

***Building a Healthy Community Through
Nonprofit Service:
2005 Annual Report on the
Kansas City Nonprofit Sector***

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Since 2002 The Midwest Center For Nonprofit Leadership has engaged in a perennial research project that seeks to illustrate the demographics of the nonprofit sector in Kansas City's Metropolitan Statistical Area. In each research cycle attention is given to the number of Kansas City nonprofit organizations, revenue and asset levels of Kansas City nonprofit organizations, the nonprofit sector's impact on the local economy, and a comparison of Kansas City's nonprofit sector with metropolitan area nonprofit sectors. The following report is the latest installment of this effort.

Organization of the 2005 report takes the following form. First, a brief history of nonprofit statistical reporting is provided. This section describes Internal Revenue Service (IRS) efforts to report on the descriptives of the nonprofit sector, including strengths and weaknesses of such efforts. Second, the research methods used to compile the data in the report are outlined. Additionally, definitions of technical terms used throughout the report and detailed explanations of data are presented in this section enabling a better understanding of the succeeding findings.

Third, the Kansas City nonprofit sector is illustrated in aggregate form and according to sub-sectors. The aggregate information includes demographics of 501(c)3 organizations, 501(c)4 organizations, and 501(c)6 organizations. The sub-sector breakdown for 501(c)3 is generally consistent with National Taxonomy of Exempt Entities (NTEE) classification system. Specifically, attention is given to arts organizations, education organizations, health organizations, and human services organizations. The last detail of the Kansas City analysis involves a discussion of philanthropic organizations in the metro area.

Fourth, a trend analysis section in each of the 501(c)3 areas illustrated above is included. The 2004 Annual Report on the Kansas City Nonprofit Sector introduced an initial view of trends, both economic and demographic, among charitable nonprofits. Since this report is now in its fourth iteration, it is possible to do a more thorough trend analysis, expanding upon the economic and demographic trends from the 2004 report.

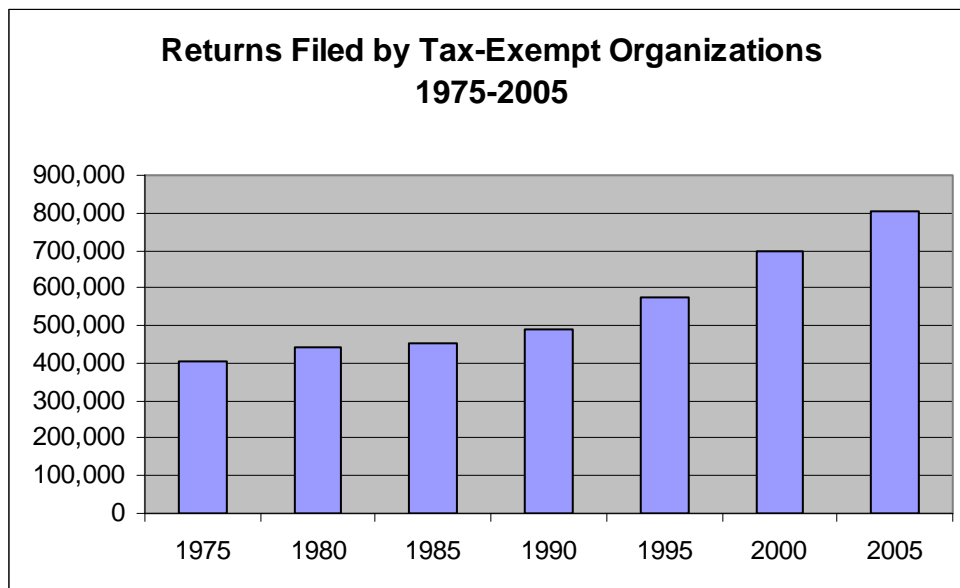
Fifth, employment and economic profiles of Kansas City nonprofit organizations is discussed. The employment data incorporates information from the most recent compensation survey completed by the Midwest Center for Nonprofit Leadership and its partners Community Association of Nonprofit Business Executives, the local chapter of

the Association of Fund Raising Professionals, the Council on Philanthropy, and the Executive Service Corps in the summer of 2004. From an economic perspective, the nonprofit sector is compared to the rest of the private sector in the metro area. There are also calculations that depict the contribution of the nonprofit sector to Kansas City's overall economy.

Sixth, the report once again incorporates a metropolitan comparison between Kansas City and nine other metro areas in the United States. This comparison includes overall nonprofit sector comparisons and comparisons of philanthropic organizations. Lastly, the report briefly summarizes the Kansas City nonprofit sector pulling together the various aspects highlighted in the report.

Historical Reporting Of Nonprofit Sector Statistics

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 295,300 in 2000 (Figure 1.1). Furthermore, IRS statistics predict an additional 102,500 organizations by 2005. The need for continued 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 rely on inferential statistics. Common analysis of nonprofit sectors is based on “bell weather” organization responses, not complete population data. The diversity of the sector mitigates the meaningfulness of conclusions drawn from a small sample of organizations.

Despite the difficulties confronting nonprofit researchers, there has been a growing body of statistical studies emerging. These studies vary in scope from national estimations of the nonprofit sector to metropolitan and city estimations of nonprofit sectors. Additionally, topics such as nonprofit compensation, employment statistics, and voluntary statistics have grown in numbers. The National Center For Charitable Statistics has been a leader in this research focusing primarily on data reporting of public charitable organizations and private foundations.

Methodology

As stated in the previous section, 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 in this report 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 tax 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 otherwise.

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) has expanded since the initial version of this report in 2002. However, for congruency in the analysis this 2005 report defines the Kansas City MSA as 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, unless explicitly stated otherwise. 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 tax code 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 or validity questions that are associated with sampling error. The population of 501(c)3 organizations in Kansas City is derived from the IRS master files using zip codes of the respective areas, and the organization's subsection registered with the IRS. The remaining nine MSAs (as defined in the 1990 Federal Register) were also derived using zip codes of the respective areas, and the organization's subsection registered with the IRS.

An additional point concerning the data deserves further clarification. Due to lags in reporting, a given IRS master file has a diverse set of fiscal year information. Part of this reports production process entails discarding organizations that are no longer active. At the same time it would be inaccurate to discard organizations that have not filed in the most recent fiscal year. Consequently, an organization's information is included in this report if they are required to file by the IRS and have done so since January of 2000. Because this range of filing years extends over three years, a frequency distribution was calculated to determine the predominate filing time period of organizations in the data set. The results illustrate that 95.1% of the information used to compile this report comes from fiscal years 2003 and 2004.

The Kansas City Nonprofit Sector

The Kansas City nonprofit sector continues to grow in number of organizations, while revenue and assets statistics indicate that the uncertain economy may be affecting financial performance of local organizations. The number of registered 501(c)3 organizations in the metropolitan area has increased to 7,336 (a change of 84 organizations). The total population of charitable organizations, required to file financial information with the IRS, increased to 2,451 or just over 33% of all registered nonprofits.ⁱ Out of the 2,451 organizations in the metro area, 65% (1,590) were registered in Missouri and 35% (861) were registered in Kansas. These latest figures illustrate a 4.7% increase (or 71 organizations) in the number of Missouri organizations since the 2004 report and a 5.8% increase (47 organizations) in the number of Kansas

organizations during the same time period. As illustrated in Table 1.2, the total revenue generated by all 2,451 nonprofit organizations is approximately \$9.045 billion dollars. Furthermore, Table 1.3 illustrates that metropolitan area organizations have aggregate assets over \$16.1 billion dollars.

In addition to the registered and filing organization statistics cited above there is also a population of congregations which are not included in the IRS collection statistics. Updated historical statistics reported by American Religion Data Archive (ARDA) states that in 1980 the Kansas City MSA maintained 1,309 religious congregations. Ten years later in 1990, there were 1,413 congregations; and in 2000 there were 1,552 congregations. The most current figures available were compiled by Spirit of Service, a nonprofit organization based in Kansas City. They reported that in 2004 there were 2,232 congregations in the metro area. While 2004 congregation statistics illustrate an increase of 4 over 2003 numbers, Kansas City congregations still is below the high of 2,284 of 2002.

While there is a logical rationale for why these congregations are not amalgamated with filing nonprofits, the economic impact of religious congregations can not be overlooked. According to national trends in private giving approximately 47% of all individual gifts go to religious organizationsⁱⁱ. If this trend is consistent in Kansas City, it can be assumed that 2,232 metropolitan nonprofit organizations are receiving 47% of the individual gifts.

Further demographic analysis of Kansas City nonprofit organizations illustrates the age and growth of the sector. The average age of all Kansas City nonprofit organizations is 19. The newest organization required to file has an organization age of less than one year (rule date is 2005) and the eldest organization required to file has an organization age of 85 years (rule date is 1920). A closer look at the numbers indicates that mutual membership/benefit organizations are on average the oldest (28 years) while international, foreign affairs organizations are on average the youngest (13 years). For details on the average age of all the core categories see Table 1.1 below.

Table 1.1: Average Age by Core NTEE Category

	Average Age
No Code	23
Arts, Culture, Humanities	18
Edu. Institutions	24
Environment and Animals	19
Health	20
Human Services	18
International, Foreign Affairs	13
Public, Societal Benefit	17
Religion Related	14
Mutual/Membership Benefit	28
Unknown	17
Total	19

This year's report also examines the number of new organizations required to file. Organizations required to file for the first time in either 2004 and 2005 have been included in the summary of new organizations. In total there are 37 new organizations required to file in the Kansas City Metropolitan Area. The majority of these, organizations, 21, emerged in the human services and public societal benefit sub-sectors.

The next section of this report discusses four nonprofit sub-sectors in detail, and generally discusses the remaining sub-sectors. Within each of these sub-sectors overall levels of revenue and assets will be discussed. A more detailed discussion of decreases in both revenue and assets for the metropolitan area, and specific sub-sectors will be discussed in the trend section. However, prior to moving on to specific sub-sector discussions of revenue and assets, all statistics on all major classifications are presented in Tables 1.2 and 1.3.

Table 1.2: Kansas City MSA Revenue by NTEE Major Category

	# of Orgs.	% of Total	Total Revenue	% of Total Revenue	Average Revenue
No Code	231	9.4%	\$362,098,097	4.0%	\$1,567,524
Arts, Culture, Humanities	200	8.2%	\$357,378,224	4.0%	\$1,786,891
Edu. Institutions	407	16.6%	\$1,018,070,528	11.3%	\$2,501,402
Envir. Quality, Protection	14	.6%	\$3,226,730	.0%	\$230,481
Related	21	.9%	\$20,939,103	.2%	\$997,100
health-gen. rehab.	168	6.9%	\$4,204,362,646	46.5%	\$25,025,968
mental health	40	1.6%	\$76,085,842	.8%	\$1,902,146
Disease, Disorder, Medical Disciplines	44	1.8%	\$67,137,486	.7%	\$1,525,852
Medical Research	18	.7%	\$172,755,852	1.9%	\$9,597,547
Crime, Legal Related	26	1.1%	\$26,991,161	.3%	\$1,038,122
Employment, Job Related	34	1.4%	\$187,847,139	2.1%	\$5,524,916
Food, Agriculture, Nutrition	15	.6%	\$40,810,684	.5%	\$2,720,712
Housing, Shelter	93	3.8%	\$97,525,999	1.1%	\$1,048,667
Public Safety, Disaster Relief	7	.3%	\$1,274,494	.0%	\$182,071
Recreation, Sports, Leisure, Athletics	100	4.1%	\$87,345,699	1.0%	\$873,457
Youth Development	44	1.8%	\$35,148,592	.4%	\$798,832
Human Services-Multipurpose	257	10.5%	\$613,720,816	6.8%	\$2,388,019
International, Foreign Affairs	28	1.1%	\$186,210,233	2.1%	\$6,650,365
Civil Rights, Social Action, Advocacy	18	.7%	\$13,462,473	.1%	\$747,915
Community Imp.	80	3.3%	\$419,620,875	4.6%	\$5,245,261
Philanthropy, Grantmaking	405	16.5%	\$917,802,025	10.1%	\$2,266,178
Science and Technology Research	10	.4%	\$2,782,535	.0%	\$278,254
Social Science Research	2	.1%	\$437,769	.0%	\$218,885
Public, Social benefit	13	.5%	\$23,157,066	.3%	\$1,781,313
Religion Related	136	5.5%	\$70,059,950	.8%	\$515,147
Mutual Benefit Org.	4	.2%	\$1,144,292	.0%	\$286,073
Unknown	36	1.5%	\$38,235,500	.4%	\$1,062,097
Total	2451	100.0%	\$9,045,631,810	100.0%	\$3,690,588

Source: IRS Master Files

Table 1.3: Kansas City MSA Assets by NTEE Major Category

	# of Orgs.	% of Total	Total Assets	% of Total Assets	Average Assets
No Code	231	9.4%	\$315,113,589	2.0%	\$1,364,128
Arts, Culture, Humanities	200	8.2%	\$976,435,495	6.1%	\$4,882,177
Edu. Institutions	407	16.6%	\$1,618,903,324	10.0%	\$3,977,649
Envir. Quality, Protection	14	.6%	\$3,161,519	.0%	\$225,823
Animal Related	21	.9%	\$19,683,578	.1%	\$937,313
health-gen. rehab.	168	6.9%	\$6,110,887,827	37.9%	\$36,374,332
mental health	40	1.6%	\$52,830,935	.3%	\$1,320,773
Disease, Disorder, Medical Disciplines	44	1.8%	\$47,093,251	.3%	\$1,070,301
Medical Research	18	.7%	\$577,510,116	3.6%	\$32,083,895
Crime, Legal Related	26	1.1%	\$17,936,139	.1%	\$689,852
Employment, Job Related	34	1.4%	\$89,045,621	.6%	\$2,618,989
Food, Agriculture, Nutrition	15	.6%	\$20,240,584	.1%	\$1,349,372
Housing, Shelter	93	3.8%	\$254,170,940	1.6%	\$2,733,021
Public Safety, Disaster Relief	7	.3%	\$1,429,786	.0%	\$204,255
Recreation, Sports, Leisure, Athletics	100	4.1%	\$89,763,362	.6%	\$897,634
Youth Development	44	1.8%	\$50,936,114	.3%	\$1,157,639
Human Services-Multipurpose	257	10.5%	\$792,488,665	4.9%	\$3,083,613
International, Foreign Affairs	28	1.1%	\$65,546,163	.4%	\$2,340,934
Civil Rights, Social Action, Advocacy	18	.7%	\$8,330,427	.1%	\$462,802
Community Imp.	80	3.3%	\$1,497,638,677	9.3%	\$18,720,483
Philanthropy, Grantmaking	405	16.5%	\$3,294,238,512	20.4%	\$8,133,922
Science and Technology Research	10	.4%	\$2,051,749	.0%	\$205,175
Social Science Research	2	.1%	\$662,746	.0%	\$331,373
Public, Social benefit	13	.5%	\$24,469,953	.2%	\$1,882,304
Religion Related	136	5.5%	\$115,300,760	.7%	\$847,800
Mutual Benefit Org.	4	.2%	\$328,460	.0%	\$82,115
Unknown	36	1.5%	\$65,749,694	.4%	\$1,826,380
Total	2451	100.0%	\$16,111,947,986	100.0%	\$6,573,622

Source: IRS Master Files

Nonprofit Categories and Market Share

As illustrated in Table 1.4, the Kansas City nonprofit sector is dominated by a few NTEE sub-sectors. Arts, Education, Health, Human Services, and Public Societal Benefit sub-sectors maintain the largest number of organizations, generate the most revenue, and maintain the most assets. Table 1.4 illustrates the breakdown of the NTEE Core Categories. The core category sub-division has been added to this report as a means of using broader classifications of organizations that in many ways still have similar

missions. Interest in the specific details of the 26 major NTEE categories is available in Table 1.2 and Table 1.3 displayed previously.ⁱⁱⁱ

Table 1.4: Kansas City MSA Revenue and Asset Distribution by Core NTEE Category

	# of Orgs.	% of Total	Total Revenue	% of Total Revenue	Total Assets	% of Total Assets
No Code	229	9.3%	\$85,530,840	.9%	\$203,707,982	1.3%
Arts, Culture, Humanities	200	8.2%	\$357,378,224	4.0%	\$976,435,495	6.1%
Education Institutions	407	16.6%	\$1,018,070,528	11.3%	\$1,618,903,324	10.0%
Environment and Animals	35	1.4%	\$24,165,833	.3%	\$22,845,097	.1%
Health	271	11.1%	\$4,520,613,824	50.0%	\$6,789,050,722	42.1%
Human Services	574	23.4%	\$1,086,984,160	12.0%	\$1,328,737,933	8.2%
International, Foreign Affairs	28	1.1%	\$186,210,233	2.1%	\$65,546,163	.4%
Public, Societal Benefit	531	21.7%	\$1,657,238,426	18.3%	\$4,925,342,356	30.6%
Religion Related	136	5.5%	\$70,059,950	.8%	\$115,300,760	.7%
Mutual/Membership Benefit	4	.2%	\$1,144,292	.0%	\$328,460	.0%
Unknown	36	1.5%	\$38,235,500	.4%	\$65,749,694	.4%
Total	2451	100.0%	\$9,045,631,810	100.0%	\$16,111,947,986	100.0%

Source: IRS Master Files

Arts, Culture, and Humanities

The arts, culture, and humanities sub-sector 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).”^{iv} Hence, theaters, public television, historical societies, museums, ballets, and symphonies are all organizations that fall under the umbrella of this category.

According to 2004/2003 filings with the IRS the arts sub-sector increased by 17 organizations – for a total of 200 – since the 2004 report. The 200 arts organizations account for just over 8% of all nonprofit organizations. Additionally, with \$357.4 million in total revenue and \$976.4 million in total assets, the arts sub-sector maintains market shares of 4% and 6.1% respectively.

Education

The education sub-sector 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.”^v Therefore, a large number of educational support organizations (i.e. PTA, scholarship funds, and fraternities) also comprise this area.

The 407 education nonprofits required to file with the IRS generated revenues exceeding \$1.018 billion dollars, which is 11.3% of all nonprofit revenues. This level of revenue is a \$234.7 million dollar increase when compared with 2003/2002 filings. The increase in education organization assets of \$190 million dollar results in a total of almost \$1.62 billion, or 10% of all nonprofit sector assets.

This increase is noteworthy, as it represents the first increase for this sub-sector in two years. Education organizations’ asset decreases reported in 2003/2002 filings totaled \$45.4 million lower than the previous year. Asset decreases reported in 2002/2001 were \$151.7 million lower than those of the previous year. This is potentially very significant, as it illustrates that education organizations, on the whole, have managed to not only decrease the size of asset losses, but also increase the size of total assets over the past three years. It is also important to note that despite two consecutive reports of assets decline, educational organizations still maintain the third highest level of assets following Health and Public/Societal Benefit organizations.

Health

Employing the NTEE Core classification in this report collapses the four health categories into one. An illustration of each NTEE health classification’s financial details is available in Tables 1.2 and 1.3. In order to be comprehensive in the explanation of all health organizations, the NTEE definitions for each major category have been included. 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.
- **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.

Health organizations, particularly hospitals, have been among the most studied nonprofit organizations. In Kansas City, the health sub-sector is in a period of transformation due largely to the conversion of Health Midwest to a for-profit corporation. At the time of this report, neither the Missouri nor Kansas foundations formed out the sale of Health Midwest has filed financial information with the IRS.

Health nonprofits are among the largest organizations in the sector. This point is exemplified by the fact that health organizations number only 271, or 11.1% of all Kansas City nonprofit organizations, yet account for half of total revenue and 42.1% total assets among all area nonprofits. As a core category, health increased total revenue by almost \$666.9 million dollars since the 2004 report, with a total revenue of \$4.52 billion dollars. Similarly, total assets increased by nearly \$542.9 million dollars, to a level of \$6.79 billion. In fact, health organizations exhibited the largest growth in both revenue and assets among core categories.

Human Services

The major NTEE category 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.”^{vi} 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. The core definition further diversifies the category by including crime, employment, housing, food, public safety, recreation, and youth development organizations.

Nonprofits in the human services core category make up more than 23% of all nonprofits in the MSA, numbering 574. The size of this sub-sector has surpassed the public/societal benefit core category as the largest category in terms of number of organizations in the metro area. Despite this, human services organizations generate 12% of aggregate revenues (versus public/societal benefit organizations holding 18.3% of all revenues), totaling approximately \$1.087 billion. Total assets for the category equal \$1.329 billion or 8.2%. From a growth perspective human services organizations showed positive improvements in both revenue and assets, increasing by \$175.25 million and \$394.4 million respectively.

Remaining Core Categories

In the introduction to this section public/societal benefit organizations were mentioned with the above core categories. While technically this is the case, functionally the economic influence of organizations in this group primarily rests with the grantmaking organizations. Since a succeeding section is devoted specifically to grantmaking organizations, public/societal benefit organizations were not given a detailed analysis like the above sub-sectors.

The other core categories that have yet to be mentioned are environment and animals, international and foreign affairs, religion related, mutual/membership benefit, and unknown. Of these groups, none register an asset level greater than 0.7%.

- The religion related category had the highest number organizations at 136, or 5.5% of the entire sector. Revenues totaled almost \$70.1 million, while assets

totaled \$115.3 million, an increase of \$15.6 million (28.7%) and \$16.1 million (16.2%), respectively.

- In terms of revenue, the largest of the remaining core categories is international and foreign affairs. These twenty-eight organizations reported \$175.2 million in revenue, or 1.8% of the metro area total, representing an increase of \$46.1 million. Assets totaled just over \$65.5 million, an increase of \$13.2 million.
- The smallest of the remaining categories – both in terms of number of organizations and revenue – is mutual/membership benefit. Representing only 0.2% of the entire sector, these four organizations have aggregate revenue of just over \$1.14 million and assets of \$328,460. However, revenue in this category has grown at a greater rate than any other category. While the number of organizations has not changed, revenues reported have increased by 515.8% (\$958,456) since 2003/2002. Asset levels, on the other hand, have declined by \$38,500, marking mutual/membership benefit as the only core category to report a decrease in assets.
- Environment and animal organizations, the remaining core category, reported \$24.2 million in revenue and \$22.8 million in assets, an increase of \$2.1 million and \$1.15 million, respectively.
- Finally, thirty-six organizations, or 1.5% of the entire sector, qualify as unknown with regards to their core category. This is likely due to either a lack of information reported by these organizations or no NTEE code exists that accurately categorizes the organizations. In any case, these organizations reported just over \$38.2 million in revenues and held \$65.75 million in assets. This is an increase of \$18.1 million in revenues and \$21.9 million in assets.

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 maintains a robust philanthropic community. These organizations, which “promote the practice of charitable giving and volunteering to represent and serve a wide range of philanthropic and charitable institutions,”^{vii} are more

prevalent in the Kansas City metro area than anywhere else in either Kansas or Missouri. According to Foundation Center Statistics for 2003, the Kansas City MSA has approximately 23% of all foundations, 54% of all assets, and distributes 43% of all gifts in the consolidated Kansas and Missouri state foundation statistics (Table 1.5).

Compared to other sub-sectors in the Kansas City area philanthropy is again the largest sole major NTEE classification in establishments, and second largest in both total revenue and total assets. These organizations comprise almost 17% of all nonprofit organizations, 32% of total revenue, and hold in excess of 28% of all assets. In addition, philanthropic nonprofits distributed gifts valued more than \$269 million dollars in 2003.

Table 1.5: Kansas City Metro Area Foundation Statistics, circa 2003

	Number	% Of MO/KS	Assets in millions	% Of MO/KS Assets	Qualifying Dist. in millions	% Of MO/KS Qualifying Dist.	Total Giving in millions	% Of MO/KS Total Giving
Independent	387	22.85%	\$4,307.31	53.59%	\$188.12	41.85%	\$181.61	43.1%
Corporate	19	20%	\$86.74	21.46%	\$11.74	10.53%	\$11.18	10.02%
Community	2	9.09 %	\$873.58	79.42%	\$75.19	81.31%	\$75.19	81.33%
Operating	20	21.98%	\$20.31	15.54%	\$2.44	20.2%	\$1.41	27.84%
KC MSA Total	428	22.5%	\$5,287.94	54.67%	\$277.48	41.7%	\$269.39	42.78%
MO/KAN Total	1,902	100.00%	\$9,672.46	100.00%	\$720.32	100.00%	\$629.63	100.00%

Source: Foundation Center

Nonprofit Sector Trends

Throughout this examination of the Kansas City nonprofit sector there have been references to changes in the revenue and asset levels of local organizations. While there has been much speculation on the effect the still-recovering economy would have on the nonprofit community, there has previously been a lack of aggregate statistics available to confirm either positive or negative projections. Now that this report is in its fourth iteration, enough data exists to calculate trends from 2002/2001 filings to 2004/2003. Data from each of the four reports are laid out in tables 1.6, 1.7, and 1.8 below. From this data trends concerning the number of organizations, total revenue, and total assets for each major NTEE category can be determined. As will be detailed below, the data illustrates that nonprofit organizations in Kansas City have experienced mixed financial results that are inconsistent with both positive and negative speculation. While this

presentation of statistics cannot be empirically tied to national or state economic conditions, they do seem to be consistent with such trends.

As table 1.6 illustrates, there are now 2,451 nonprofit organizations in the Kansas City MSA, an increase of 510 organizations since the 2002 report. Of the major NTEE codes, human service organizations experienced the greatest growth with respect to the number of organizations, expanding by 132 since 2002. The category that grew the least was mutual/membership benefit, which added two organizations. Looking at rates of growth, however, produces a different picture. There, the number of mutual/membership benefit organizations almost doubled, while those in the unknown category grew the least, 16.1%.

Over all the years, no category saw a decrease in the number of organizations, although some saw no increase from year-to-year. It should be noted that this does not mean that all organizations continued to exist between 2002 and 2005. It simply means that dissolved organizations were replaced by at least one – and usually many – new organizations in the same category.

Table 1.6: Number of Organizations in the Kansas City MSA Listed Annually by Core NTEE Category

	2002	2003	2004	2005
No Code	179	190	220	229
Arts, Culture, Humanities	155	166	188	200
Education Institutions	329	359	401	407
Environment and Animals	26	30	33	35
Health	222	238	260	271
Human Services	442	482	553	574
International, Foreign Affairs	17	20	24	28
Public, Societal Benefit	433	464	516	531
Religion Related	105	112	127	136
Mutual/Membership Benefit	2	3	3	4
Unknown	31	34	36	36
Total	1,941	2,098	2,361	2,451

Source: IRS Master Files

However, while the number of organizations increased, total revenues decreased over four years by 5.6%, or more than \$532.8 million. However, of all the major categories, only three saw a decrease in revenues: arts, culture, humanities (-\$45.16

million); public, societal benefit (-\$2 million); and unknown (-\$532.8 million). The remaining eight categories (including no code) increased their total revenues. The largest increase by far was in the health category, which saw revenues grow by \$889.4 million while the number of organizations increased by only forty-nine. Total combined revenue for the remaining seven categories is \$625.4 million, which indicates just how explosive the growths in revenues to the nonprofit health field have been.

Table 1.7: Total Revenues in the Kansas City MSA Listed Annually by Core NTEE Category

	2002	2003	2004	2005
No Code	\$41,803,296	\$81,391,748	\$75,621,628	\$85,530,840
Arts, Culture, Humanities	\$402,541,015	\$260,105,985	\$324,869,264	\$357,378,224
Education Institutions	\$804,096,372	\$772,366,475	\$926,051,035	\$1,018,070,528
Environment and Animals	\$14,884,737	\$15,415,077	\$26,917,311	\$24,165,833
Health	\$3,631,182,694	\$5,050,380,968	\$4,069,901,793	\$4,520,613,824
Human Services	\$849,192,091	\$864,954,280	\$1,039,158,275	\$1,086,984,160
International, Foreign Affairs	\$105,572,438	\$128,942,756	\$175,950,493	\$186,210,233
Public, Societal Benefit	\$3,659,724,617	\$3,799,229,212	\$3,313,182,579	\$1,657,238,426
Religion Related	\$47,964,288	\$55,185,971	\$57,905,782	\$70,059,950
Mutual/Membership Benefit	\$240,797	\$83,297	\$101,036	\$1,144,292
Unknown	\$21,228,679	\$38,526,241	\$37,517,344	\$38,235,500
Total	\$9,578,431,024	\$11,066,582,010	\$10,047,176,540	\$9,045,631,810

Source: IRS Master Files

Table 1.8 shows that, unlike total revenues, total assets have increased over that last four years. The largest increase occurred between IRS filings for 2002 and 2003, where assets grew by more than \$2.85 billion, or 22.3%. Growths over subsequent years, however, were smaller. Assets grew by \$189.92 million (1.2%) between filings for 2003 and 2004, and by \$291.96 million (1.8%) between 2004 and 2005.

However, those assets increased at a lesser rate than that of the number of organizations, meaning that total assets, while larger, are spread out over an even larger number of organizations. Surprisingly, this does not dilute the dollar amount allocated to each organization if one were to divide the total assets by the total number of organizations in each of the four years. In 2002, there were 1,941 organizations holding \$12.78 billion in assets, or an average of almost \$6.59 million per organization. In 2003, 2,098 organizations held \$15.64 billion, or approximately \$7.45 million per organization.

In 2004, 2,361 organizations held \$15.82 billion, reducing asset levels to roughly \$6.7 million apiece. And in 2005, 2,451 organizations held assets worth \$16.11 billion, or back near 2002 levels at \$6.57 million apiece. That each organization could, in this equation, claim just over \$6.5 million in both 2002 and 2005 suggests stagnation in the growth of assets relative to growth in the number of organizations. This is, however, unlikely as the rate of growth in assets was different for each organization. Obviously, some organizations would have increased their assets significantly while others increased theirs at a lesser rate or lost assets.

Table 1.8: Total Assets in the Kansas City MSA Listed Annually by Core NTEE Category

	2002	2003	2004	2005
No Code	\$177,823,566	\$179,085,817	\$174,638,138	\$203,707,982
Arts, Culture, Humanities	\$149,543,414	\$841,148,942	\$821,646,392	\$976,435,495
Education Institutions	\$1,643,405,229	\$1,501,267,825	\$1,542,729,264	\$1,618,903,324
Environment and Animals	\$16,190,829	\$19,801,374	\$22,091,223	\$22,845,097
Health	\$5,005,383,680	\$5,693,295,897	\$5,989,085,946	\$6,789,050,722
Human Services	\$1,071,132,138	\$954,361,954	\$1,243,011,459	\$1,328,737,933
International, Foreign Affairs	\$16,324,063	\$17,834,666	\$52,819,986	\$65,546,163
Public, Societal Benefit	\$4,562,816,447	\$6,272,697,553	\$5,822,839,094	\$4,925,342,356
Religion Related	\$89,586,141	\$104,082,388	\$100,844,707	\$115,300,760
Mutual/Membership Benefit	\$279,926	\$341,207	\$335,015	\$328,460
Unknown	\$49,846,486	\$53,149,964	\$49,947,077	\$65,749,694
Total	\$12,782,331,919	\$15,637,067,587	\$15,819,988,301	\$16,111,947,986

Source: IRS Master Files

One final area of trend analysis focuses on the philanthropy sub-sector. Tables 1.9 through 1.12 illustrate trends of Kansas City area foundations in terms of number of organizations, total assets, total gifts received, and total giving. A final comparison will be made between local and national trends. However, before continuing, it is important to note that the most recent foundation statistics available are for the year 2003. Therefore, both local and national trends will be discussed for the years 2000 through 2003.

As shown in both Table 1.5 above and Table 1.9 below, there were 428 foundations in the Kansas City area in 2003. Of these, 387 were classified as independent, 19 were corporate, 2 were community, and 20 foundations offered their own programming (classified as “operating”). Table 1.9 also presents these statistics for the

years 2000 through 2002. As can be seen here, the total number of foundations had declined by 53 foundations, or 11%, during these four years. The bulk of this decline can be found in the number of independent foundations, which decreased by 61, or 13.6%. Conversely, the numbers of corporate and operating foundations increased slightly. The number of community foundations remained constant.

Table 1.9: Total Number of Foundations in the Kansas City Area, Listed Annually

	2000	2001	2002	2003
Independent	448	440	379	387
Corporate	16	16	17	19
Community	2	2	2	2
Operating	15	19	20	20
Total	481	477	418	428

Source: Foundation Center

Foundation asset levels declined significantly between 2000 and 2002, falling by 21.6% or nearly \$1.3 billion. Again, the most sizeable change during these years was among independent foundations, whose assets decreased by approximately \$1.28 billion, or 24.7%. Decreases among corporate and community foundations, while sizeable, were considerably smaller at \$13.5 million (14.3%) and \$26.7 million (3.7%) respectively. However, two factors run contrary to the general decline among total asset levels between 2000 and 2002. First, community foundations experienced an increase in assets between 2000 and 2001, growing by approximately \$10.3 million (1.4%) before decreasing to 2002 levels. Second, asset levels among operating foundations increased dramatically, jumping almost \$20.2 million in 2001 and almost \$1.4 million in 2002. This represents a 636.8% increase in just two years. (One explanation for this increase may lie in the addition of four new operating foundations in 2001. While information on specific foundations is unavailable, the likelihood is high that at least one of the four new foundations held considerable assets at the time.)

Contrary to 2000 through 2002, the year 2003 witnessed asset level increases across the board. Assets in 2003 rose by almost \$591.3 million, a 12.6% increase. Again, independent foundations led the pack with an approximate \$419.6 million (10.8%) increase.

Table 1.10: Total Assets of Foundations in the Kansas City Area, Listed Annually

	2000	2001	2002	2003
Independent	\$5,164,708,990	\$4,531,230,016	\$3,887,676,978	\$4,307,310,023
Corporate	\$94,599,452	\$87,256,664	\$81,069,469	\$86,740,901
Community	\$729,684,014	\$740,020,011	\$702,970,638	\$873,580,196
Operating	\$3,386,329	\$23,552,912	\$24,949,180	\$20,307,705
Total *	\$5,992,378,785	\$5,382,059,603	\$4,696,666,265	\$5,287,938,825

Source: Foundation Center

* Due to rounding, figures may not add up.

Like total assets, trends for total gifts received during the four years prove to be a mixed bag. Gifts to independent foundations – which remained nearly constant between 2000 and 2001 – increased by approximately \$21.8 million (28.2%) between 2001 and 2002 before plummeting by more than \$68.7 million (69.3%) in 2003. Community foundations experienced a considerably smaller decline between 2000 and 2003, receiving approximately \$7.9 million (6.5%) less in gifts in 2003 than those received in 2000. As illustrated below in Table 1.11, this decline occurred between 2002 and 2003. Gifts to community foundations increased slightly between 2000 and 2002, growing by almost \$2 million (1.6%) in 2001 and by approximately \$4.4 million (3.5%) in 2002. Operating foundations experienced slight growth between 2000 and 2003, increasing by almost \$825,000 (40.1%). This type of foundation also experienced some wild fluctuations between 2000 and 2002. Between 2000 and 2001, gifts increased dramatically by 594.2% or more than \$12.2 million. This explosive growth turned out to be short-lived, however, as gifts decreased sharply in 2002, declining by almost \$12.6 million or 88%, before increasing again to 2003 levels. Finally, corporate foundations experienced the largest growth with regards to total gifts received. These gifts increased by approximately \$3.5 million (682.7%) between 2000 and 2001, decreased by more than \$1.5 million (38.3%) between 2001 and 2002, and increased sharply by roughly \$8.6 million (347.6%) between 2002 and 2003.

Table 1.11: Total Gifts Received by Foundations in the Kansas City Area, Listed Annually

	2000	2001	2002	2003
Independent	\$77,779,220	\$77,354,580	\$99,202,844	\$30,484,008
Corporate	\$513,662	\$4,020,667	\$2,482,021	\$11,110,535
Community	\$121,927,994	\$123,925,469	\$128,309,363	\$114,019,894
Operating	\$2,055,516	\$14,270,074	\$1,715,470	\$2,880,399
Total *	\$202,276,392	\$219,570,790	\$231,709,698	\$158,494,836

Source: Foundation Center

* Due to rounding, figures may not add up.

Interestingly, changes in total gifts received by three of the four categories of foundations had little effect on their total giving. Giving levels for independent foundations decreased by almost \$30.3 million (14.3%) between 2000 and 2003, and remained nearly unchanged between 2001 and 2002. These changes in total giving are relatively minor when compared to the significant drop in total gifts, perhaps indicating that, on the whole, independent foundations predict that the decrease in gifts is only temporary. Likewise, total giving by operating foundations appear to be unaffected by changes in total gifts received. That the dramatic increase in gifts between 2000 and 2001 is not reflected in the total giving for those years is particularly noteworthy. Corporate foundation giving remained near constant between 2000 and 2001, despite a 682.7% increase in total gifts during those years. Additionally, despite the sharp increase in gifts to corporate foundations between 2002 and 2003, total giving actually decreased slightly (by \$860,595 or 7.1%)

The exception to this trend was experienced by community foundations. Total giving by these foundations remained near constant between 2000 and 2001, reflecting the slight increase in total gifts for those years. In 2002, total giving increased by almost \$15.25 million (17.6%), again reflecting an increase in total gifts. In 2003, total giving dropped to below 2000 levels, as did total gifts received.

Table 1.12: Total Giving by Foundations in the Kansas City Area, Listed Annually

	2000	2001	2002	2003
Independent	\$211,903,154	\$194,367,552	\$194,944,571	\$181,611,535
Corporate	\$18,705,891	\$18,731,304	\$12,038,286	\$11,177,691
Community	\$86,325,511	\$86,800,613	\$102,049,647	\$75,187,746
Operating	\$503,249	\$1,040,317	\$915,239	\$1,408,679
Total *	\$317,437,805	\$300,939,786	\$309,947,743	\$269,385,651

Source: Foundation Center

* Due to rounding, figures may not add up.

Finally, it is worthwhile to compare trends in foundation statistics for the Kansas City area to those for the entire United States. Tables 1.13 through 1.16 below present these statistics for the total number, total assets, total gifts received, and total giving of all foundations both nationally and in the Kansas City area.

With regards to the number of organizations, foundations in the United States exhibited consistent growth from 2000 through 2003. The number of foundations grew by 5,228 (9.2%) from 2000 to 2001, by 3,033 (4.9%) from 2001 to 2002, and by 1,555 (2.4%) between 2002 and 2003. The Kansas City metro area, on the other hand, witnessed a steady decline in the number of foundations from 2000 through 2002. Numbers decreased by four (0.8%) between 2000 and 2001 and by 59 (12.4%) from 2001 to 2002. This trend halted between 2002 and 2003, when the total number of Kansas City foundations increased by ten (2.4%).

Table 1.13: Total Number of Foundations in the United States and the Kansas City Area, Listed Annually

	2000	2001	2002	2003
National	56,582	61,810	64,843	66,398
Kansas City area	481	477	418	428

Source: Foundation Center

Conversely, the total assets of foundations nationally declined by more than \$9.37 billion (1.9%) between 2000 and 2003. Likewise, total assets of Kansas City foundations decreased by approximately \$704.44 million (11.8%) during the same period. Particularly noteworthy are the patterns of decline for both national and Kansas City foundations over

the four years. Both experienced steady decline in total assets between 2000 and 2002, followed by increase during 2003.

Table 1.14: Total Assets of Foundations in the United States and the Kansas City Area, Listed Annually

	2000	2001	2002	2003
National *	\$486,085,311,000	\$467,335,840,000	\$435,190,471,000	\$476,713,115,000
Kansas City area *	\$5,992,378,785	\$5,382,059,603	\$4,696,666,265	\$5,287,938,825

Source: Foundation Center

* Dollar figures are rounded.

Concerning total gifts received, trends again become divergent between national and Kansas City foundations. Nationally, foundations increased gifts received between 2000 and 2001, decreased in gifts from 2001 through 2002, and increased again between 2002 and 2003. Kansas City foundations, in contrast, steadily increased in the total amount of gifts received from 2000 through 2002, only to witness a significant decline during 2003.

Table 1.15: Total Gifts Received by Foundations in the United States and the Kansas City Area, Listed Annually

	2000	2001	2002	2003
National *	\$27,613,795,000	\$28,714,170,000	\$22,163,384,000	\$24,858,326,000
Kansas City area *	\$202,276,392	219,570,790	\$231,709,698	\$158,494,836

Source: Foundation Center

* Dollar figures are rounded

Additionally, trends in total giving by national and Kansas City foundations are similarly divergent. Nationally, giving by foundations increased by almost \$2.94 billion (10.7%), where it has remained with relatively slight fluctuations through 2003. However, year-to-year changes in total giving by Kansas City foundations have been somewhat more varied. Dollar amounts decreased from 2000 to 2001, increased from 2001 to 2002, and decreased again during 2003. Whereas, foundations nationally have remained somewhat consistent with their giving, Kansas City foundations have decreased theirs by approximately \$40.1 million (15.1%) over the four years.

**Table 1.16: Total Giving by Foundations in the United States and the Kansas City Area,
Listed Annually**

	2000	2001	2002	2003
National *	\$27,563,166,000	\$30,502,393,000	\$30,431,799,000	\$30,308,835,000
Kansas City area *	\$317,437,805	\$300,939,786	\$309,947,743	\$269,385,651

Source: Foundation Center
* Dollar figures are rounded

As illustrated above, there is very little correlation between many national and Kansas City area foundation statistics. One exception concerns the total number of assets that have increased and decreased in a similar pattern, albeit at different rates. Nonetheless, it is reasonable to conclude from these divergent trends that Kansas City area foundations likely face unique circumstances and external forces that are not as influential to the national foundation community.

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 tax-exempt agencies play in the organizational landscape. In addition to the data collected on religious congregations and 501(c)3 organizations, 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, in 2003/2002 there were 712 501(c)4 nonprofits in the Kansas City area. Statistics based on 2004/2003 IRS filings indicate that there has been a increase in total organizations to 740 501(c)4 nonprofits. This represents a sharp turnaround for this classification. Data from 2003/2002 filings depicted a downturn from 2002/2001, when there were 729 501(c) 4 nonprofits in the metro 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 704 of these business and trade associations in Kansas City at most recent count, a decrease of 3 organizations from last report.

Employment and Senior Staff Compensation in the Kansas City Nonprofit Sector

The 2002 Economic Census reported the Kansas City labor force to be 773,915. In addition, the same economic census reported 65,287 persons employed by and a total annual payroll of \$2.08 billion for filing tax-exempt organizations. This represents an increase over employment and payroll figures from the last economic census, which was conducted in 1997. That census reported 60,355 persons employed by and a total annual payroll of \$1.56 billion for filing tax-exempt organizations.

According to the most recent census statistics, not-for-profit sector employees comprised just over nine percent of both the city's MSA labor force and payroll in 2002. 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 (economic census data uses a different taxonomy than the exempt entity classification used in this report, hence it is important to note that this category is most comparable to a combination of health and human service NTEE core categories). This sub-sector comprises a dominating 89.7 percent of the tax-exempt employment force. When removed, the not-for-profit sector accounts for less than 1 percent of the overall nonprofit employment force in the Kansas City MSA.

An interesting factor of the Census data is that it only includes nonprofits that maintain paid staffs. According to the 2002 Annual Report on the Kansas City Nonprofit Sector, revenues to all nonprofits in the metro-area totaled \$9.6 billion. Since Census data reports \$5.77 billion in revenue to nonprofits, it can be concluded that approximately \$3.83 billion in revenue that year went to nonprofit organizations that have no paid staff.

The Midwest Center for Nonprofit Leadership, in conjunction with corporate partners, has recently developed a detailed compensation survey. While detailing the findings of that report are outside the scope of this paper, it is nonetheless worthwhile to discuss some of the findings with regards to senior staff salaries. As can be seen in Table 1.17, the average compensation for executive directors in the Kansas City MSA is \$66,617. This is almost 30% below the regional average of \$94,582. Salaries for

associate/deputy executive directors are 28.4% lower than the regional average; those for chief financial officers are 15% lower, vice president/director of development is 14.9% lower, and vice president/director of programs is actually 8.7% higher. No regional data is available for salaries of vice presidents/directors of administration.

An interesting trend is that the farther down one goes on the organizational chart, the lower the discrepancy between local, regional, and national averages. The average difference between local and regional executive director and associate/deputy executive director salaries is roughly 30%, while those for chief financial officers, development directors, and program directors are roughly half that rate.

Table 1.17: National and Regional Comparisons for Executive Positions

	Kansas City Mean	Regional* Mean	National Mean
Executive Director	\$66,617	\$94,582	\$96,687
Associate/Deputy Executive Director	55,662	77,725	82,841
Chief Financial Officer	63,190	74,318	80,528
Vice President/Director of Development	54,140	63,620	66,088
Vice President/Director of Administration	62,021	-	62,380
Vice President/Director of Programs	51,867	47,704	54,557

Source: 2004 Salary and Benefits Survey of Greater Kansas City Area Nonprofit Organizations, Midwest Center For Nonprofit Leadership

* Iowa, Kansas, Minnesota, Missouri, North Dakota, Nebraska, and South Dakota

Nonprofits As Part of the Kansas City Economy

Economic struggles of the Kansas City nonprofit sector already presented are consistent with the general business environment in the metropolitan area. Since the release of last year’s report, both the for-profit and nonprofit sectors in Kansas City have exhibited signs of financial struggles. Most recent data indicates a total of 85,778 private organizations in the Kansas City MSA. As depicted by Table 1.18, the 2,451 nonprofit organizations account for 2.9% of these establishments. The remaining 83,327 organizations account for 97.1% of all establishments. The new statistics illustrate that both the nonprofit and for-profit sector grew in size (152 and 6,012 new organizations, respectively). It is worth noting that neither sector changed in terms of percentage of the total since the last report. Charitable organizations remain 2.9% of all organizations, while other organizations make up the remaining 97.1%. In comparing total revenues,

nonprofits experienced a smaller decline than all other organizations. Revenue to for-profit entities declined by almost 25.8% (\$37.3 billion), while that for nonprofits decreased by 5.1% (\$485.7 million). However, the nonprofit sector’s share of metropolitan revenue actually increased, since last reported, by 1.6%, as the sector now accounts now for 7.8% of total revenue.

Table 1.18: Nonprofits as Part of the Kansas City Economy

	Number	% of Total	Revenue	% of Total Revenue
All Other Organizations	83,327	97.1%	\$107,051,168,190	92.2%
Charitable Organizations	2,451	2.9%	\$9,045,631,810	7.8%
Total	85,778	100.0%	\$116,096,800,000	100.0%

Source: Statistics of for-profit entities are from MARC, nonprofit statistics are from IRS Master File

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 relative numbers compared to other metropolitan areas. In order to create a fair 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, Orlando, and Milwaukee are the closest metropolitan areas in size (population). Additionally, the significant metro areas of Atlanta, Chicago, Denver, Minneapolis, and St. Louis were also included.

This report divides the comparison into two separate sections. The first is the comparison of charitable nonprofits in the ten metropolitan areas. The second section examines the foundation sub-sectors of these areas.^{viii}

Table 1.19 illustrates the descriptive statistics of each metropolitan area and their nonprofit organizations. Kansas City tends to place in the lower middle of the group in most of the aggregate categories. Among the comparable metros, Kansas City is eighth in total organizations, ninth in total revenue, eighth in total assets, and sixth in population. When looking at establishments per 1,000 people, Kansas City ranks fourth

among the group. Milwaukee is by far the leading metro area in this category with more than two organizations per every 1,000 people. The last criterion examined is the nonprofit sectors receipts as a proportion of GMP^{ix}. Again, as Table 1.19 illustrates, Kansas City is in the middle range of metropolitan areas, sixth overall. Indianapolis and Milwaukee boast the most economically influential sectors with 27.2% and 26.4% share respectively. In contrast, Denver and Atlanta maintain the smallest share of their economies with 10.7% and 8.9% respectively.

Table1.19: Metro Area Nonprofit Sector Comparison

	Nonprofit Organizations	Revenue (in billions)	Assets (in billions)	Region Population	Nonprofits per 1,000 People	Sector Share of GMP*
Chicago	11,295	\$58.98	\$89.44	9,157,540	1.23	16.10%
Minneapolis	5,140	\$23.36	\$33.98	2,968,806	1.73	17.30%
Atlanta	4,489	\$16.72	\$25.54	4,112,198	1.09	8.88%
Denver	4,062	\$11.02	\$21.01	2,581,506	1.57	10.73%
Milwaukee	3,404	\$15.67	\$18.29	1,689,572	2.01	26.38%
St. Louis	3,040	\$12.05	\$22.37	2,603,607	1.17	12.55%
Cincinnati	2,537	\$10.22	\$18.76	1,979,202	1.28	15.19%
Kansas City	2,451	\$9.05	\$16.11	1,776,062	1.38	12.89%
Indianapolis	2,140	\$17.50	\$15.85	1,607,486	1.33	27.17%
Orlando	1,705	\$7.74	\$9.91	1,644,561	1.04	11.76%

Source: IRS Master File

* Gross Metropolitan Product has been estimated using historical trends in the calculation

The second section of the metropolitan comparison examines the philanthropic sector of each area. The robust nature of philanthropy in the Kansas City nonprofit sector versus that in Missouri and Kansas was already detailed. Furthermore, when compared with other metropolitan communities, the philanthropic sub-sector of Kansas City stands out as a national leader in addition to its regional stature. Despite having the least number of organizations in the sample of metros, Kansas City Foundations maintain more assets per organization, and average the highest level of giving per organizations. From an aggregative perspective, Kansas City foundations rank fourth in total assets, and fifth in total giving, with the least number of organizations. Milwaukee has the most foundations per 1,000 people with a statistical measure of .70, almost twice as many as the nearest metro. Kansas City is narrowly last in this category with a statistical measure of .24 foundations per 1,000 people, falling just behind Denver.

Table 1.20: Foundation Metropolitan Compare

	Est.	Total Assets	Qualifying Distributions	Total Giving	Average Assets	Average Giving	Est. Per 1000 People
Chicago	3,057	\$19,663,291,822	\$1,277,252,434	\$1,171,262,863	\$6,432,218	\$383,141	.33
Milwaukee	1,189	\$3,974,706,602	\$307,098,051	\$289,652,776	\$3,342,899	\$243,610	.70
Minneapolis	1,097	\$9,374,868,254	\$679,388,862	\$625,815,804	\$8,545,915	\$570,479	.37
Atlanta	780	\$7,413,718,820	\$623,908,926	\$520,174,292	\$9,504,768	\$666,890	.19
St. Louis	701	\$2,619,235,016	\$272,709,276	\$256,440,771	\$3,736,427	\$365,821	.27
Denver	643	\$5,019,795,493	\$257,922,277	\$239,403,418	\$7,806,836	\$372,323	.25
Cincinnati	557	\$2,226,152,523	\$192,569,193	\$186,645,036	\$3,996,683	\$335,090	.28
Kansas City	428	\$5,287,938,825	\$277,479,705	\$269,385,651	\$12,354,997	\$629,406	.24

Source: Foundation Center

The purpose of this above comparison is to offer a broader perspective of the Kansas City nonprofit sector. There is no implicit value built into the criteria used to describe the ten areas. Still, understanding how Kansas City matches up with these other areas enables important questions and inquiries to emerge. For example, is there a meaningful relationship between the quality of living index and the number of nonprofits per 1,000 people? While the exploration of questions such as these is beyond the scope of this report, it would be impossible for such topics to emerge without a comparison of Kansas City's nonprofit sector to other metro area sectors.

Conclusion

The 2005 Kansas City Nonprofit Sector Report is designed to quantify the local nonprofit community. In so doing the lens of analysis shifts in the report from a very narrow perspective, detailing specific sub-sectors, to a very broad prospective that examines Kansas City in relationship to other metros. Employing multiple lenses of analysis has hopefully provided a comprehensive description of the nonprofit sector for the nonprofit practioner community and the academic community.

The detail of local compensation, niche (sub-sector) size, and growth trends can hopefully equip nonprofit managers with the resources to design more efficient strategic plans. The introduction of other metropolitan areas can also uncover successful sub-sectors in distant geographical areas, which may be able to provide important experiences

for local managers. Finally, the size and scope statistics presented above better equip practitioners with a perspective of how the Kansas City community is being served by their organization and others like them.

Utility for the academic community is derived from the resource base established by the report. Statistical explanations of local, regional, and national nonprofit sectors provide a foundation for the framing of research questions. Furthermore, from a data gathering perspective, the acquisition and synthesis of the vast data begins to establish and test a methodology for future studies in the nonprofit sector.

In summary the trend analysis of the Kansas City nonprofit sector paints a mixed picture. The growth in nonprofit organizations signals a continued demand for services provided by the sector. Asset trends among Kansas City nonprofit organizations have showed a similar pattern of incline. Revenues of nonprofit unfortunately illustrate a move in the opposite direction. According to most recent statistics total revenue for nonprofits in the metro declined for the second consecutive year. Most recent statistics illustrate that present revenue levels for the sector are below the amount generated by organizations at the time of the 2002 report. Considering organization growth trends over the same time it can be surmised that more nonprofit organizations are competing for fewer resources.

At this point it is premature to make alarmist predictions about the economic future of nonprofit organizations in Kansas City. What the above research does provide is a baseline for analysis of nonprofit economic trends in the future. As more data is compiled in subsequent reports it will be possible to examine if or by how much nonprofit economic behavior lags for-profit or market behavior. Future examinations can also undertake the relationship between national economics and local economics, specifically economics of nonprofit organizations. As we continue to build in this direction we are pleased to provide a statistical description of the local nonprofit sector.

ⁱ A comparison of this year's filing organization numbers with last year's illustrates a discrepancy in the growth of filing organizations and the growth of registered organizations. Due to organizational growth, and restrictions on filing, organizations that were considered register nonfiling at this time last year, may have evolved financially to a position that requires them to file at the time of the report this year.

ⁱⁱ http://www.aafc.org/press_releases/index.cfm?pg=trustreleases/tsunamigifts.html

ⁱⁱⁱ Mimicing last year's report, there is an additional category on both the NTEE Major Categories figures and the NTEE Core Categories figures, which includes organizations that were not classified by the IRS, Guidestar, or the Center for Management Assistance.

^{iv} <http://nccs.urban.org/ntee-cc/a.htm>

^v *ibid*

^{vi} *ibid*

^{vii} *ibid*

^{viii} The foundation statistics were derived from foundation center statistics, which provide the most reliable and complete information on this population of organizations. Unfortunately foundation information was not available on all eleven metropolitan areas in the study. As a result some metros included in the public charities section do not have corresponding foundation data.

^{ix} 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.