. In constant dollars, private charitable contributions grew at 10 percent from 2000 to 2006. This pace did not keep up with the growth of the U.S. economy, which expanded by 15 percent in constant dollars over this same time period.

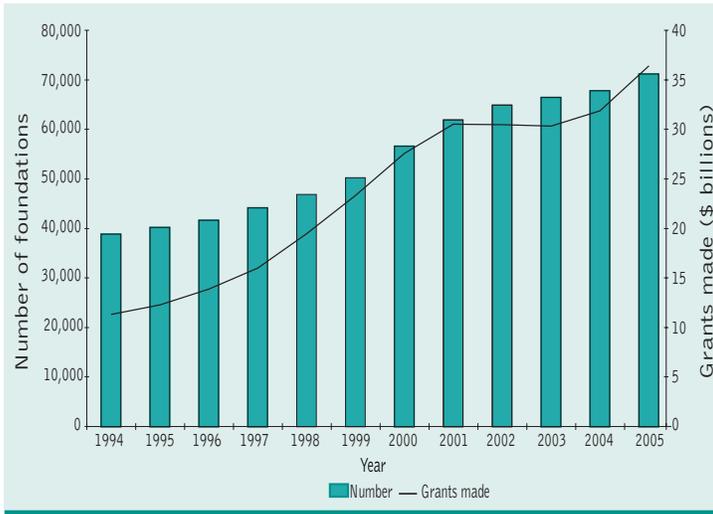
As shown in table 4, congregations and other religious organizations received nearly one-third of all private charitable contributions in 2006—more than double the amount received by any other type of organization. Education organizations received the second largest amount of contributions with 13.9 percent.

**Figure 3. Private Charitable Contributions, 2000-2006**



Source: Center on Philanthropy at Indiana University, *Giving USA* (2007).

**Figure 4. Number of Foundations and Amount of Grants Made by year, 1994-2005**



Source: Foundation Center, Research Studies: National Trends (2007).

Foundation giving, a component of private charitable contributions, was \$36.4 billion in 2005. This was a 197 percent increase from 10 years earlier (a 142 percent increase after adjusting for inflation). There were 71,095 active foundations in the United States in 2005. This was a 77 percent increase from 10 years earlier (figure 4).

## Volunteering

In 2006, 26.7 percent of adults volunteered through an organization. This figure is down slightly from 2003–2005, when volunteer rates remained steady at 28.8 percent. Total hours volunteered have declined in each of the last two years (2005 and 2006). Table 5 shows the number of people volunteering at nonprofits, the amount of hours they volunteer, and the economic value of their volunteering from 2002 to 2006.

About 6.5 percent of the population volunteered on an average day in 2006, or more than 15 million volunteers per day. The average person

who volunteered spent 2.31 hours volunteering that day. In total, about 12.9 billion hours were volunteered in 2006. Assuming a full-time employee works 1,700 hours per year, those volunteer hours were the equivalent of 7.6 million full-time employees. Assuming those employees would have earned the average private nonfarm hourly wage, volunteers' time was worth \$215.6 billion in 2006.

Figure 5 shows how volunteers spend their time when serving nonprofits (travel and waiting associated with volunteering are tracked as separate categories). Measured as the average amount of time across all volunteers, the largest single use of volunteers is for administration and support (20.6 percent). This includes fundraising, office work, computer use, phone calls, writing, editing, and reading. The second largest use is for social service and care, at 17.8 percent. This includes preparing food and cleaning up, collecting and delivering clothing or other goods, providing direct care or services, teaching, leading, counseling, and mentoring.

**Table 4. Charitable Contributions by Type of Recipient Organization, 2006**

Type of Charity	% of charitable contributions
Religion-related	32.8
Education	13.9
Health	6.9
Human Services	10
Arts, culture and humanities	4.2
Political and societal benefit	7.3
Environment and animals	2.2
International and foreign affairs	3.8
Gifts to foundation	10
Unallocated	8.8

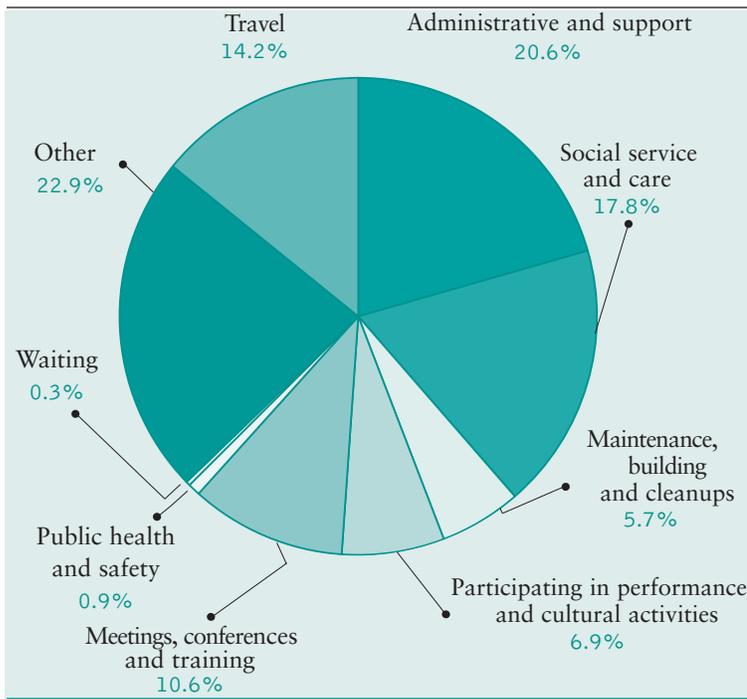
Source: Giving USA Foundation, *Giving USA* (2007).

**Table 5. Number, Hours, and Dollar Value of Volunteers, 2002–2006**

	2002	2003	2004	2005	2006
<b>Per year</b>					
% of population volunteering	27.4	28.8	28.8	28.8	26.7
Volunteers (thousands)	59,783	63,791	64,542	65,357	61,199
Hours volunteered (thousands)	-	12,634,799	13,747,007	13,510,436	12,864,875
Average hours per volunteer	-	195	210	204	207
Median hours per volunteer	52	52	52	50	52
<b>Per average day</b>					
% of population volunteering	-	6.3	6.9	7.1	6.5
Volunteers (thousands)	-	14,201	15,705	16,471	15,228
Hours per day per volunteer	-	2.44	2.4	2.25	2.31
Population age 15 and over (thousands)	-	225,295	228,123	230,427	233,122
Volunteers' hours equivalent in full-time employees (thousands)	-	7,432	8,086	7,947	7,568
Assigned hourly wages for volunteers (\$)	-	15.37	15.69	16.13	16.76
Assigned value of volunteer time (\$)	-	193,944,166	215,415,595	217,653,117	215,615,300

Sources: Authors' calculations based on per year figures from Bureau of Labor Statistics, Current Population Survey, Volunteer Supplement (2002–2006); per average day figures from Bureau of Labor Statistics, American Time Use Survey (2003–2006); hourly wages from Bureau of Labor Statistics, Current Employment Statistics (2006).

**Figure 5. Distribution of Average Volunteer Time by Activity**



Source: U.S. Department of Labor, Bureau of Labor Statistics, American Time Use Survey (2006).

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