

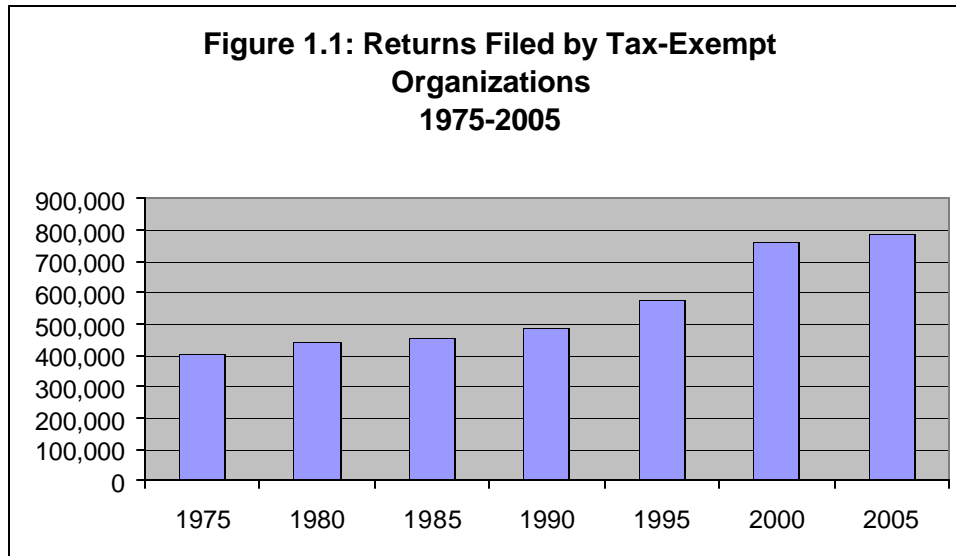
Building a Healthy Community Through Nonprofit Service
A Snapshot of the Kansas City Nonprofit Community

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The examination of the nonprofit sector emerged during the late 1960's and the early 1970's with the "Filer Commission" and their subsequent report. Since issuing that report in 1975, the Internal Revenue Service (IRS) has reported an increase in the number of filings by tax-exempt organizations of approximately 279,000 (Figure 1.1). The need for further research on tax-exempt organizations, espoused by the Filer Commission, is amplified by the continuous growth of the sector.



Descriptive reports of the nonprofit sector have been published by the IRS Statistics of Income Bulletins (SOI). These documents illustrate the national and state aggregate figures of organization totals and total revenue. While these reports are a beginning into the exploration of the nonprofit sector, there are various dynamics and characteristics of nonprofit organizations that inhibit the impact of a macro study.

Other efforts to analyze the nonprofit sector have encountered two distinct dilemmas. First, incomplete data sources inhibit diffuse areas of study. Consistent with the federal tax code, only tax exempt organizations with income over \$25,000 and are not religious congregations are required to file with the IRS. This leaves out a significant population of grassroots organizations, community organizations, and churches that contribute to the social capital in their respective areas. Furthermore, the information that is available tends to be distilled differently by a variety of sources leading to incongruencies in the data.

Second, more focused research, while minimizing data reliability issues, tends to move too far in the other direction. The research will focus too specifically on a small area or group of

organizations, diminishing the opportunity for external uses. Both of these difficulties are common to research in many fields. Still, the fledgling nature of nonprofit sector research and the data associated with these organizations amplifies such validity issues.

The following report seeks to minimize the discrepancies in data sources associated with nonprofit sector research and to articulate a descriptive account of the nonprofit sector in the Kansas City Metropolitan Statistical Area (MSA). The goal of this report is to construct a foundation or baseline for further sector research in the Kansas City MSA. Hence, the report discusses the following areas:

How many nonprofit organizations are there in the Kansas City MSA?

What categories of nonprofits comprise the Kansas City nonprofit sector and what are their respective market shares?

What are the statistical characteristics of Kansas City MSA foundations?

How many religious congregations are there in the Kansas City MSA?

What percentage of the Kansas City employment market does the nonprofit sector comprise?

What percentage of the Kansas City economy does the nonprofit sector comprise?

How does the Kansas City nonprofit sector compare with nonprofit sectors of comparable MSAs?

Methodology

As stated previously in this report, collecting data on nonprofit organizations is challenging. In order to preserve the most reliable data, the statistics are entirely comprised of 501(c) 3 organizations that are filing and/or registered. Filing organizations generate revenues greater than \$25,000 a year, and are not religious congregations (the data on religious congregations was acquired through Spirit of Service, a local nonprofit organization). These organizations are registered with their respective State Governments and are required to file a return with the IRS. An organization that does not meet the filing requirements is simply considered a registered 501(c) 3. Therefore any reference to nonprofit organizations or tax-exempt entities refers to the aforementioned population of 501(c) 3s unless stated differently.

Before presenting any actual data it is important to define some of the terms used throughout this report. First, the Kansas City Metropolitan Statistical Area (MSA) is comprised

of the following eleven counties: Johnson, Leavenworth, Miami and Wyandotte Counties in Kansas and Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray Counties in Missouri. The Office of Management and Budget defines metropolitan statistical areas (MSAs) following the official standards published in the Federal Register on March 30, 1990. Therefore, all references to Kansas City throughout this report reflect this geographical area unless otherwise stated.

All references to nonprofits, not-for-profits, tax-exempts, etc. from here on refer specifically to organizations classified under the tax code as 501(c) 3 agencies. Also commonly referred to as “charitable organizations,” organizations with 501(c) 3 status must be organized and operated exclusively for one or more of the purposes outlined under this section of the tax code, and none of the earnings of the organization may inure to any private shareholder or individual. In addition, it may not attempt to influence legislation as a substantial part of its activities.

The exempt purposes set forth in 501(c) 3 are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition and the prevention of cruelty to children or animals. The term *charitable* is used in its generally accepted legal sense and includes relief of the poor, the distressed or the underprivileged; advancement of religion; advancement of education or science; erection or maintenance of public buildings, monuments or works; lessening the burdens of government; lessening of neighborhood tensions; elimination of prejudice and discrimination; defense of human and civil rights secured by law; and combating community deterioration and juvenile delinquency.

All calculations presented in this report use the entire population represented negating any reliability questions that are associated with sampling error. The populations of 501(c) 3 organizations in all six MSAs (as defined by the Federal Register) were derived from the IRS master files using zip codes of the respective areas, and the organization’s subsection registered with the IRS. When calculating the total revenue and total assets variables, organizations were only selected if they filed their last return between January 1998 and the present. This space of time was selected to account for delay in processing of returns by the IRS. Organizations that did not file during this period were considered inactive and were not used to calculate aggregate totals.

Due to the focus of this report, the National Taxonomy of Exempt Entities variable was collected only for the Kansas City MSA. This calculation used the same population of active

organizations as the other variables. The only divergence in methodology with this variable occurred with organizations that were not classified by the IRS. In order to remedy this problem, classifications for organizations were recorded using the resources of a Center for Management Assistance publication and the Guidestar databank. Unfortunately reliable classifications were not found for all organizations, which were consequently categorized as “no code”. All other data used in this report was derived from outside organizations and sources.

Figure 1.2: Kansas City Metro Area 501(c)3 NTEE Income Distribution^c

	Est.	% of Total	Aggregate Income	% of Total Income	Income per Organization
no code	N=117	5.6%	\$48,776,190	.5%	\$416,891
arts, culture, humanities	N=167	7.9%	\$414,090,959	4.3%	\$2,479,587
edu. institutions	N=346	16.4%	\$764,672,997	7.9%	\$2,210,038
envir. quality, protection	N=15	.7%	\$3,515,852	.0%	\$234,390
animal related	N=17	.8%	\$11,209,685	.1%	\$659,393
health-gen. rehab.	N=164	7.8%	\$3,411,502,445	35.4%	\$20,801,844
mental health	N=39	1.9%	\$63,628,142	.7%	\$1,631,491
disease, disorder, medical disciplines	N=45	2.1%	\$68,919,761	.7%	\$1,531,550
medical research	N=17	.8%	\$214,901,949	2.2%	\$12,641,291
crime, legal related	N=28	1.3%	\$28,618,031	.3%	\$1,022,073
employment, job related	N=27	1.3%	\$104,476,744	1.1%	\$3,869,509
food, agriculture, nutrition	N=14	.7%	\$32,934,850	.3%	\$2,352,489
housing, shelter	N=80	3.8%	\$80,069,294	.8%	\$1,000,866
public safety, disaster relief	N=7	.3%	\$2,017,226	.0%	\$288,175
recreation, sports, leisure, athletics	N=92	4.4%	\$82,417,172	.9%	\$895,839
youth development	N=34	1.6%	\$33,075,233	.3%	\$972,801
human services-multipurpose	N=227	10.8%	\$401,221,856	4.2%	\$1,767,497
international, foreign affairs	N=12	.6%	\$104,985,094	1.1%	\$8,748,758
civil rights, social action, advocacy	N=17	.8%	\$9,456,244	.1%	\$556,250
community imp.	N=80	3.8%	\$105,055,459	1.1%	\$1,313,193
philanthropy, grantmaking	N=384	18.2%	\$3,551,011,447	36.8%	\$9,247,426
science and technology research	N=9	.4%	\$18,040,092	.2%	\$2,004,455
social science research	N=4	.2%	\$485,790	.0%	\$121,448
public, social benefit	N=13	.6%	\$18,341,215	.2%	\$1,410,863
religion related	N=120	5.7%	\$53,441,964	.6%	\$445,350
mutual benefit org.	N=3	.1%	\$304,522	.0%	\$101,507
unknown	N=30	1.4%	\$21,907,226	.2%	\$730,241
Total	N=2108	100.0%	\$9,649,077,439	100.0%	\$4,577,361

Nonprofit Organizational Income^{a, b}

- a. Data was organized according to NTEE classification using IRS Master File, Gudiestar, and Center for Management Assistance.
- b. Income figures are from 501(c)3 organizations with income of at least \$25,000 that last filed with the IRS between Jan. 1998 and Dec. 2001.
- c. The Kansas City Metropolitan Area is comprised of an eleven county region, designated by the Federal Registry.

Figure 1.3: Kansas City Metro Area 501(c)3 NTEE Asset Distribution^f

	Est.	% of Total	Aggregate Asset	% of Total Asset	Asset per Organization
no code	N=117	5.6%	\$177,949,851	1.4%	\$1,520,939
arts, culture, humanities	N=167	7.9%	\$127,055,232	1.0%	\$760,810
edu. institutions	N=346	16.4%	\$1,402,160,807	10.7%	\$1,520,939
envir. quality, protection	N=15	.7%	\$1,896,672	.0%	\$126,445
animal related	N=17	.8%	\$15,256,786	.1%	\$897,458
health-gen. rehab.	N=164	7.8%	\$4,516,607,739	34.5%	\$27,540,291
mental health	N=39	1.9%	\$30,594,613	.2%	\$784,477
disease, disorder, medical disciplines	N=45	2.1%	\$71,590,033	.5%	\$1,590,890
medical research	N=17	.8%	\$793,894,860	6.1%	\$46,699,698
crime, legal related	N=28	1.3%	\$21,699,125	.2%	\$774,969
employment, job related	N=27	1.3%	\$42,730,424	.3%	\$1,582,608
food, agriculture, nutrition	N=14	.7%	\$2,620,862	.0%	\$187,204
housing, shelter	N=80	3.8%	\$221,500,021	1.7%	\$2,768,750
public safety, disaster relief	N=7	.3%	\$918,762	.0%	\$131,252
recreation, sports, leisure, athletics	N=92	4.4%	\$84,231,111	.6%	\$915,556
youth development	N=34	1.6%	\$44,359,966	.3%	\$1,304,705
human services-multipurpose	N=227	10.8%	\$352,950,836	2.7%	\$1,554,849
international, foreign affairs	N=12	.6%	\$16,100,926	.1%	\$1,341,744
civil rights, social action, advocacy	N=17	.8%	\$11,496,498	.1%	\$676,265
community imp.	N=80	3.8%	\$91,600,446	.7%	\$1,145,006
philanthropy, grantmaking	N=384	18.2%	\$4,733,972,432	36.2%	\$12,328,053
science and technology research	N=9	.4%	\$24,288,750	.2%	\$2,698,750
social science research	N=4	.2%	\$1,092,841	.0%	\$273,210
public, social benefit	N=13	.6%	\$20,338,506	.2%	\$1,564,500
religion related	N=120	5.7%	\$71,863,595	.5%	\$598,863
mutual benefit org.	N=3	.1%	\$339,445	.0%	\$113,148
unknown	N=30	1.4%	\$199,077,874	1.5%	\$6,635,929
Total	N=2108	100.0%	\$13,078,189,013	100.0%	\$6,204,074

Nonprofit Organizational Income^{a, b}

- a. Data was organized according to NTEE classification using IRS Master File, Gudiestar, and Center for Management Assistance.
- b. Income figures are from 501(c)3 organizations with income of at least \$25,000 that last filed with the IRS between Jan. 1998 and Dec. 2001.
- c. The Kansas City Metropolitan Area is comprised of an eleven county region, designated by the Federal Registry.

How Many Nonprofits Are in Kansas City?

According to the IRS statistics there are 6,835 registered 501(c) 3 organizations in the Kansas City Metropolitan Statistical Area. Approximately 31%, or 2,108 organizations, of the registered 501(c)3 nonprofits in the area are required to file returns with the IRS. Due to the inconsistency of data beyond filing nonprofit organizations, the remainder of this section will focus on the 2,108 organizations.

Out of the 2,108 nonprofits in the Kansas City MSA, 67% (1,420) are registered in Missouri and 33% (688) are registered in Kansas. As illustrated in figure 1.2, the total revenue generated by all 2,108 nonprofit organizations is in excess of \$9.6 billion dollars. The bulk of this revenue, 81% (\$7.8 billion), is generated by Missouri nonprofit organizations, while the remaining 19% (\$1.8 billion) is generated in Kansas. Total assets of nonprofits in the metropolitan area have been measured in excess of \$13 billion dollars. The division along the state line is similar to the percentages stated in total revenue. Approximately 80% of assets held by area nonprofits reside in Missouri, while Kansas nonprofits maintain the remaining 20%.

While these figures illustrate the broad economic picture of the Kansas City nonprofit community, this report would be remiss if it did not acknowledge that the above stated figures only illustrate a portion of the true landscape. In a succeeding section, the size and scope of religious organizations in Kansas City will be discussed. These organizations consist of more than 2,000 congregations that would easily double the previously stated population.

Nonprofit Categories and Market Share

This report distills the aggregate information of the Kansas City nonprofit sector into subsectors defined by the National Taxonomy of Exempt Entities. The NTEE consists of 26 categories in which an organization may be placed (a complete list of these categories can be reviewed in figure 1.3). This report has added one additional category, “no code,” for organizations that were not classified by the IRS, Guidestar, or the Center for Management Assistance.

The Kansas City nonprofit sector is dominated by eight major classifications: arts, education, general health, mental health, medical disciplines, medical research, general human services, and philanthropy. These eight categories contain 1,387 nonprofit organizations (66%), \$8,879,851,890 dollars in total revenue (92%), and \$12,024,008,909 dollars in total assets (92%).

Exact numbers of organizations per category, total revenue per category, and total assets per category are illustrated in figures 1.3 and 1.4. The remainder of this section will focus on the eight largest categories.

Arts, Culture, and Humanities

The arts, culture, and humanities subsector contains a wide array of organizations due largely to its diffuse activities. The NTEE Manual states this category consists of, “Private nonprofit organizations whose primary purpose is to promote appreciation for and enjoyment and understanding of the visual, performing, folk, and media arts; the humanities (archaeology, art history, modern and classical languages, philosophy, ethics, theology, and comparative religion); history and historical events; and/or communications (film, video, publishing, journalism, radio, television).”¹ Hence, theaters, public television, historical societies, museums, ballets, and symphonies are all organizations that fall under the umbrella of this category.

In Kansas City the arts, culture, and humanities consists of 167 organizations that generate annual revenues in excess of \$414 million dollars, and hold assets exceeding \$127 million dollars. These organizations make up 8% of all nonprofits in the MSA, while generating 4% of the revenue. Furthermore, arts, culture, and humanities organizations are responsible for 1% of the MSAs total assets.

Education

In Kansas City the education subsector has the second largest population of organizations, just 38 less than the Philanthropy classification. The education subsector is most commonly associated with private educational institutions such as elementary, secondary and higher education schools. Still, the NTEE states that this category is reserved for “nonprofit organizations whose primary purpose is to provide opportunities for people to acquire the knowledge, skills, desirable qualities of behavior and character, wisdom and general competence that will enable them to fully participate in and enjoy the social, political, economic and intellectual life of the community.”² Therefore, a large number of educational support organizations (i.e. PTA, scholarship funds, and fraternities) also comprise this area.

¹ <http://nccs.urban.org/ntee-cc/a.htm>

² *ibid*

The educational subsector of nonprofit organizations is a strong economic component both in total revenue and total assets. The 364 organizations that comprise the area generate just over \$764 million dollars or 7.9% of the sector's total. They also hold \$1.4 billion dollars in assets for 10.7% of the aggregate.

Human Service

The NTEE defines human service organizations as, “private nonprofit organizations whose primary purpose is to support the personal and social development of individuals and families; provide care, protection and supervision; and enhance the individual's independence and ability to manage his or her own resources.”³ These organizations are diverse in their mission, target population, size and scope. In this single category exist organizations like the YMCA, organizations that target the elderly, the poor, and the developmentally disabled.

Human service nonprofits make up 10.8% of all nonprofits in the MSA, numbering 227. They are similar to arts, culture, and humanities organizations in that they generate just over 4% of aggregate income, \$401 million dollars. In contrast, human service organizations retain almost three times the assets of arts, culture, and humanities organizations with a total of almost \$353 million or 2.7%.

Health

For simplicity's sake the four health classifications were combined into one overarching category. An illustration of how each NTEE health classification breaks down is available in figures 1.2 and 1.3. In order to be comprehensive in the explanation of all health organizations the NTEE definitions have been synthesized to include the explanation of each. They are as follows:

General Health: Organizations whose primary purpose is to promote wellness, provide for the prevention and treatment of illness or injury, and support the medical rehabilitation of people with physical disabilities.

Mental Health: Organizations whose primary purpose is to promote mental health and provide for the treatment of people who are in emotional crisis, or have mental illnesses, substance abuse problems or other addiction problems.

³ *ibid*

Disease, Disorder, and Medical Disciplines: Voluntary health organizations such as the American Cancer Society that are organized on a national, state or local basis and supported primarily by voluntary contributions from the public at large, and are engaged in a program of service, education and research that is related to a particular disease, condition or disability, or group of diseases, conditions or disabilities.

Medical Research: Research institutes and other organizations whose primary purpose is to promote the advancement of knowledge about specific diseases, disorders or medical disciplines.

The economic impact of health care organizations is well documented. As of the 1997 Economic Census, 65% of all nonprofit employment was with healthcare organizations. Present figures illustrate that this enormous area accounts for almost 40% (\$3.8 billion) of all income generated by nonprofits in the Kansas City area and more than 41% (\$5.3 billion) of all assets. When combined in this matter no other subsector, including philanthropy, is more economically influential in the marketplace.

Philanthropy

Due to the influence foundations have on the nonprofit community, this report dedicates an entire section to these organizations that fund a significant portion of the nonprofit sector. The Kansas City MSA is especially rich in philanthropic resources. These organizations, which “promote the practice of charitable giving and volunteering to represent and serve a wide range of philanthropic and charitable institutions,”⁴ are more prevalent in the Kansas City area than anywhere else in either Kansas or Missouri. In fact, the Kansas City MSA has approximately 27% of all foundations, 56% of all assets, and distributes 48% of all gifts in the consolidated Kansas and Missouri state foundation statistics (figure 1.4). Furthermore, according to Foundation Center statistics, in the year 2000, eight of the top ten grantmakers awarding gifts to Kansas City area nonprofits were from the metropolitan area. This is a fact that illustrates a commitment to philanthropy from area foundations.

From an economic perspective the philanthropy area is the largest sole NTEE classification in establishments, total revenue, and total assets. These organizations comprise 18% of all

⁴ *ibid*

nonprofit organizations, almost 37% of total revenue, and hold in excess of 36% of all assets. In addition, philanthropic nonprofits distributed gifts valued more than \$317 million dollars as of 2000.

Figure 1.4: Kansas City Metro Area Foundation Statistics

	Number	Assets (in millions)	Payout (in millions)	Total (in millions)	% of MO/KS	% of MO/KS Assets	% of MO/KS Payout	% of MO/KS Total
Independent	448	\$5,164.7	\$217.5	\$211.9	27.6%	56.6%	46.7%	47.6%
Corporate	16	\$94.6	\$18.9	\$18.7	19.8%	19.1%	17.4%	17.2%
Community	2	\$729.7	\$86.1	\$86.3	15.4%	81.3%	86.6%	86.6%
Operating	15	\$3.4	\$1.0	\$0.5	17.4%	2.4%	6.4%	4.0%
KC Metro Total	481	\$5,992.4	\$323.4	\$317.4	26.7%	56.3%	46.9%	47.7%
MO/KS Total	1,804	\$10,653.4	\$689.5	\$666.0	100.0%	100.0%	100.0%	100.0%

The Other Nonprofits

In an effort to provide a more comprehensive examination of the nonprofit sector in Kansas City, this section offers a brief overview of the role religious congregations and other tax-exempt agencies play in the organizational landscape. Through the use of two discrete resources, data was collected on religious congregations over the past three decades. This information offers only a frequency perspective, but coupled with national trends on private giving, it should add greater clarity to the nonprofit sector in Kansas City as a whole.

A report by ARDA states that in 1980 the Kansas City MSA maintained 1,309 religious congregations. Ten years later in 1990, there were 1,380 congregations. The most recent findings by Spirit of Service report an increase of almost 1,000 congregations over the last 11 and a half years. Essentially the significance of these findings, especially the most recent, is that when including religious congregations into the count of nonprofits in Kansas City, the number of filing organizations is multiplied by two.

There is a logical rationale for why these congregations are not amalgamated with filing nonprofits, still the impact of religious congregations can not be overlooked. According to national trends in private giving approximately 57% of all individual gifts go to religious

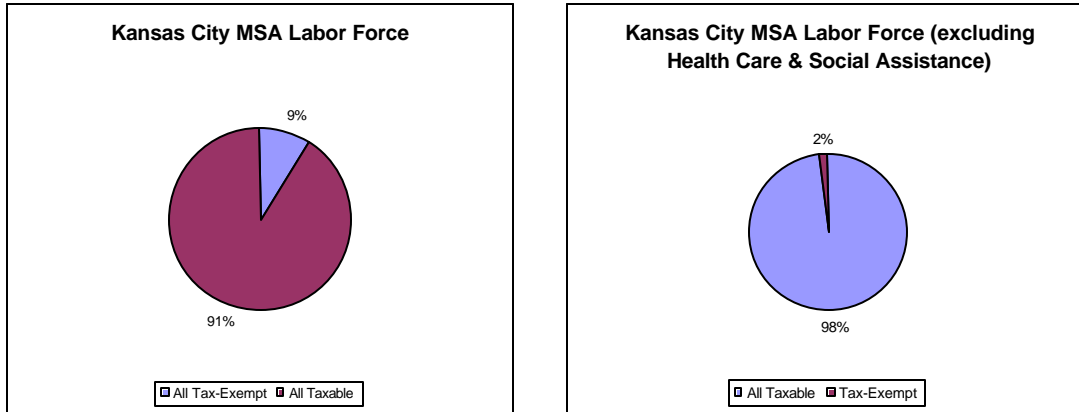
congregations. If this trend is consistent in Kansas City, it can be assumed that about 50% of the nonprofit organizations are receiving 57% of the individual gifts.

In addition to the data collected on religious congregations, this report also provides information on two more types of nonprofits. The first, classified under the tax code as 501(c)4, consists of civic leagues, social welfare organizations and local associations of employees. According to the IRS these agencies exist to promote community welfare and activities from which net earnings are devoted to charitable, educational or recreational purposes. Based on IRS data there are 729 of these nonprofits in the Kansas City area. The second additional type of nonprofit, classified under the tax code as 501(c)6, consists of business leagues, chambers of commerce and real estate boards. According to the IRS these agencies exist to improve conditions in one or more lines of business. There are 693 of these business and trade associations in Kansas City.

What percentage of the Kansas City employment market does the nonprofit sector comprise?

The 1997 Economic Census reported the Kansas City labor force to be 654,889. In addition, the same economic census reported 60,355 persons employed by and a total annual payroll of \$1.56 billion for filing tax-exempt organizations. While the number employed by filing tax-exempts actually dropped nearly two percent from 61,499 at the time of the 1992 Economic Census, the total annual payroll jumped sixteen percent from \$1.34 billion.

According to these statistics, not-for-profit sector employees comprised nine percent of both the city's MSA labor force and payroll in 1997. However, as is shown in more detail later, the overwhelming presence of the *Health Care and Social Assistance Sector* within the nonprofit sector of Kansas City tends to skew results considerably. This subsector comprises a dominating 84 percent of the tax-exempt employment force. When removed, the not-for-profit sector accounts for a mere 1.7 percent of the overall nonprofit employment force in the Kansas City MSA as is indicated by the following charts.



According to the 2000 Salary and Benefits Survey of Greater Kansas City Area Nonprofit Organizations, published by the Center for Management Assistance, nonprofit sector employees can make a wide range of salaries based on their jobs, education and experience. The table below shows some mean salary ranges for selected positions.

Position	Mean Low Range	Mean Current Salary	Mean High Range
Executive Director	\$44,491	\$58,040	\$68,535
Associate Director	\$42,471	\$47,062	\$63,933
Department Director	\$29,057	\$40,566	\$43,615
Director of Development	\$37,607	\$42,348	\$54,721
Director of Administration	\$36,004	\$42,401	\$48,883
Program Manager	\$28,460	\$32,495	\$36,337

Nonprofits As part of the Kansas City Economy

There are a total 74,380 business establishments in the Kansas City MSA. As depicted by figure 1.5, the 2,108 nonprofit organizations account for 2.8% of these establishments. The remaining 72,272 organizations account for 97.2% of all establishments. In comparing total revenues however, nonprofits generate 6.5% of the total output or revenues in the MSA while all other organizations produced 93.5%.

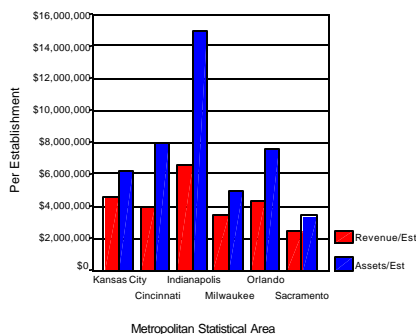
Figure 1.5: Nonprofits as Part of the Kansas City Economy				
	Number	% of Total	Revenue (in billions)	% of Total Revenue
Charitable Organizations	2,108	2.8%	\$9.6	6.5%
All Other Organizations	72,272	97.2%	\$138.0	93.5%
Total	74,380	100.0%	\$147.7	100.0%

A recent study released following the 2001 Conference of Mayors, delineated the Gross Metropolitan Product for all 319 MSA in the United States. The GMP is a local figure, analogous to the Gross Domestic Product, measuring the value of production of each metropolitan area. In Kansas City the nonprofit sector’s receipts as a proportion of the GMP are 14%. In the succeeding section of the report, this statistic will be used to draw comparisons to nonprofit sectors of similar population MSAs.

How Kansas City Compares With Other MSA Nonprofit Sectors

An important aspect to consider when examining the size and scope of the Kansas City nonprofit sector is the perspective with which they are viewed. In order to create a comparison MSAs or CMSAs of similar population or of perceived similarity to Kansas City were selected. According to statistics by the U.S. Census Bureau, Cincinnati, Indianapolis, Sacramento, Orlando, and Milwaukee are the closest metropolitan areas in size.

Figure 1.7 illustrates the descriptive statistics of each metropolitan area and their nonprofit sector. Kansas City tends to fall in the middle of the group in most of the aggregate categories (Figure 1.6 below).



Still, when looking at both average revenue and establishments per 1,000 of population Kansas City shifts upwards in the group rank.

Finally the last criterion examined is the nonprofit receipts as a proportion of GMP⁵. Again, as figure 1.7 illustrates Kansas City is in the upper middle range of metropolitan areas. Yet, Indianapolis (19.20%) and Milwaukee (15.62%) nonprofit sectors maintain a significantly greater percentage of their respective GMPs. While this analysis is not sufficient enough to establish specific conclusions, it does offer insights into the virility of the Kansas City nonprofit sector. While this study illustrates that Kansas City nonprofits are not the most influential in the country, from an economic standpoint, they are at the very least above average compared to other metropolitan areas of similar size.

Figure 1.7: Metro Area Nonprofit Sector Comparison

	Organizations	Revenue (in billions)	Assets (in billions)	Population (in millions)	Orgs per 1,000 People	NP% of GMP
Kansas City	2,108	\$9.6	\$13.1	1.8	1.2	13.9%
Cincinnati	2,185	\$8.5	\$17.5	2.0	1.1	11.6%
Indianapolis	1,810	\$11.8	\$27.1	1.6	1.1	19.2%
Milwaukee	2,765	\$9.7	\$13.5	1.7	1.6	15.6%
Orlando	1,144	\$4.9	\$8.6	1.6	0.7	7.8%
Sacramento	691	\$1.7	\$2.3	1.8	0.4	2.2%
Chicago	9,221	\$51.9	\$68.5	8.9	1.0	14.0%
Atlanta	3,628	\$16.0	\$23.6	3.9	0.9	9.1%
St. Louis	691	\$1.6	\$1.7	2.6	0.3	1.7%
Denver	3,319	\$9.1	\$14.0	2.4	1.4	9.5%
Minneapolis	4,457	\$18.6	\$27.5	2.9	1.6	14.5%

Conclusion

One very significant finding of this study is the fact that a healthy majority - just over two-thirds - of Kansas City's nonprofit sector is comprised of nonfiling organizations. In the interest of gathering and reporting reliable, valid data this report focused only on those nonprofits required to file a tax return with the IRS, agencies with budgets in excess of \$25,000

⁵ It is important when examining these statistics to understand that a total receipt is an output variable and GMP takes into account the costs of inputs. These are not completely symmetrical indicators. However, due to the service intensive nature of the nonprofit sector organizational input costs are minimal compared to that of the for-profit sector. Hence, it is assumed that nonprofit receipts account for a gross majority of organizational product.

and not classified as religious congregations. However, we must acknowledge the fact that this significant population of nonfiling agencies – grassroots organizations, community nonprofits and churches – impacts their respective communities greatly. Unfortunately, it will remain virtually impossible to fully comprehend the measure of this impact until reliable methods of data collection are available.

Another noteworthy finding of this report is the fact that the Kansas City nonprofit sector falls well in line with those of comparable metro areas. Looking at the number of nonprofits, revenue and assets the metro area nonprofit sector appears average in size and scope. The very strong presence of philanthropy and health-related nonprofits contributes overwhelmingly to the economic strength of our nonprofit sector.

There is a lot of discussion these days about the nonprofit sector, its size and how it fits into the larger economy of the region. This report attempts to provide some clarity and insight into the discussion of these issues. As the effects of our ever-changing economic environment continue to trickle into the nonprofit sector, this report will provide a baseline or foundation against which future analyses will be measured.