

# The United States Nonprofit Sector

## FAST FACTS

In 2003 . . .

- There were a total of **837,027** charitable nonprofits in the United States, excluding foundations and religious congregations.
- **288,150** charitable nonprofits had gross receipts of over **\$25,000** in 2003 and filed IRS Form 990. These organizations are often referred to as “reporting” nonprofits.
- Total assets of all reporting nonprofits were **\$1.76 trillion**.
- Total expenditures of all reporting nonprofits were **\$945 billion**.
- The **66,398** reporting foundations in the United States held almost **\$477 billion** in assets and distributed over **\$30 billion** in grants.

The nonprofit, voluntary, civic, or charitable sector in the United States comprises a vast and diverse set of organizations. From soup kitchens, daycare centers, environmental, advocacy, and civil rights groups; to hospitals, educational institutions, theatres, and faith based organizations, charitable organizations exist to serve and promote the common good. In most corners of the United States you will find hard working and committed individuals coming together to make their communities stronger, safer, and better for all.

Nonprofit organizations are probably best known by the services they provide to people in need. But it is important to remember that charitable organizations also create the space and opportunity for individuals to engage in volunteerism and become actively involved in civic life. By connecting people, inspiring altruism, and giving voice to local and far-reaching concerns, nonprofits weave an uninterrupted web of connection that binds communities together.

This report summarizes the most current data available on the nonprofit sector and highlights the amazing breadth and scope of the sector. Through this report we aim to build awareness of the vital role that nonprofits play in society and to educate policymakers, journalists, and the public about the charitable sector.

While this report focuses on reporting nonprofits – those charitable organizations that are required to file annually with the IRS and provide much of the data available on the sector – it is important to note that the overwhelming majority of registered charitable nonprofit organizations (66 percent or 548,777) are small in size and often volunteer-led. They are not reflected in the data because their revenues did not exceed \$25,000 in 2003. From your local PTA to youth sports leagues to rescue squads, these organizations are at work every day. Your community is enriched by the role and presence of these critical nonprofits.

The National Council of Nonprofit Associations is pleased to present this report on the United States charitable sector. We hope that it will enable you to gain a greater appreciation and understanding of our nation’s charitable nonprofits. Charitable organizations are beacons of hope and a cherished American resource for bringing together communities, states, and the nation.

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

### What's in a name?

There are nearly 1.4 million 501(c) organizations in the United States. This report focuses on a unique category of nonprofits, those classified as 501(c)(3) organizations. These organizations are classified by the IRS as charitable nonprofits and private foundations. They are exempt from federal income tax, and are able to receive tax deductible contributions from individuals and businesses. 501(c)(3) organizations must operate “exclusively for religious, charitable, scientific, or educational purposes” and serve the common good. By law, 501(c)(3)s may not distribute profits to individuals or businesses.

### Size and Scope

In 2003, the most recent data available, there were 837,027 501(c)(3) charitable nonprofit organizations in the United States. Of these, 288,150 charitable nonprofits had gross receipts of over \$25,000 and reported to the IRS. This report is based on information compiled on these 501(c)(3) charitable nonprofits (hereafter referred to as “reporters”).

**FIGURE 1 The United States Nonprofit Sector, 2003**

Tax-Exempt Organizations	Registered with IRS (over \$5,000 in gross receipts)	Filing Annual IRS Report (over \$25,000 in gross receipts)
<b>501(c)(3) Organizations</b>		
Charitable Nonprofits	837,027	288,150
Private Foundations*	103,021	66,398
<b>Total**</b>	<b>940,048</b>	<b>354,548</b>
<b>Other 501(c) Subsections</b>		
501(c)(4) Social Welfare	116,857	31,004
501(c)(5) Labor/Agricultural	56,668	23,951
501(c)(6) Business Leagues	70,963	35,385
501(c)(Other)	212,924	62,157
<b>Total</b>	<b>457,412</b>	<b>152,497</b>

Source: National Center for Charitable Statistics, Urban Institute.  
 \*Foundation data acquired from Foundation Center  
 \*\*Does not include religious congregations.

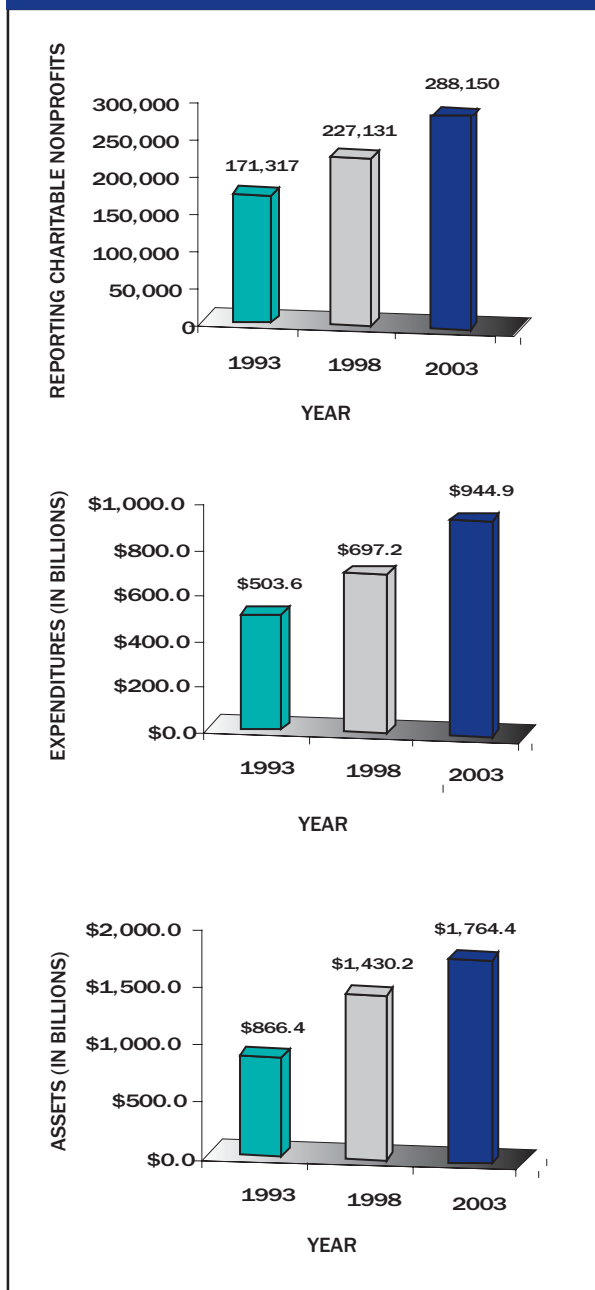
Of the 837,027 501(c)(3) charitable nonprofits, 66 percent (548,887) were small charitable organizations that were not required to file with the IRS. These small nonprofits include youth sports leagues, rescue squads, Parent/Teacher Associations, and other small organizations with assets under \$25,000.

Private foundations represented 11 percent (103,021) of registered 501 (c)(3) organizations and 19 percent (66,398) of reporting 501(c)(3)s.

### Size and Scope, continued

Between 1993 and 2003, the number of reporters in the nonprofit sector grew by 68 percent, from 171,317 to 288,150. Expenditures by reporters totaled almost \$945 billion and accounted for approximately 9 percent of the gross domestic product of the United States in 2003.\* Assets held by these reporters also grew, from \$866 billion in 1993 to over \$1.76 trillion in 2003.

**FIGURE 2 Reporting Charitable Nonprofits in the United States, 1993-2003**



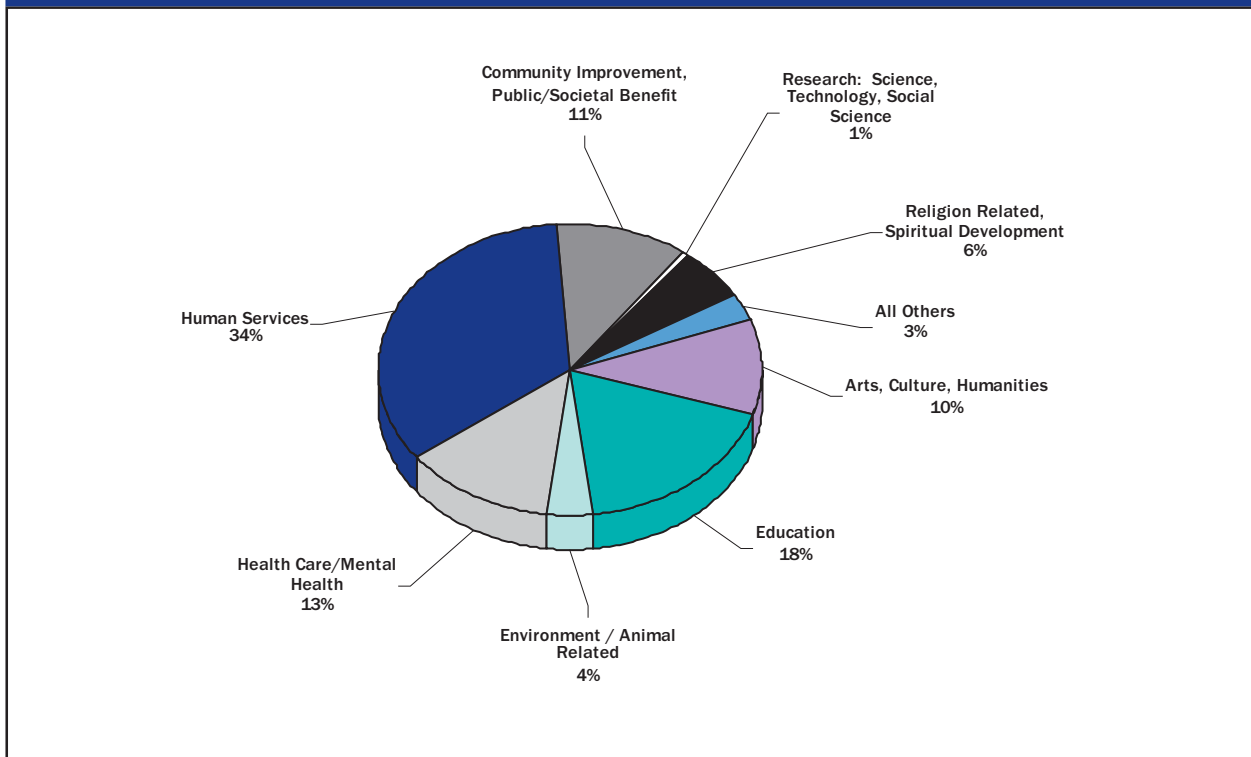
\*The U.S. Department of Commerce Bureau of Economic Analysis reports that U.S. Gross Domestic Product was \$10.9 trillion in 2003.

### Types of Organizations

Human services organizations made up the largest group of reporters (34 percent). They provided a broad spectrum of services including youth development, disaster relief, housing services, and family support. The next largest categories included education (18 percent) and health care/mental health (13 percent).

Religion related/spiritual development organizations comprised 6 percent of reporters. However, the non-spiritual programs provided by these organizations - such as mental health services or daycare - were not included in this category of religion related/spiritual development. These special programs were categorized by the type of service provided (Figure 3).

**FIGURE 3 Reporting Charitable Nonprofits in the United States by Field, 2003**

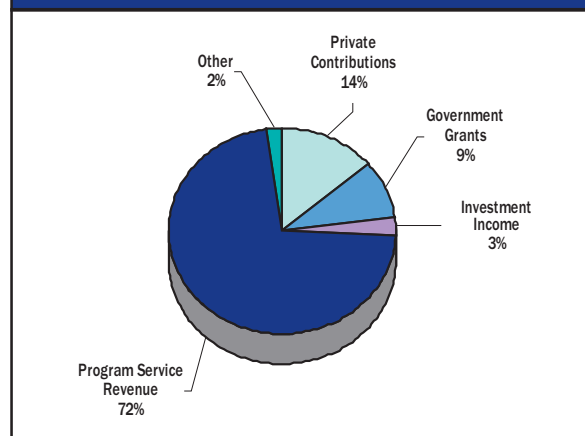


### Sources of Revenue

Charitable organizations raise revenue from a variety of sources (Figure 4). In 2003, reporters received over 72 percent of their revenue from programs and services, also known as “fees for service.” Included in this broad category is government funding in the form of vouchers and contracts.

Private contributions from foundations and individual donors comprised 14 percent of nonprofit revenues.

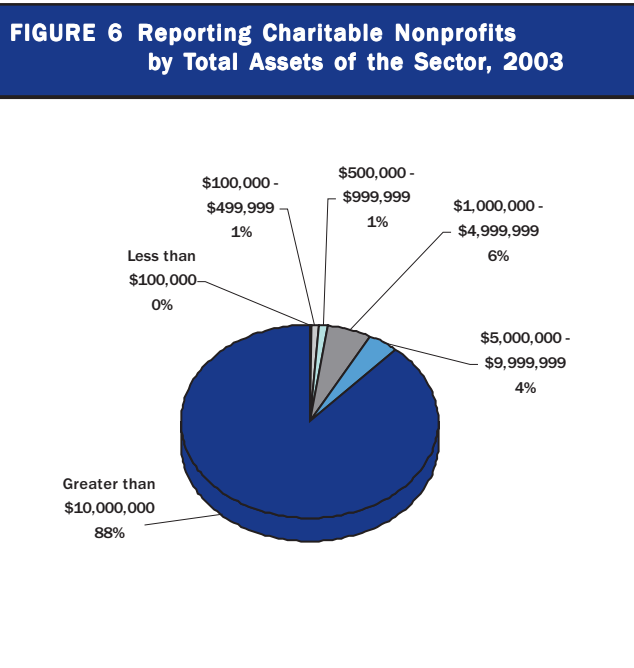
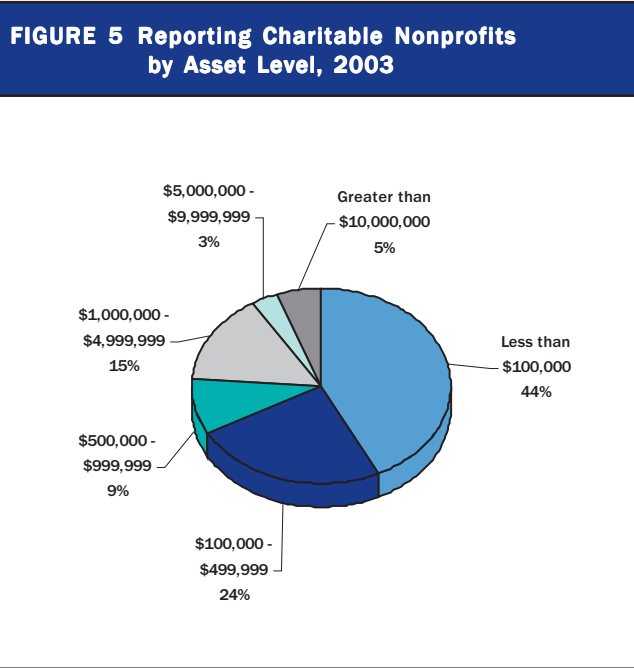
**FIGURE 4 Sources of Revenue for Reporting Charitable Nonprofits, 2003**



**Assets**

The majority of charitable nonprofits are small to mid-size organizations. In 2003, 77 percent of reporters had assets of less than \$1 million (Figure 5). These small to mid-sized nonprofits held only 2 percent of the total assets of the sector (Figure 6).

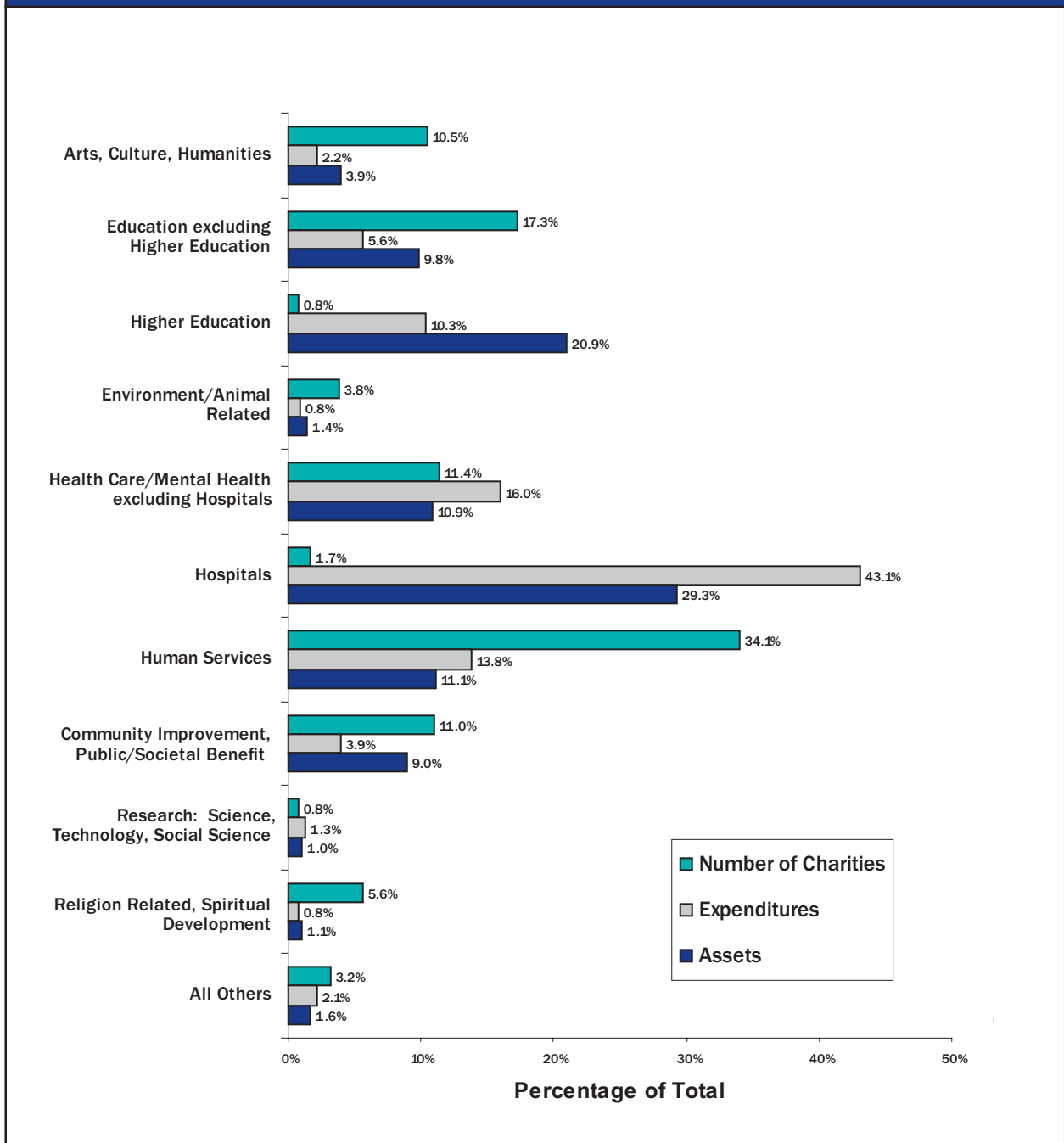
In contrast, only 5 percent of reporting nonprofits had greater than \$10 million in assets in 2003 (Figure 5). However, these large organizations controlled over 88 percent of the sector's assets (Figure 6).



### Assets and Expenditures

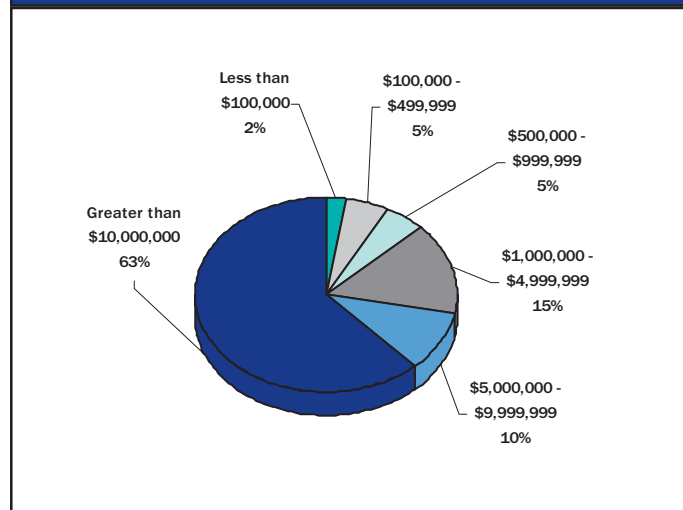
Nonprofit hospitals comprised less than 2 percent of reporters yet held almost 30 percent of the sector's assets. Human service organizations, on the other hand, comprised over a third of reporters, but held only 11 percent of the sector's assets.

**FIGURE 7 Number, Expenditures, and Assets of Reporting Charitable Nonprofits in the United States by Field, 2003**



**Assets and Expenditures, continued**  
Organizations with over \$10 million in assets spent the most on lobbying and accounted for over 60 percent of nonprofits' lobbying expenditures in 2003. Groups with assets under \$1 million only accounted for 12 percent of all lobbying expenditures (Figure 8).

**FIGURE 8 Lobbying Expenditures for Reporting Charitable Nonprofits by Asset Level, 2003**



**Where are they located?**

42 percent of reporters are located in seven states—California, Florida, Illinois, New York, Ohio, Pennsylvania, and Texas. Charitable organizations in these states held 42 percent of the sector’s assets nationwide and accounted for 46 percent of total expenditures in 2003 (Figure 9).

In 2003, California and New York were home to the largest number of reporters - 33,292 and 21,879 respectively. In addition, these two states held the greatest share of the sector’s assets at 9 percent each. Fewer reporters were found in Wyoming (793), North Dakota (979), and Delaware (995).

**FIGURE 9 Reporting Charitable Nonprofits in the United States by State, 2003**

State	Number of Organizations	Expenditures	Assets	State	Number of Organizations	Expenditures	Assets
Alaska	1,194	1,934,959,989	2,548,114,507	Montana	1,574	2,615,527,502	4,477,905,615
Alabama	3,298	7,019,270,649	11,957,222,006	North Carolina	8,163	21,394,812,609	45,613,237,803
Arkansas	2,224	7,546,808,639	7,768,321,830	North Dakota	979	2,372,278,201	3,204,567,765
Arizona	4,119	11,731,088,445	18,191,903,117	Nebraska	2,205	5,746,448,966	11,319,249,449
California	33,292	104,037,710,554	161,743,416,888	New Hampshire	1,873	5,345,815,220	12,323,954,973
Colorado	5,836	10,062,485,926	18,881,524,307	New Jersey	8,399	27,734,103,951	46,227,912,243
Connecticut	4,647	16,981,707,821	58,601,687,342	New Mexico	2,015	3,002,864,940	5,092,080,455
District of Columbia	3,639	20,291,635,789	32,804,003,540	Nevada	1,220	1,629,829,063	3,317,880,378
Delaware	995	3,572,323,488	11,401,919,677	New York	21,879	100,965,971,417	163,308,976,100
Florida	12,375	37,517,713,434	63,811,197,036	Ohio	12,073	43,164,587,474	76,156,718,817
Georgia	6,363	22,724,596,016	43,237,653,073	Oklahoma	3,056	6,826,850,199	14,241,109,179
Hawaii	1,416	3,490,396,959	10,349,883,713	Oregon	4,776	19,918,472,399	25,559,607,014
Iowa	3,541	7,894,514,531	19,004,454,123	Pennsylvania	13,931	59,012,258,537	105,659,600,340
Idaho	1,191	1,600,887,590	2,699,783,152	Rhode Island	1,765	5,851,219,559	10,301,035,975
Illinois	11,444	43,777,782,165	86,528,776,159	South Carolina	3,160	6,554,895,405	15,196,555,941
Indiana	6,058	18,966,455,243	37,748,477,949	South Dakota	1,016	3,170,714,698	4,955,897,786
Kansas	2,986	6,407,407,733	11,035,119,957	Tennessee	4,863	15,371,071,709	30,626,585,119
Kentucky	3,365	11,308,145,494	18,274,722,353	Texas	16,407	42,547,202,523	88,487,022,911
Louisiana	3,201	8,729,997,119	13,806,030,857	Utah	1,500	3,971,590,949	4,895,900,762
Massachusetts	9,323	48,100,965,646	153,287,562,885	Virginia	8,089	22,404,213,239	45,949,031,925
Maryland	6,392	19,929,870,017	45,859,581,397	Vermont	1,504	2,932,271,844	4,851,778,261
Maine	2,164	5,971,212,581	8,479,725,102	Washington	6,946	18,686,203,616	27,690,554,812
Michigan	8,448	32,188,673,212	46,803,438,995	Wisconsin	6,447	19,656,471,411	31,811,143,992
Minnesota	6,865	21,569,317,116	38,629,211,652	West Virginia	1,820	4,959,679,457	6,696,805,129
Missouri	5,579	20,785,100,944	43,891,883,668	Wyoming	793	506,434,760	1,458,436,256
Mississippi	1,742	4,414,095,346	7,637,658,306	<b>Total</b>	<b>288,150</b>	<b>944,896,912,094</b>	<b>1,764,406,822,591</b>

### Foundations

According to the Foundation Center, there were a total of 66,398 reporting foundations in the United States in 2003, almost twice as many as the 37,571 reported in 1993. In 2003, almost 90 percent of these organizations were independent foundations (Figure 10).\*

The total assets of United States foundations were over \$476 billion in 2003, a growth of over 150 percent from \$189 billion in 1993. Their combined giving totaled more than \$30 billion, almost triple the \$11.1 billion awarded by foundations in 1993 (Figure 10).

The 10 largest foundations in the United States held over \$93 billion in assets in 2003. This represents almost 20 percent of foundation assets nationwide (Figure 11).

The 10 largest foundations in the United States distributed over \$4 billion in 2003, accounting for almost 15 percent of foundation giving nationwide (Figure 12).

**FIGURE 10 Overview of United States Foundations, 2003**

Foundation Type	Number of Foundations	Assets (in thousands)	Total Giving (in thousands)
Independent Foundations	58,991	\$399,138,435	\$22,567,751
Corporate Foundations	2,549	\$15,446,861	\$3,465,605
Community Foundations	699	\$34,152,980	\$2,531,530
Operating Foundations	4,159	\$27,974,838	\$1,743,950
<b>Total in United States</b>	<b>66,398</b>	<b>\$476,713,115</b>	<b>\$30,308,835</b>

Source: The Foundation Center

**FIGURE 11 Top 10 United States Foundations by Assets, 2003**

Foundation Name	Assets	State	Foundation Type
Bill & Melinda Gates Foundation	\$26,810,518,000	WA	Independent
Lilly Endowment	\$10,849,402,388	IN	Independent
Ford Foundation	\$10,015,612,595	NY	Independent
J. Paul Getty Trust	\$9,100,188,385	CA	Operating
Robert Wood Johnson Foundation	\$7,933,761,000	NJ	Independent
W.K. Kellogg Foundation	\$6,801,844,315	MI	Independent
William and Flora Hewlett Foundation	\$6,190,363,000	CA	Independent
David and Lucile Packard Foundation	\$5,982,468,233	CA	Independent
Gordon and Betty Moore Foundation	\$4,846,115,373	CA	Independent
Andrew W. Mellon Foundation	\$4,719,646,000	NY	Independent
<b>Total - Top Ten</b>	<b>\$93,249,919,289</b>		

Source: The Foundation Center

**FIGURE 12 Top 10 United States Foundations by Total Giving, 2003**

Foundation Name	Total Giving	State	Foundation Type
Bill & Melinda Gates Foundation	\$1,182,826,639	WA	Independent
Lilly Endowment	\$462,336,723	IN	Independent
Ford Foundation	\$431,643,480	NY	Independent
Bristol-Myers Squibb Patient Assistance Foundation	\$401,840,130	NJ	Operating
Robert Wood Johnson Foundation	\$390,600,294	NJ	Independent
Merck Patient Assistance Program	\$380,859,681	NJ	Operating
David and Lucile Packard Foundation	\$277,891,647	CA	Independent
Pew Charitable Trusts	\$265,438,000	PA	Independent
William and Flora Hewlett Foundation	\$258,048,000	CA	Independent
Janssen Ortho Patient Assistance Foundation	\$214,135,591	NJ	Operating
<b>Total - Top Ten</b>	<b>\$4,265,620,185</b>		

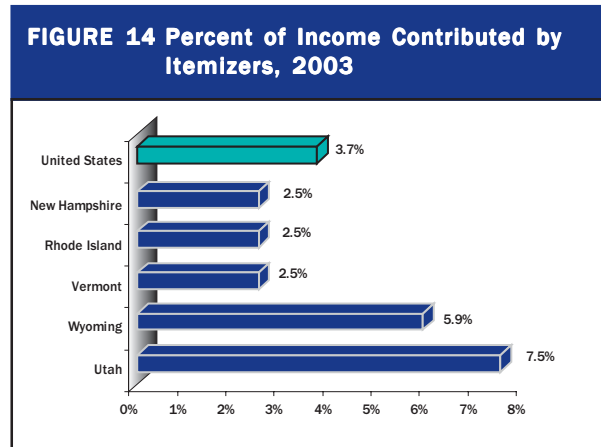
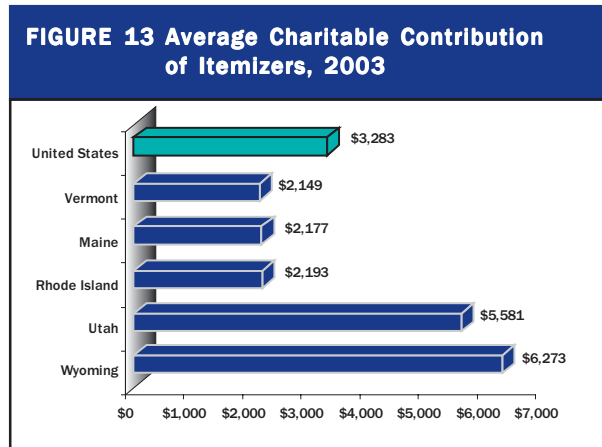
Source: The Foundation Center

\*Independent foundations are grantmaking organizations. Corporate foundations are independent grantmakers with ties to corporation benefactors. Operating foundations conduct research, provide a direct service, and distribute few grants. Community foundations pool donations and make grants, usually in a specific community.

## Individual giving

The average charitable contribution of those who itemized deductions on their federal tax returns was \$3,283 in 2003. Itemizers in Wyoming contributed the most of all Americans, with an average of \$6,273. Itemizers in Vermont contributed the least, with an average of \$2,149.

Americans, who itemized deductions on their federal tax returns, contributed an average of 3.7 percent of total income in 2003. Utah itemizers contributed the highest percentage of their income, with an average of 7.5 percent. Itemizers in New Hampshire, Vermont, and Rhode Island contributed the lowest percentage of their income, with an average of 2.5 percent.



For more information, see:

National Council of Nonprofit Associations (<http://www.ncna.org>)

National Center for Charitable Statistics at the Urban Institute (<http://www.nccs.urban.org>)

Foundation Center (<http://www.fdncenter.org>)

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*The National Council of Nonprofit Associations (NCNA) is the network of state and regional nonprofit associations serving over 22,000 members in 45 states and the District of Columbia. NCNA links local organizations to a national audience through state associations and helps small and mid-sized nonprofits: manage and lead more effectively; collaborate and exchange solutions; save money through group buying opportunities; engage in critical policy issues affecting the sector; and achieve greater impact in their communities.*

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