

NPQ's Illustrated Nonprofit Economy

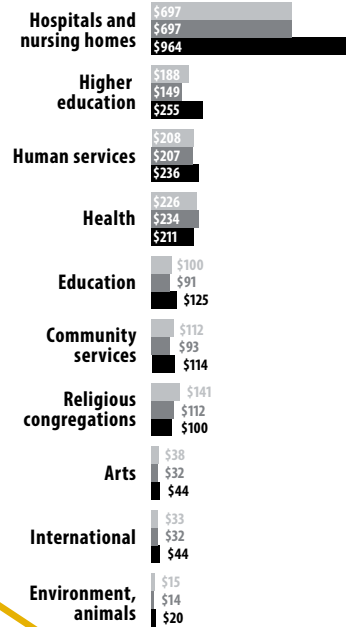
3rd Edition

by Jon Pratt (NPQ contributing editor)
and Kari Aanestad (contributing writer)

Sources

Source-to-Source Transfers

Revenue Growth (inflation adjusted in \$ billions; 2006, 2009, 2015)



Program fees from private sources
\$1 trillion

Federal government
\$491 billion

State and local government
\$187 billion

Individuals
\$265 billion

Foundations
\$44 billion

Donor-advised funds
\$15 billion

Interest, dividends, and sale of assets
\$36 billion

Bequests
\$32 billion

Corporations
\$18 billion

Federated drives
\$15 billion

Hospitals and nursing homes
\$964 billion
(6,505 organizations)

Higher education
\$255 billion
(2,470)

Human services
\$236 billion
(143,871)

Health
\$211 billion
(43,084)

Education
\$125 billion
(71,345)

Community services
\$114 billion
(53,333)

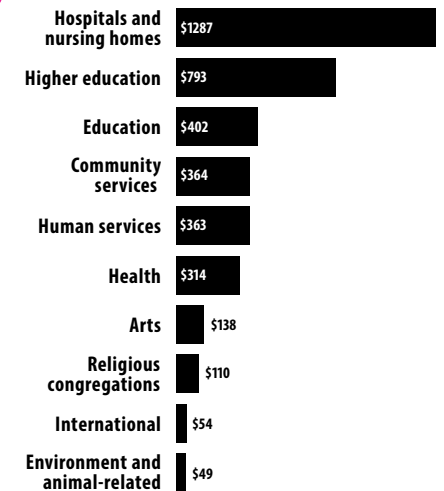
Religious congregations
\$100 billion
(282,000)

Arts
\$44 billion
(45,831)

International
\$44 billion
(9,859)

Environment, animals
\$20 billion
(21,002)

Total Assets (in \$ billions, 2015)



Recipients

THE
Nonprofit
QUARTERLY

"NPQ's Illustrated Nonprofit Economy, 3rd Edition" is based on 2015 data. Jon Pratt conceived of this project and developed it with Kari Aanestad; Gregg Dinderman designed it; and Cassandra Heliczer managed it to completion. We thank Deondre' Jones at the National Center for Charitable Statistics at the Urban Institute, Alan J. Abramson at George Mason University, and the team at www.open990.com for being crucial resources to the research community and this project.

Get copies of "NPQ's Illustrated Nonprofit Economy, 3rd Edition" for your next event: ten for \$14.95, bulk orders eligible for greater discounts. Order at www.nonprofitquarterly.org, or send an e-mail to feedback@npqmag.org.

“NPQ’s Illustrated Nonprofit Economy, 3rd Edition” portrays the revenue flows of the nonprofit sector.

New Developments

When comparing the third edition of this chart to the previous two, a few themes are worth highlighting. There is continued dominance of health organizations, earned income from program fees, and federal funding. Revenue from interest, dividends, and sale of assets has shot up following a rebound in the economy (with a reported net loss of \$3 billion in 2009 but \$36 billion in revenue in 2015). Charitable giving from federated drives was the only source of nonprofit revenue to decline, shrinking from \$22 billion in 2009 to \$15 billion in 2015. And the tremendous growth of donor-advised funds (DAFs) warrants a separate portrayal as a source of nonprofit revenue.

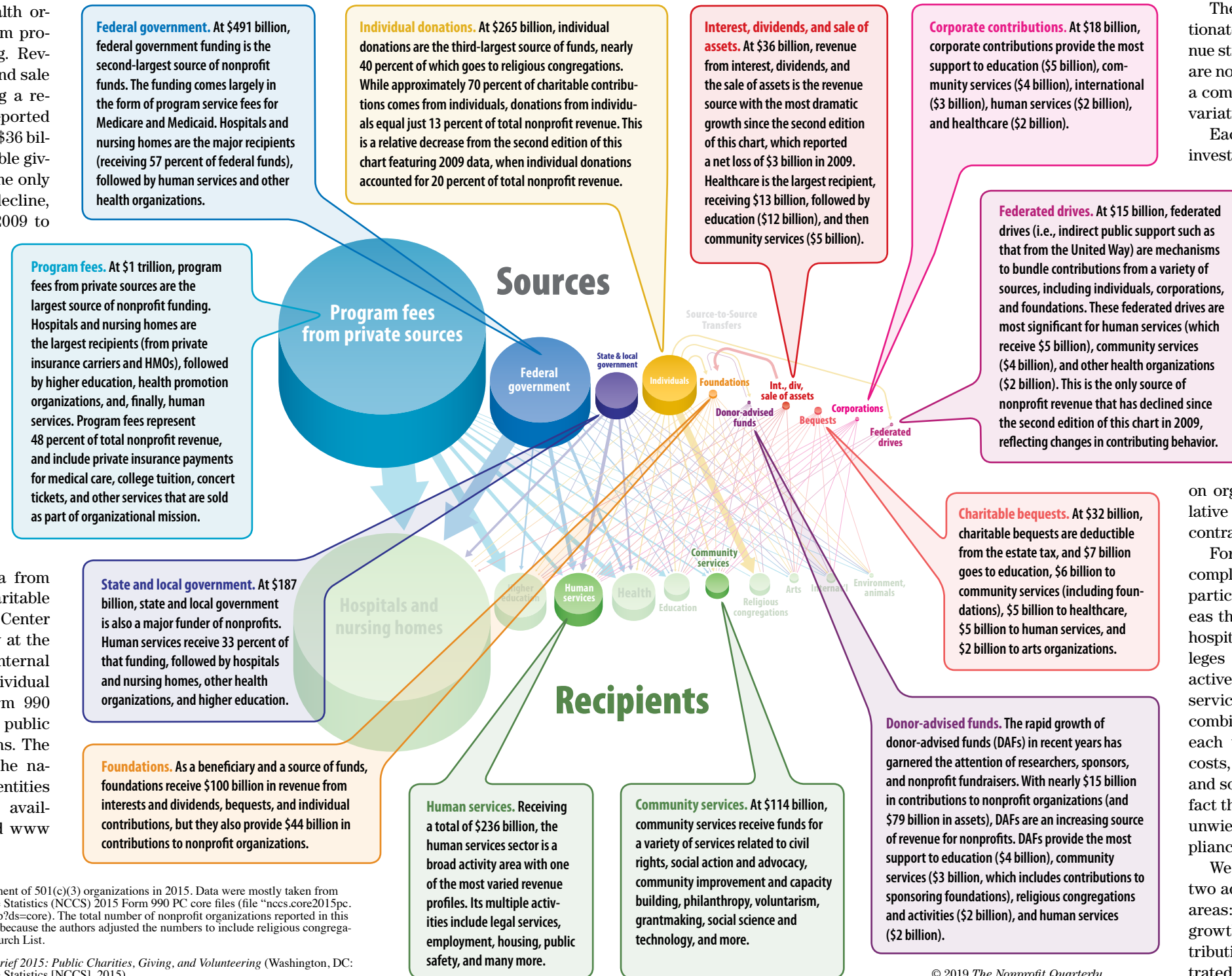
How to Read the Chart

The chart features the ten major sources of revenue for U.S. nonprofits (top row), the ten major activity areas of charitable organizations (bottom row), and pipelines indicating the relative amount of money flowing from each source to each activity area. The chart was developed using 2015 data from the National Center for Charitable Statistics—a program of the Center on Nonprofits and Philanthropy at the Urban Institute—as well as Internal Revenue Service data from individual tax returns and nonprofit Form 990 and 990-PF filings by 501(c)(3) public charities and private foundations. The chart was categorized using the national taxonomy of tax-exempt entities (publicly accessible data sets available at nccs-data.urban.org and www.open990.com).

¹ Bureau of Labor Statistics, nonprofit employment of 501(c)(3) organizations in 2015. Data were mostly taken from Urban Institute’s National Center for Charitable Statistics (NCCS) 2015 Form 990 PC core files (file “nccs.core2015pc.csv” is available at nccs-data.urban.org/data.php?ds=core). The total number of nonprofit organizations reported in this chart is slightly higher than the NCCS data set, because the authors adjusted the numbers to include religious congregations based on estimates from the American Church List.

² Brice S. McKeever, *The Nonprofit Sector in Brief 2015: Public Charities, Giving, and Volunteering* (Washington, DC: Urban Institute’s National Center for Charitable Statistics [NCCS], 2015).

NPQ’s Illustrated Nonprofit Economy 3rd Edition



Revealing the size and diversity of the nonprofit economy, “NPQ’s Illustrated Nonprofit Economy, 3rd Edition” depicts the various flows into the nonprofit sector, with more than 679,000 U.S. nonprofits, \$2 trillion in revenue, 12 million employees,¹ and 63 million volunteers.²

The width of each pipeline is proportionate to the dollar amount of the revenue stream (streams of \$1 billion or less are not shown). The emerging picture is a complex set of revenue sources, with variations depending on activity area.

Each funding source—individuals, investments, government, fees for service, et cetera—has inherent characteristics, with distinct acquisition costs and conditions for recipients. (Often, the funding sources with the fewest conditions are the most expensive to acquire—such as individual small donations—while federal funding is free to submit but arduous to receive.) A central issue not depicted in the chart is each revenue source’s downstream effect

on organizations—let alone the cumulative effect of multiple (and sometimes contradictory) sources of funding.

For many nonprofit managers, this complexity is a defining fact of life—particularly for nonreligious activity areas that generate less revenue than do hospitals and nursing homes and colleges and universities. Organizations active in health, human, or community services frequently face convoluted combinations of funding sources—each with its own set of transaction costs, qualifications, time line, politics, and so on. Making matters worse is the fact that many revenue sources impose unwieldy restrictions that make compliance a tightrope act.

We round out the landscape with two additional views of the ten activity areas: total assets and ten-year revenue growth, which generally mirror the distribution of annual resources, as illustrated in the chart.