

**ASU Lodestar Center  
for Philanthropy & Nonprofit  
Innovation**

**scope of the  
nonprofit sector**  
southern arizona edition

Spring 2012

**ASU** Lodestar Center  
for Philanthropy & Nonprofit Innovation

ARIZONA STATE UNIVERSITY

# southern arizona nonprofits *at a glance*

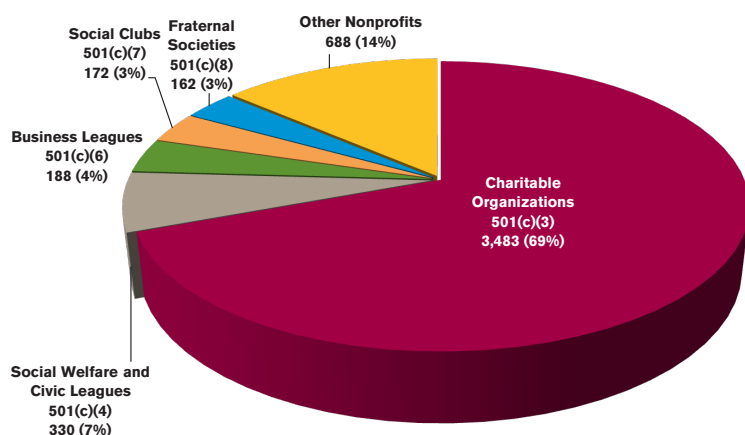
## Pima, Cochise and Santa Cruz counties

Southern Arizona is home to a **vibrant nonprofit sector** comprising over 5,000 tax-exempt organizations. At the heart of this sector are the over 1 million **Southern Arizona residents** who work for, volunteer with, donate to, and receive services from these organizations. Approximately 69 percent of the 5,000 nonprofits in Southern Arizona – 3,483 organizations – are 501(c)(3) charitable organizations. These organizations deliver vital human services, educate youth, preserve the natural world, and provide forums for worship, activism, and artistic expression.

# 5,000+

## Southern Arizona nonprofit organizations

**Southern Arizona Nonprofit Organizations by IRS designation**



501(c)(3) charitable organizations also include the grantmaking public charities and private foundations that support the work of other nonprofits through funding and capacity assistance.

The balance of the Southern Arizona nonprofit sector – 1,540 organizations – is composed of social welfare and civic leagues, business leagues, social clubs, fraternal societies and a diverse array of other types of nonprofits.

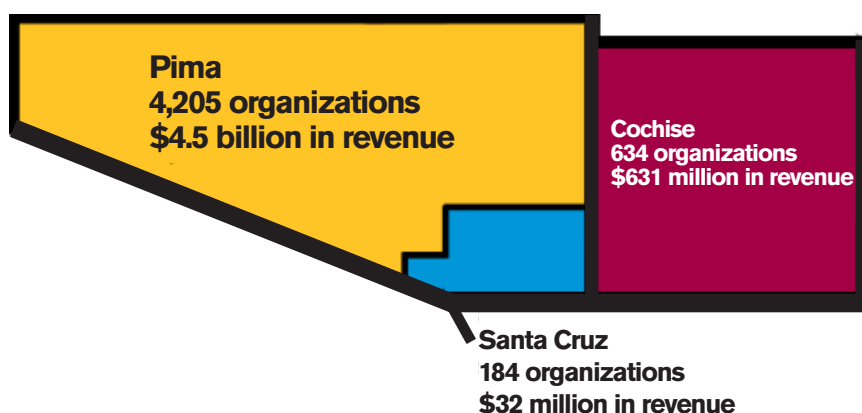
This report focuses on Southern Arizona's 501(c)(3) charitable organizations, drawing upon the most recently available data from the National Center for Charitable Statistics, as well as several other data sources.

1,832 Southern Arizona nonprofit organizations filed an IRS financial information return during the 2009 period, reporting \$5.2 billion in total revenue and \$8.5 billion in assets<sup>1</sup>. Of these, 521 organizations filed a full 990, 1,075 organizations filed a 990EZ, and 236 private foundations filed a 990PF.

Total reported revenue:  
**\$5.2 billion**

Total reported contributed revenue:  
**\$1.5 billion**

Total reported assets:  
**\$8.5 billion**



*Data source:* National Center for Charitable Statistics.

<sup>1</sup> Form 990 is the way nonprofit organizations report to the IRS. During the period of this report, the full 990 form was filed by larger organizations (>\$500,000 in gross receipts or \$1.25 million in assets), and 990EZ was filed by medium organizations (>\$25,000 in gross receipts). Private foundations filed the 990PF. Organizations with less than \$25,000 in gross receipts and religious congregations were not required to file a 990. These filing requirements changed in 2010.

# publiccharities

**Public charities** comprise the largest portion of 501(c)(3) charitable organizations. These organizations receive broad public support, and contributions made to them are tax-deductible.

Religious congregations are public charities. There are an estimated 705 congregations in Southern Arizona, and 636 are currently registered with the IRS. Congregations are not required to file a yearly 990 return; therefore, not all congregation revenues are included in the figures below.

## 3,223

### Public Charities in Southern Arizona

Total reported revenues for Southern Arizona public charities exceeded \$4.3 billion, of which \$2.8 billion was earned revenue, derived from sources such as fees, contracts and sales, and \$1.5 billion was contributed revenue.

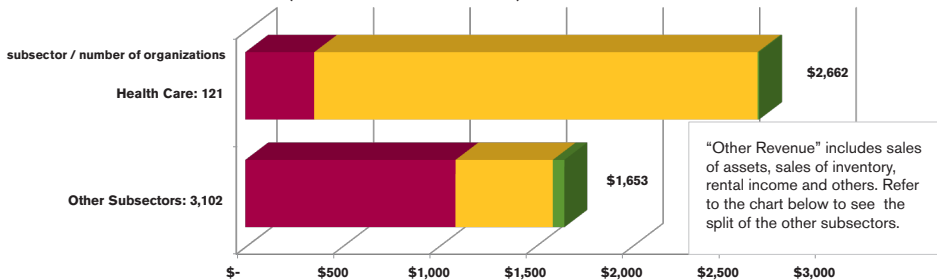
In Southern Arizona, as in most regions of the US, the largest nonprofits are hospitals and health systems. The health care subsector accounts for 62 percent of total revenue for public charities in the region, at \$2.7 billion.

The chart to the left illustrates the difference between health care organizations and all other public charities in the total amount of revenue and the percentage that is earned versus contributed. In the health care sector, 86 percent of revenue is earned, versus 30 percent in all other subsectors.

**\$4.3 billion** in total revenue  
**\$1.5 billion** in contributed revenue<sup>2</sup>  
**\$2.8 billion** in earned revenue

#### The health care subsector is bigger than all other subsectors combined

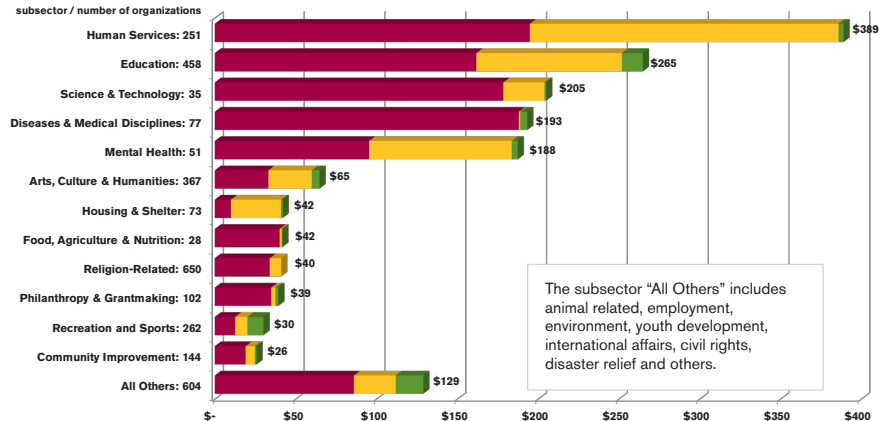
Contributed Revenue vs. Earned Revenue vs. Other Revenue by Subsector (in \$ millions)  
 (health care vs. other subsectors)



Human Services, Education and Science and Technology are the three largest subsectors after Health Care in Southern Arizona.

Many nonprofit organizations are trying to find a better balance between earned income and philanthropic sources as a way to increase sustainability. The chart to the right illustrates the percentages of earned and contributed revenue by subsector<sup>3</sup>.

Contributed Revenue vs. Earned Revenue vs. Other Revenue by Subsector (in \$ millions)  
 (all sectors excluding health care)



Data sources: National Center for Charitable Statistics and American Church Lists. Subsector classifications from *National Taxonomy of Exempt Entities Core Codes*.

<sup>2</sup>These figures do not include all contributions to religious congregations, as they are not required to file with the IRS. Therefore, revenues and contributed revenues are underreported.

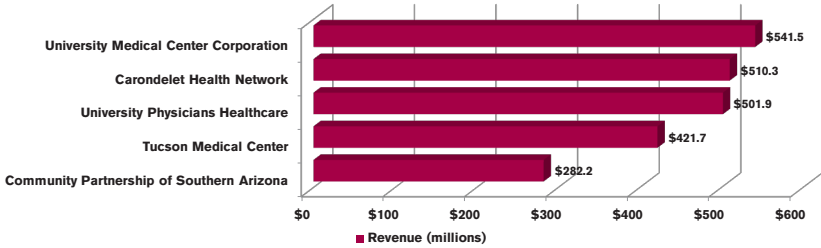
<sup>3</sup> Government grants and contracts are represented variously in the earned and contributed revenue categories.

# public charities

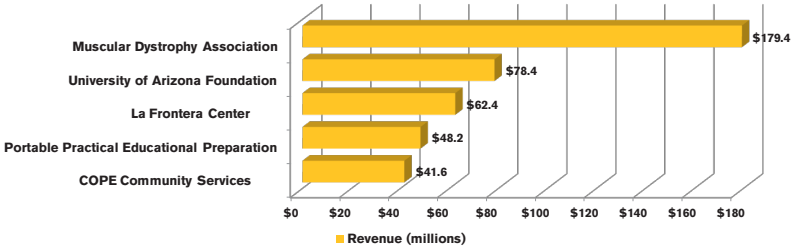
**University Medical Center**, a public charity, is the largest nonprofit organization in Southern Arizona, with **\$541.5 million** in total revenue.

The largest nonprofit organization (and public charity) in Southern Arizona is the University Medical Center, and the remaining four of the top five public charities are also hospitals or health systems.

**Largest health care public charities**



**Largest public charities excluding health care**

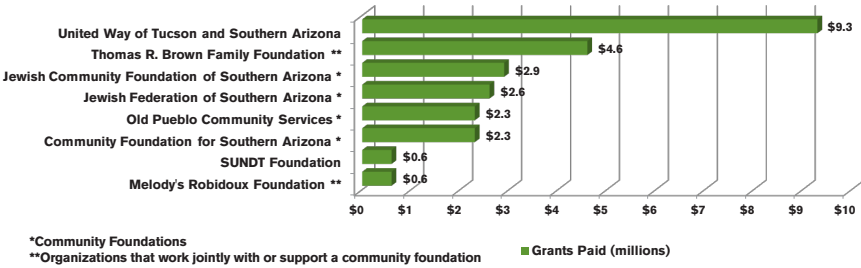


**Donative nonprofits** are those charitable organizations that are supported primarily by public contributions and grants. The largest donative nonprofit in Arizona is the national Muscular Dystrophy Association (MDA)<sup>4</sup>, headquartered in Tucson, Arizona. Although not classified as a grantmaking organization, it is noteworthy that MDA paid \$53.5 million in grants to medical centers and research institutes in 2009.

The national **Muscular Dystrophy Association**, headquartered in Tucson, Arizona, is the largest donative nonprofit in Arizona, with **\$179.4 million** in total revenue.

**Grantmaking public charities** are distinct from private foundations in that they receive support from diverse sources and are not subject to the legal and tax requirements of private foundations. The most common form of a grantmaking public charity is a community foundation. Community foundations establish and maintain permanent donor funds to carry out the charitable interests of the donors and meet community needs. Other notable grantmaking public charities include the United Way of Tucson and Southern Arizona, and the Jewish Community Foundation of Southern Arizona.

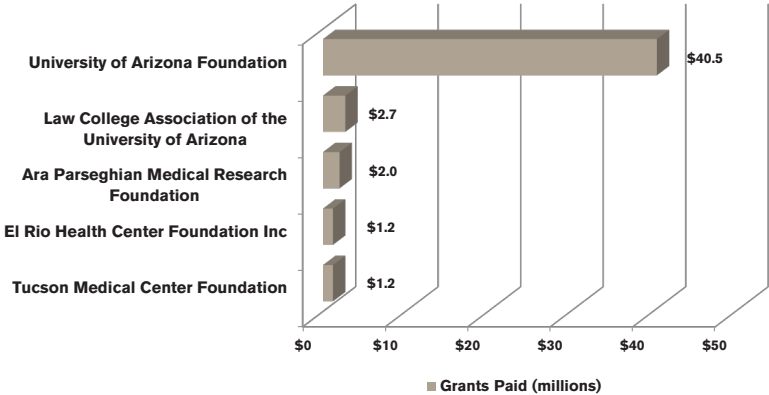
**Largest grantmaking public charities by grants paid**



Single-support organizations (usually called support foundations) are another type of grantmaking public charity. They receive broad public support; however, their contributions solely support a single charitable or educational organization.

The University of Arizona Foundation is by far the largest single support foundation and grantmaking public charity. Altogether, there are over 100 registered grantmaking public charities that, in total, paid approximately \$80 million in grants. The top 13, listed here, account for over 90 percent of the grants paid.

**Single support foundations by grants paid**



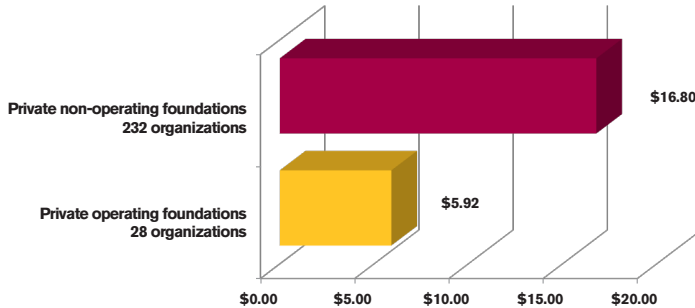
Data sources: GuideStar and National Center for Charitable Statistics.  
<sup>4</sup> The Association of Universities for Research in Astronomy filed \$182.9 million in revenue in Arizona. However, because their main office is located in New York, they are not considered one of Arizona's largest nonprofit organizations.

# private foundations

The balance of the 501(c)(3) charitable organizations in Southern Arizona are **private foundations**. A private foundation derives its funding from a family, individual, or corporation, and is established to make grants for charitable purposes. Private foundations are subject to specific legal requirements and file IRS annual form 990PF. There are 260 private foundations in Southern Arizona.

## Private Foundations' Giving (millions)

Grants paid for all foundations plus charitable expenses of operating foundations



Private Foundations in Southern Arizona reported:

**\$22.7 million** in grants paid<sup>5</sup>  
**\$1.5 billion** in assets

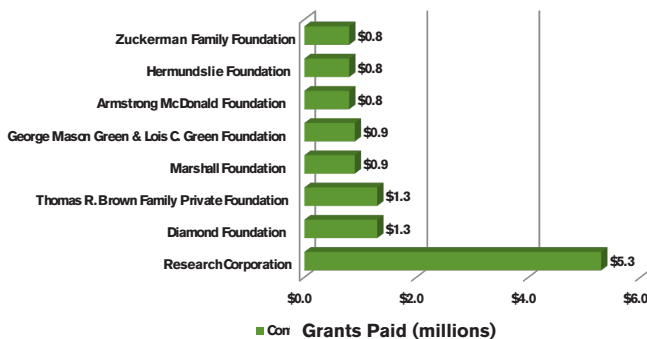
Research Corporation for Science Advancement is Southern Arizona's largest private foundation with **\$5.3 million** in grants paid and program expenditures.

Some private foundations qualify as **private operating foundations**. These are organizations that make distributions directly to their own educational, charitable, and/or religious programs. Of the 260 private foundations in Southern Arizona, 28 of them are private operating foundations.

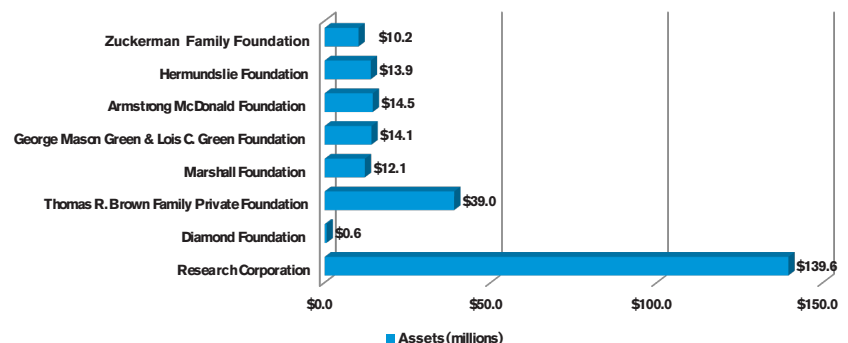
Research Corporation for Science Advancement, established in 1934 and located in Tucson, Arizona, is a private operating foundation, and is considered the largest Southern Arizona private foundation. Research Corporation paid \$4.2 million in grants in 2009, in addition to \$1.1 million in program expenditures<sup>6</sup>.

As in many regions of the US, a small percentage of the area's private foundations make the majority of grants. In Southern Arizona, the top ten private foundations paid \$12 million in grants, 55 percent of the total grants paid by all private foundations.

## Largest Foundations by Grants Paid (millions)



## Largest Foundations by Assets (millions)



Data sources: National Center for Charitable Statistics and IRS Publication 557.

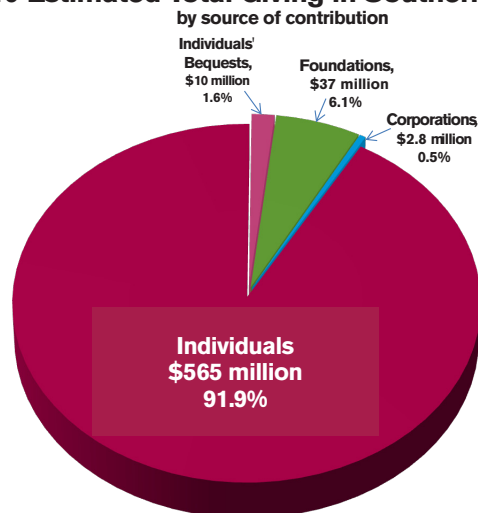
<sup>5</sup> Private foundations' total grants paid include the grants paid by all private foundations plus the charitable expenses incurred by private operating foundations.

<sup>6</sup> Community Finance Corporation, located in Tucson, Arizona, is classified as a private corporate foundation, and reported \$900 million in assets in 2009. However, they are not included in the list of top foundations for this report because their major operations are through loan programs, rather than grants.

# giving & volunteering

Total charitable giving in Southern Arizona for 2010 was an estimated \$615 million, and includes giving from individuals, foundations and corporations. The vast majority of charitable giving within Southern Arizona – 93.5 percent – comes from individuals. Foundation and corporate contributions, while important, are a much smaller percentage of total giving. These totals do not include gifts to Southern Arizona nonprofit organizations from institutions and individuals outside of the region, including the several national foundations that support Southern Arizona programs<sup>7</sup>.

## 2010 Estimated Total Giving in Southern Arizona<sup>8</sup>



## Individuals give 93.5% of Southern Arizona's total charitable contributions

(Includes bequests and individual gifts)

A wide range of causes benefit from the generosity of Southern Arizonans. Religion tops the list, but households also frequently give to education, basic needs, youth, and health causes. The statewide *Arizona Giving and Volunteering* study found that “the belief that giving can help achieve change or bring about a desired impact” was the most commonly cited motivation for giving.

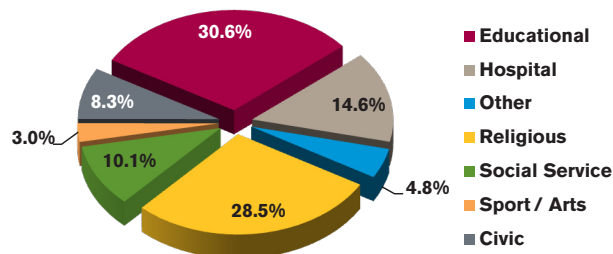
“How much giving stays in the local area?” is a common question. In 2008, local nonprofits received the majority of donated funds from individuals: 64 percent of individual contributions. Statewide organizations received 12 percent of donations.

## Volunteering (Pima County, 2010)

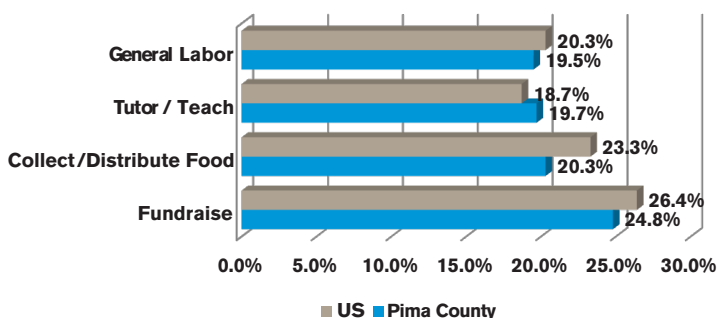
**239,700** volunteers  
**28%** of residents volunteer  
**28.6** million hours of service are donated  
**\$610.6** million estimated worth of services

(volunteeringinamerica.gov)

## Where People Volunteer (2007 to 2010)



## Top Four Volunteer Activities (2007 to 2010)



Twenty-eight percent of Pima county's residents volunteer, which is slightly higher than the national average and the highest of any Arizona region. Volunteers engage in a wide variety of activities and responsibilities, the top four of which are shown on the left. One-quarter of volunteers assist with fundraising, making it the leading volunteer duty. Volunteers provide tremendous economic value through their donated labor, value that often isn't reflected in economic or financial statements. Pima County's volunteers provided an estimated \$611 million worth of services in 2010; remarkably close to the total amount of charitable giving for all of Southern Arizona. Therefore, almost every philanthropic dollar given in Southern Arizona is matched, in value, by a volunteer giving his or her time.

Data sources: Volunteering in America, Foundation Center, National Center of Charitable Statistics, and *Giving USA 2011: The Annual Report on Philanthropy for the Year 2010* by the Giving USA Foundation.

<sup>7</sup> Information on total foundation support of Southern AZ organizations can be found at [foundationcenter.org](http://foundationcenter.org).

<sup>8</sup> Giving for foundations includes gifts from private foundations, community foundations, and support foundations. Corporate giving includes gifts from corporate foundations and an approximation of direct corporate contributions, due to lack of data. Bequest giving is estimated from estate tax returns and information from *Giving USA 2011*. Individual giving estimates are derived from the 2010 *Arizona Giving and Volunteering Study*—a representative, statewide panel study.

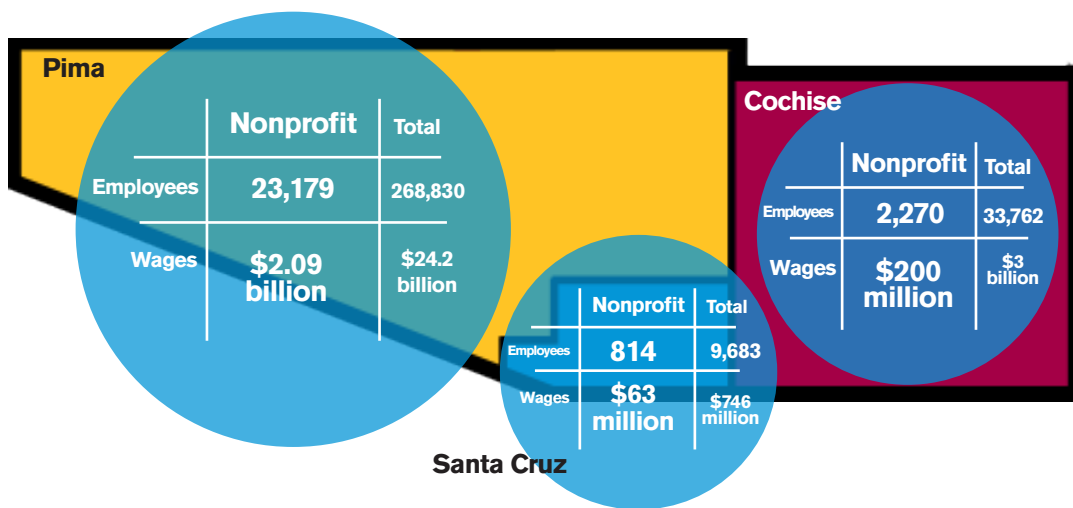


# employment

Nonprofits are well-known for their positive impact on the quality of life in our communities. Less well-known is the substantial contribution nonprofit organizations make to the economy. As detailed in this report, the Southern Arizona nonprofit sector is an economic engine that generates revenue and has significant expenditures, the majority of which go back into the local economy.

The nonprofit sector in Southern Arizona also accounts for a sizeable portion of paid employment in the region. Nonprofit organizations in Southern Arizona employed 26,263 workers in 2010: 12 percent of the private labor force in the region and 8.4 of the total workforce. Wages paid to Southern Arizona nonprofit employees were an estimated \$2.3 billion, which represents approximately 6 percent of the Southern Arizona total personal income of \$40.2 billion for 2010. The map below lists the number of nonprofit employees and total wages for Pima, Cochise, and Santa Cruz counties.

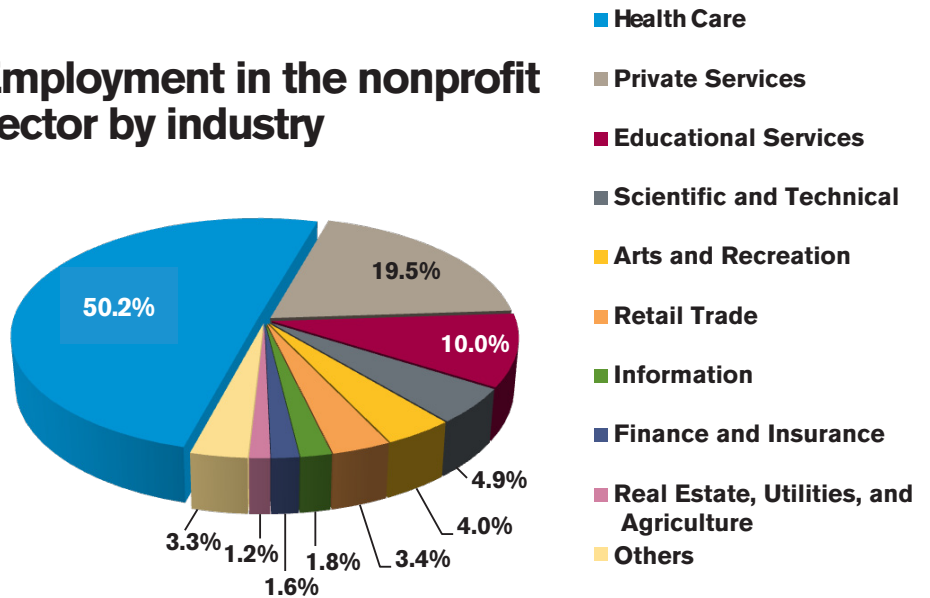
**Number of employees and wages in the nonprofit sector vs. total county**



The pie chart to the right depicts employment in the nonprofit sector by field. As expected, health care accounts for half of the total employment. Services and education account for 19.5 and 10 percent, respectively.

Research on national nonprofit employment has found that nonprofit sector employment has grown during recessionary years, as opposed to private sector employment, which has contracted<sup>9</sup>.

**Employment in the nonprofit sector by industry**



Data source: American Community Survey 2010 (includes all tax-exempt entities).

<sup>9</sup>Holding the Fort: Nonprofit Employment During a Decade of Turmoil (2012) by the Center for Civil Society Studies, Johns Hopkins University.



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