



# THE STATE OF KANSAS CITY'S NONPROFIT SECTOR: 2020

## The Kansas City Metropolitan Area Nonprofit Sector

This report shares the state of the nonprofit sector in the Kansas City Metropolitan Area with regional and national comparison data for 2020.

Through resources and data from The Internal Revenue Service (IRS) and The Bureau of Economic Analysis (BEA) among others, this report examines the key comparative measures of the sector as a whole as well as detailed information about various aspects of the nonprofit community. Resources are detailed in Appendix A.



### About the Report

The first nonprofit sector studies emerged during the early 1970s with the work of The Commission on Private Philanthropy and Public Needs, which issued the first governmental report on the nonprofit sector in 1975. Since 2002, the Midwest Center for Nonprofit Leadership has produced The Kansas City Nonprofit Sector Report, documenting the state of the nonprofit sector in the Kansas City metropolitan area.

We refer to the Kansas City metropolitan area throughout this report. To define this we refer to the Metropolitan Statistical Area (MSA) from the U.S. Office of Management and Budget, which is regularly updated based on changes in Census data. Since 2013, the Kansas City MSA has included 14 counties.

However, to stay consistent with our history of reports for comparison, we continue to use the 11-county MSA. In this report, “Kansas City” refers to the 11-county metropolitan area and “Kansas City MSA” refers to the 14-county MSA. (Figure 1)

Using 2020 data on tax-exempt organizations from the Internal Revenue Service (IRS) where available, we calculated the number of nonprofits, their income and assets, then compared Kansas City’s nonprofit sector to other metropolitan areas. It is important to note that nonprofits file with the IRS based on the end date of their fiscal year, and the exact date of filing is typically a minimum of five months after the end of the fiscal year. Because of this, some of the IRS data could reflect organizational information

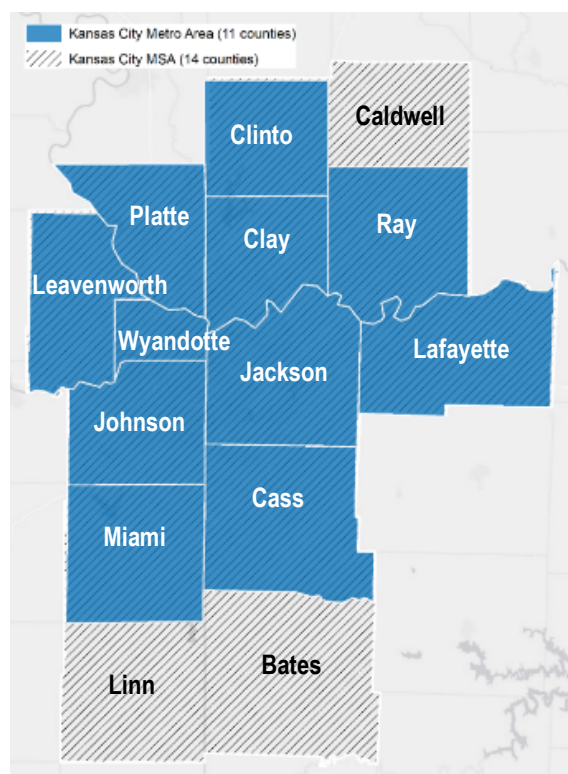


Figure 1

from 2019. All figures in this report were calculated from IRS data, unless noted otherwise.

The nonprofit sector's share of the metropolitan economy is reflected in 2019 Gross Metropolitan Product from the Bureau of Economic Analysis. The report also offers a look at foundations and philanthropy within the Kansas City's nonprofit sector. The most current data is from 2016 and was provided by Foundation Center. A detailed description of our methods is in Appendix A.

Before we look at the nonprofit sector in Kansas City, here is a snapshot of the national nonprofit sector. Our full data from 2019, along with estimates from 2020, provides a nonprofit organization total of more than 1.7 million nonprofits registered with the IRS. Of those, 80 percent were registered as 501c3s. As of 2018, there were also approximately 345,000 religious congregations.<sup>1</sup> Nonprofits reported annual income of \$4.6 trillion dollars. The nonprofit sector accounted for 13.3 percent of 2019 Gross Domestic Product (GDP).<sup>2</sup> We should note that total nonprofit income as a share of GDP is an approximation of economic impact.<sup>3</sup> The nonprofit sector accounts for approximately 10.2% of the total national workforce, with the state of Missouri falling just above the national average of nonprofit employment and Kansas falling just below<sup>4</sup>.



### Kansas City Nonprofits

In 2020, Kansas City had 10,545 nonprofits registered with the IRS as 501c3s, 501c4s or 501c6s, an increase of 2.9 percent since 2019. Religious congregations are not included in that total because they are not required to file with the IRS. According to the last U.S. Religion Census in 2010, there were 2,856 religious' congregations in the Kansas City MSA.<sup>5</sup> In 2019, 9,266 nonprofits were registered as 501c3s, an increase of 2.9 percent since 2018. In 2020, the growth continued with 9,570 nonprofits registered as 501c3s, a 3.3 percent

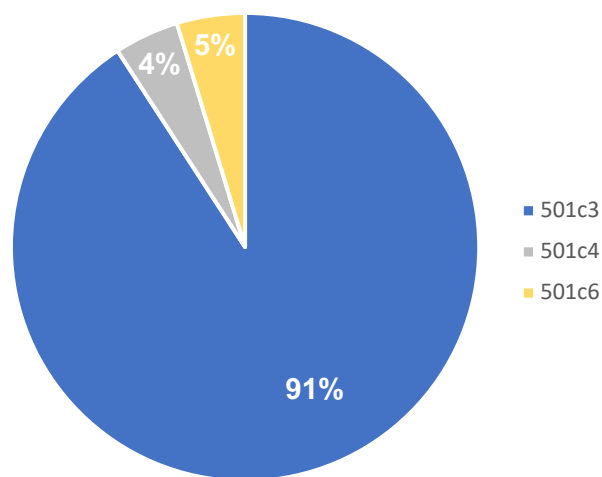


Figure 2

<sup>1</sup> 2010 U.S. Religion Census: Religious Congregations & Membership Study. Association of Statisticians of American Religious Bodies.

<sup>2</sup> "Gross Domestic Product, Fourth Quarter and Annual 2018 (Initial Estimate)." Bureau of Economic Analysis. U.S. Department of Commerce.

<sup>3</sup> Total income is an output variable and GDP takes into account the cost of inputs. There are not completely symmetrical indicators. However, due to the service intensive nature of the nonprofit sector, nonprofit input costs are minimal compared to the for-profit sector. Therefore, it is assumed that nonprofit income accounts for a gross majority of organizational product.

<sup>4</sup> "The 2019 Nonprofit Employment Report, Johns Hopkins Center for Civil Society Studies".

<sup>5</sup> 2010 U.S. Religion Census: Religious Congregations & Membership Study. Association of Statisticians of American Religious Bodies.

increase over 2019. There were 470 nonprofits registered as 501c4s, a slight increase of about 1 percent since 2019. There were 496 nonprofits registered as 501c6s, another increase of approximately 1 percent.

Of the 501c3s, 2,916 nonprofits reported annual revenue over \$50,000 or had reason to file within the requirements with the IRS. All further analysis will take a deeper look at these 2,916 charitable organizations.

#### **Types of Tax-Exempt Status**

- 501c3 – charitable, educational, literary, religious or scientific organizations or foundations
- 501c4 – civic leagues, social welfare organizations or local employee associations
- 501c6 – trade or professional associations like business leagues or chambers of commerce

#### **Charitable Nonprofit**

- Organization with 501c3 status
- Not a religious congregation
- Annual revenue over \$50,000
- Required to file with IRS

In 2020, approximately 40 percent of charitable organizations were located in Kansas and 60 percent were located in Missouri. This distribution is consistent with years past.

Within the Metropolitan Statistical Area (MSA) that we examine data from, 4 of the 11 counties in Kansas City were located in Kansas, while 7 were located in Missouri. Kansas City's MSA has expanded since the initial versions of this report, but we maintain the following 11 counties for consistency: Johnson, Leavenworth, Miami, Wyandotte Counties in Kansas and Cass, Clay, Clinton, Jackson, Lafayette, Platte and Ray Counties in Missouri. All references to Kansas City in this report refer to this grouping.

When looking at the characteristics of the nonprofit sector in the area, it is interesting to note the relative

age of organizations. The age or number of years a charitable nonprofit has been in operation is determined by the ruling date, the month and year an organization received tax exempt status. In 2020, the oldest filing charitable nonprofit in Kansas City held a ruling date of 1925 and had been operating for 95 years. The average age of a nonprofit in the Kansas City area was 24 years with a median age, or midpoint of the age of a Kansas City nonprofit of 17 years.



#### **Income & Assets**

In 2020, charitable nonprofits in Kansas City reported total income of \$19.6 billion, showing a rise over the past two years and up approximately 20 percent from 2018. Total assets of the sector were comparative with last year at around \$29.16 billion. (Figure 3)



While nearly 46 percent charitable nonprofits reported annual income under \$250,000, they collectively brought in less than 1 percent of the sector's total income. In contrast, charitable nonprofits that reported annual income over \$25 million accounted for more than 79 percent of the sector's total income. The income distribution across all reporting nonprofits is below. (Table 1)

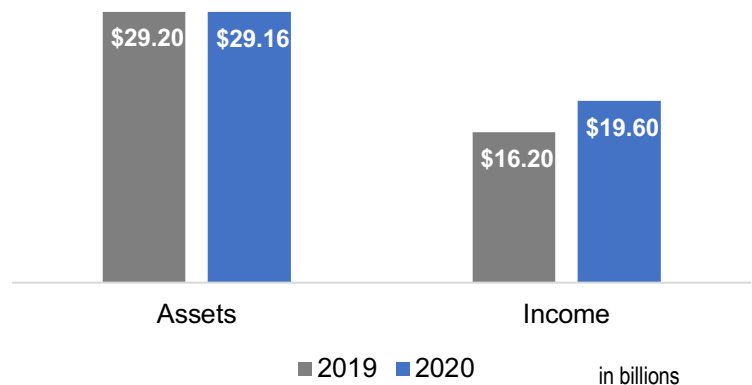


Figure 3

<i><b>Annual Income Group</b></i>	<i><b>Number of Nonprofits</b></i>	<i><b>Percent of Nonprofits</b></i>	<i><b>Assets (in millions)</b></i>	<i><b>Income (in millions)</b></i>	<i><b>Revenue (in millions)</b></i>	<i><b>Percent of Total Nonprofit Revenue</b></i>
<i><b>Under \$250,000</b></i>	1,329	45.58%	\$412.7	\$133.7	\$99.6	0.80%
<i><b>\$250,000 to \$499,999</b></i>	372	12.76%	\$353.3	\$132.6	\$102.1	0.82%
<i><b>\$500,000 to \$999,999</b></i>	269	9.22%	\$467.7	\$190.8	\$131.2	1.06%
<i><b>\$1,000,000 to \$2,499,999</b></i>	298	10.22%	\$1,064.5	\$475.3	\$329.5	2.66%
<i><b>\$2,500,000 to \$4,999,999</b></i>	157	5.38%	\$1,129.5	\$551.3	\$386.1	3.12%
<i><b>\$5,000,000 to \$9,999,999</b></i>	92	3.16%	\$1,759.7	\$649.5	\$477.9	3.86%
<i><b>\$10,000,000 to \$24,999,999</b></i>	92	3.16%	\$2,827.6	\$1,451.3	\$1,014.3	8.19%
<i><b>Over \$25,000,000</b></i>	82	2.81%	\$21,149.3	\$16,025.3	\$9,848.6	79.49%
<i><b>Missing/Unknown</b></i>	225	7.72%	-	-	-	0.00%
<i><b>Total</b></i>	2916	100.00%	\$29,164.8	\$19,609.9	\$12,389.2	100.00%

Table 1

The number of charitable nonprofits that have reported annual income under \$250,000 has fluctuated over the years. Organizations that generate revenues greater than \$50,000 a year and are not religious congregations are required to file, however many organizations reported in this data generate less than that qualifying revenue requirement. The IRS has designated them as “required to file” so they are included in these figures.

Over the past four years we have seen the number of charitable nonprofits reporting annual income less than \$250,000 drop from 1,299 in 2017 to 949 in 2018, and then rise again to 1,302 in 2019. In 2020 that number increased again to 1,329.



### Share of Economy

Kansas City’s charitable nonprofit sector accounted for 11.5 percent of the Kansas City MSA’s Gross Metropolitan Product (GMP) in 2018. The percent share of the economy reported may fluctuate based on the parameters set regarding nonprofits included in this figure. As we state, the nonprofits we’re examining are those that file as 501c3s, 501c4s, and 501c6s. The majority of the data reported here is focused on 501c3s, which lead the total nonprofit sector in numbers and that differ in reporting statuses and definitions from other nonprofits that may be less comparable.

#### Sector Share

Total income of charitable nonprofits in Kansas City divided by Gross Domestic Product for the Kansas City MSA, also called Gross Metropolitan Product (GMP)



### Metropolitan Comparison

Next we examine how the charitable nonprofit sector in Kansas City compares to other MSAs.

2019 filings report that all comparison metro areas experienced growth in their number of charitable nonprofits with Orlando seeing the greatest increase of 7%. Kansas City’s charitable nonprofit count grew by 5%. 2020 population estimates have not yet been provided with the 2020 census currently underway. These population estimates are based on 2019 population and GMP estimates, so the ratio of organization increase with no change since 2019 in population may have some impact on the breakdown of nonprofits per 1,000 and GMP. We will have updated figures in 2021 once the census data is complete, but this will allow for an estimate of the changes. (Table 2)

Metropolitan Area	Total Population <sup>1</sup>	Number of Organizations	Nonprofits per 1,000	Total Income (in billions)	Total Assets (in billions)	Sector Share of GMP
Chicago	9,533,040	14,679	1.54	\$115.98	\$187.46	12.5%
Atlanta	5,884,736	7,545	1.28	\$49.75	\$82.81	16.8%
Minneapolis	3,600,618	6,662	1.85	\$52.97	\$76.58	11.9%
Denver	2,888,227	4,874	1.69	\$25.41	\$46.79	24.2%
St. Louis	2,807,338	3,862	1.38	\$43.76	\$81.56	14.8%
Orlando	2,509,831	2,741	1.09	\$18.46	\$35.87	22.9%
<b>Kansas City</b>	<b>2,128,912</b>	<b>2,916</b>	<b>1.37</b>	<b>\$19.70</b>	<b>\$29.16</b>	<b>20.1%</b>
Indianapolis	2,028,614	3,058	1.51	\$34.03	\$56.56	13.3%
Milwaukee	1,576,236	3,512	2.23	\$23.80	\$36.95	25.8%

Table 2

<sup>1</sup> Population estimates. American FactFinder. U.S. Census Bureau. Estimates from 2019. New estimates not available with upcoming 2020 census data.

Kansas City nonprofits experienced a 21% increase in income and a 6% increase in revenue, but assets stayed relatively similar with only a small drop of less than 1%. (Figure 4)

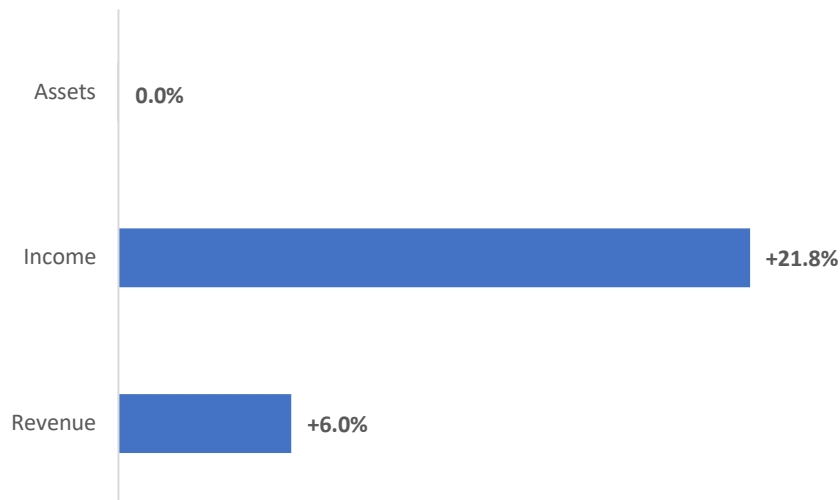


Figure 4



## Distribution of Nonprofits

There are 10 broad categories that help us classify nonprofits under the National Taxonomy of Exempt Entities (NTEE). Under these broad categories are a number of subcategories, or sub-sectors, that further categorize types of nonprofits. This is helpful in understanding the distribution of nonprofits across Kansas City. (Figure 5)

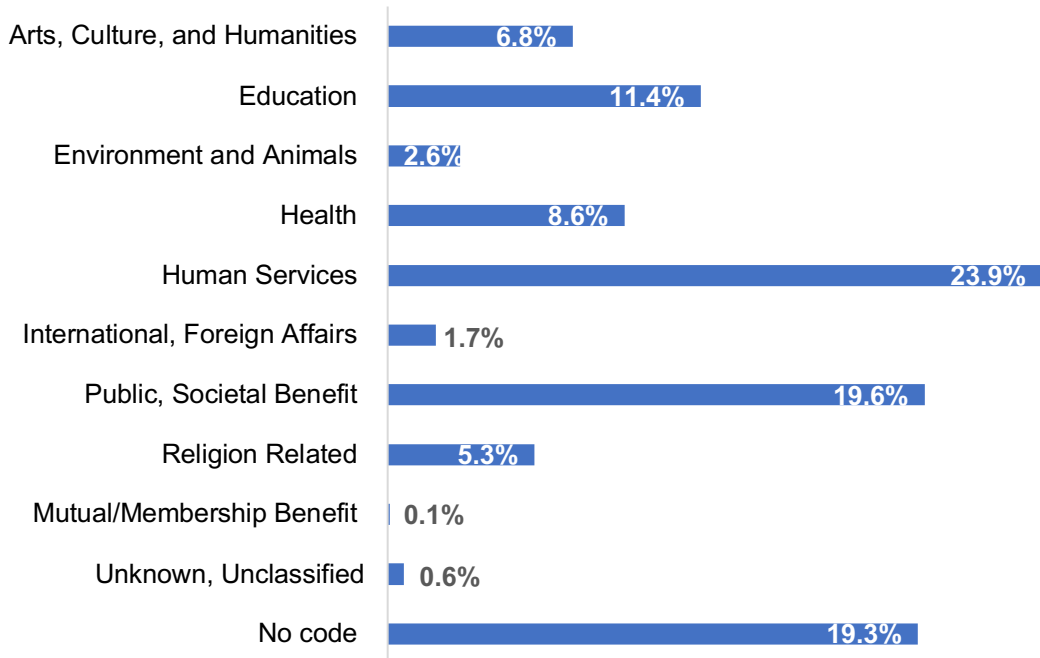


Figure 5

The 10 large categories are shown below with details about their share of the total charitable nonprofit makeup of the Kansas City area. (Table 3) Of the 10 categories, Human Services holds the largest number of organizations and percent of the total nonprofit sector makeup, with Public, Societal Benefit closely following. This is consistent with years' past.

It is helpful to see the actual number of organizations in each category as well as we think about how the nonprofit sector is segmented and where the proportion of income is within those categories.

An average income provides us with a broad number for the category within the entire Kansas City sector, but for a closer comparison within each category we look to the averages within category by organization size.



<b>Category</b>	<b>Number of Orgs</b>	<b>% of Orgs</b>	<b>Income</b>	<b>% of Total Income:</b>	<b>Avg. Income</b>
<i>Arts, Culture, and Humanities</i>	197	7%	\$294,084,730	1%	\$1,642,931
<i>Education</i>	333	11%	\$2,062,402,390	11%	\$6,631,519
<i>Environment and Animals</i>	77	3%	\$92,424,311	0%	\$1,339,483
<i>Health</i>	252	9%	\$6,944,251,600	35%	\$29,300,640
<i>Human Services</i>	696	24%	\$1,625,795,919	8%	\$2,639,279
<i>International, Foreign Affairs</i>	51	2%	\$637,279,893	3%	\$12,495,684
<i>Public, Societal Benefit</i>	571	20%	\$2,520,458,078	13%	\$4,684,866
<i>Religion Related</i>	156	5%	\$1,118,878,255	6%	\$8,412,618
<i>Mutual/Membership Benefit</i>	2	0%	\$1,419,650	0%	\$709,825
<i>Unknown, Unclassified</i>	17	1%	\$45,657,222	0%	\$2,685,719
<i>No code</i>	564	19%	\$4,267,252,753	22%	\$7,931,697
<b>Total:</b>	<b>2,917</b>	<b>100%</b>	<b>\$19,609,904,802</b>	<b>1</b>	

Table 3

Of those broad categories, Arts/Culture/Humanities, Education, Health, Human Services, and Public & Societal Benefit encompassed the largest shares of the sector, with all other nonprofit types grouped together to account for the remaining 30% of organizations. The percent share of organizations by type is shown here. (Figure 6)

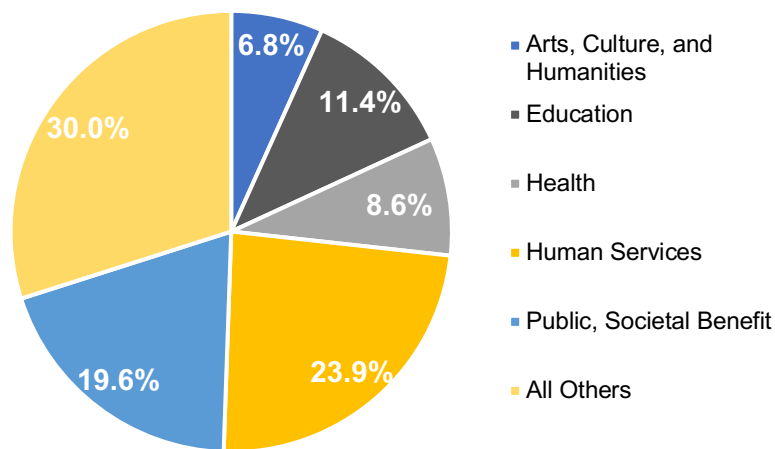


Figure 6

**Arts, Culture & Humanities**

Promote appreciation for and enjoyment and understanding of:

- Visual, performing, folk and media arts
- Humanities (archaeology, art history, languages, philosophy, ethics, theology and comparative religion)
- History and historical events
- Communications (film, video, publishing, journalism, radio and television)

**Education**

Enable people to fully participate in and enjoy the social, political, economic and intellectual life of the community by providing opportunities to acquire:

- Knowledge
- Skills
- Desirable qualities of behavior and character
- Wisdom
- General competence

Human Services had the highest percentage of charitable nonprofits with 23.9 percent. Some examples of Human Services organizations include child, family, and senior programs, legal services, job training, and youth development programs to name a few. Despite holding the largest percentage of organizations, Human Services only accounted for 8% of total income and 6.9 percent of total assets. (Table 3)

**Arts, Culture & Humanities**

This classification includes theaters, public radio, historical societies, museums, and arts councils. In 2020, there were 197 Arts, Culture and Humanities charitable nonprofits, an increase of 5 since 2019 and an increase of 19 over the past three years. This accounted for 7 percent of charitable nonprofits in the Kansas City area, which follows the national share of nonprofits in this category.

Arts, Culture and Humanities charitable nonprofits reported \$294 million in income, just about 1 percent of total sector income and claimed roughly 1,593 million in assets. While the number of nonprofits in the Arts,

Culture and Humanities category is growing, the reported income and assets is down from 2019 and 2018.

**Education**

Education charitable nonprofits include private elementary, secondary, and higher education institutions as well as a number of supporting organizations, like parent and teacher groups, student services, scholarship funds, libraries, and fraternities and sororities. There were 333 Education charitable nonprofits, losing one organization since last year's report, but overall maintaining an increase of 16 since 2018. This accounted for 11 percent of charitable nonprofits, slightly higher than the national percentage of Education nonprofits.

Education charitable nonprofits accounted for 11 percent of total income with assets of 4,037 million.

**Environment & Animal-Related**

The environment and animal-related classification includes charitable nonprofits such as recycling programs, natural resource conservation, garden clubs, wildlife protection, animal training, and zoos. There were 77 Environment and Animal-Related charitable nonprofits in 2020, a gain of 7 organizations since 2019. This classification accounted for 3 percent of total charitable nonprofits, which is slightly lower than the share nationally at 3.7% of total nonprofits.

**Environment & Animal-Related**

- Preserve, protect and improve the environment
- Provide for the care, protection and control of wildlife and domestic animals that are a part of the living environment
- Help people develop an understanding of their pets
- Train animals for the purposes of showing

**Health**

- Prevention, treatment or rehabilitation illnesses, injuries or disabilities
- Prevention, diagnosis or treatment of mental illness, substance abuse and addiction
- Prevention or treatment of specific disease or disorder, professional organizations for medical specialties
- Conduct research on specific disease or disorder to improve training, prevention or treatment

**Human Services**

- Support the personal and social development of individuals and families
- Provide care, protection and supervision
- Enhance the individual's independence and ability to

Environment and animal-related charitable nonprofits brought in 92.4 million in income and reported \$167.8 million in assets. A small portion of the sector, these charitable nonprofits only accounted for less than 0.5 percent of income.

**Health**

The Health classification includes the following major groups:

- Mental Health and Crisis Intervention
- Voluntary Health Associations & Medical Disciplines
- Medical Research

Hospitals, public health organizations, suicide prevention hotlines, heart associations and AIDS research are examples of Health charitable nonprofits. There were 244 Health charitable nonprofits in 2019, but in 2020 we experienced a rise in health-related nonprofits with a total of 252. The decrease we had seen in the past 3 years was nearly made up in 2020 alone. As previously stated, Health charitable nonprofits dominate the income and assets of the charitable nonprofit sector. In 2020, Health charitable nonprofits brought in \$6,944 million in income, or 35 percent, and reported \$9,440 million in assets.

**Human Services**

The Human Services classification includes several major groups, including those listed below, making it the classification with the highest percentage of charitable nonprofits in the Kansas City area:

- |                           |                           |
|---------------------------|---------------------------|
| • Crime and Legal-Related | • Public Safety, Disaster |
| • Employment              | Preparedness and Relief   |
| • Food, Agriculture and   | • Recreation and Sports   |
| Nutrition                 | • Youth Development       |
| • Housing and Shelter     | • Human Services          |

Human Services includes charitable nonprofits like crime prevention programs, rehabilitation services, food banks, homeless shelters, tenant associations, search and rescue, community recreation centers, youth development programs and domestic violence shelters. There were 696 charitable nonprofits classified as Human Services in 2020, an increase of 15 since the year prior. This accounted for 24 percent of charitable nonprofits.

**International, Foreign Affairs & National Security**

- Services or other forms of support to increase mutual understanding across countries
- Encourage social, economic or political development outside of the U.S.
- Impact national, multilateral or international policies on international issues

**Public & Societal Benefit**

- Protect and promote the broad civil rights of groups and civil liberties of individuals
- Strengthening, unifying and building the economic, cultural, educational and social services of an urban community or neighborhood
- Encourage volunteerism and citizen participation
- Make grants for charitable purposes or promote charitable giving
- Support and conduct research and professional development in science, technology or social sciences
- Provide services relating to public affairs

**Religion-Related**

- Not a religious congregation
- Enhance spiritual growth

In 2020, Human Services charitable nonprofits reported \$1,625.8 million of income, or 8 percent of total income, and claimed \$2,023.3 million in assets.

**International, Foreign Affairs & National Security**

Charitable nonprofits in the International, Foreign Affairs and National Security classification include academic and cultural exchange programs, development and relief organizations, human rights advocacy and refugee resettlement services. This classification accounted for 2 percent of charitable nonprofits in 2020 with 51 charitable nonprofits, down three organizations from 2019.

In 2020, International, Foreign Affairs and National Security charitable nonprofits brought in \$637.3 million in income and reported \$355.6 million in assets.

**Public & Societal Benefit**

Public and Societal Benefit, the classification with the second highest number of charitable nonprofits, includes the following major groups:

- Civil Rights, Social Action and Advocacy
- Community Improvement and Capacity Building
- Philanthropy, Voluntarism & Grantmaking
- Science and Technology
- Social Science
- Public and Societal Benefit

Examples of charitable nonprofits in the Public and Societal Benefit classification would be neighborhood associations, community development organizations, foundations, federated giving programs, professional organizations for science, technology and social sciences as well as citizen participation groups, veterans organizations, and public transportation and utilities. In 2019, there were 551 charitable nonprofits classified as Public and Societal Benefit or 19.3 percent of charitable nonprofits. In 2020, the sector added 20 organizations in this category, a 3.6 percent increase.

Public and Societal Benefit charitable nonprofits reported \$2,520.5 million in income in 2020 and \$1,271 million in assets.

**Religion-Related**

Religion-Related charitable nonprofits include professional associations for religious organizations, interfaith coalitions, camps, schools, television, radio and publishing. The 156 religion-related charitable nonprofits, up slightly from 2018 and 2019, held a

consistent 5 percent of the total sector. In 2020, Religion-Related charitable nonprofits claimed \$111.8 million in income, accounting for 6 percent of total income.

### **Mutual & Membership Benefit**

The Mutual and Membership Benefit classification includes charitable nonprofits like insurance organizations, fraternal societies and pension and retirement funds. There were only two charitable nonprofits in this classification in 2020, which was the same reporting over the past 3 years. Mutual and Membership Benefit charitable nonprofits classified as a 501c3 are what is included in this reporting. Some membership-based organizations may file as a different entity type so totals in other reports may indicate different figures, but for the purposes of comparisons across 501c3s and similar financial filings, there are a few that are included here.

#### **Mutual & Membership Benefit**

Provide services for the mutual aid and benefit of their members

#### **Unknown**

Temporary code used until information is available to classify the organization into a major group

#### **No Code**

Absence of a code

Mutual and Membership Benefit charitable nonprofits accounted for \$1.4 million in income and just over \$1 million in assets, less than 0.1 percent of total income and total assets.

### **Unknown/No Code**

Occasionally a charitable nonprofit is classified as Unknown if there is not enough information available to classify the organization into one of the 26 major groups. In both 2019 and 2020, 17 organizations were classified as Unknown. Unknown charitable nonprofits accounted for \$45.6 million in income and \$69.3 million in assets, less than 1 percent of the total for each.

A charitable nonprofit could also have no code or classification at all. This could be because an organization's programs and services fall into multiple groups, or they were simply not able to provide a classification for their work. While we cannot gain insight into the type of work this percentage of the sector accounts for, it is important to include in the total figures. In 2020, 564 charitable nonprofits, or 19 percent of the total, were identified as No Code, a slight decrease from 2019. The total income reported for organizations categorized as No Code encompassed 22 percent of the total reported incomes though, so it is important to examine this as we look at the sector as a whole, particularly looking at this grouping over time to see if there are any noticeable changes.

Information on the 26 NTEE major groups is available in Appendix C.

## Appendix A

### Methodology

Descriptive reports of the nonprofit sector have been published in the IRS Statistics of Income (SOI) studies. These reports illustrate the national and state aggregate figures of the number of organizations, total revenue and asset levels. While these reports reflect an initial effort to describe the nonprofit sector, they are limited in the degree to which they can provide clear information about the nonprofit sector's size and scope. Further, incomplete data sources affect the ability to compare across years of study. For many years, consistent with federal tax code, only tax-exempt organizations with income over \$25,000 were required to file with the IRS. This left out a significant number of grassroots organizations, community organizations and churches that contribute to the social and financial capital of their regions.

In 2008, the IRS started taking steps to improve accounting for small nonprofits by requiring small, tax-exempt organizations to electronically submit an e-Postcard, Form 990-N, if they chose to not file a complete regular tax form. The 990-N does not include any financial information, but it does help to identify active versus inactive nonprofit organizations. While there is no penalty for filing late, a nonprofit organization that fails to file its annual e-Postcards for three consecutive years will automatically lose its tax-exempt status.<sup>6</sup>

More recently the IRS has changed its requirements for filing. Beginning in 2011, the IRS required only nonprofits with gross annual revenues of more than \$50,000 to file the full Form 990. Some scholars have suggested this means that valuable data on nonprofits with gross receipts between \$25,000 and \$50,000, data that was collected in earlier years, would be lost. This may be a concern since nonprofits in this range constitute a significant portion of the nonprofit sector, since we know that more than 60 percent of all registered nonprofits in the United States have revenues of \$100,000 or less.<sup>7</sup>

More focused research, while minimizing such data reliability issues, tends to rely on inferential statistics. Given the diversity of the sector, this approach undermines the meaningfulness of conclusions since it is drawn from small samples of nonprofit organizations, rather than the whole population. For this report, we try to alleviate this issue by including all of the 501c3s required to file with the IRS in Kansas City.

Nonprofits that generate revenues greater than \$50,000 a year and are not religious congregations are required to file with the IRS. That being said, there are some nonprofit organizations in the dataset that generate less than \$50,000 a year in revenue or are affiliated in some way with religious congregations, but the IRS has designated them as "required to file". Because these nonprofit organizations are registered with their respective state governments and are required to file a tax return with the IRS,

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<sup>6</sup> Roeger, Katie L. "Small Nonprofit Organizations: A Profile of Form 990-N Filers." *Charting Civil Society*, no. 23. (August 2010)

<sup>7</sup> Roudebush, Margaret M. and Jeffrey Brudney. "Making Policy without Parameters: Obtaining Data on the Nonprofit Sector in a Local Community." *Nonprofit Policy Forum* 3, no. 1 (June 2012): 1-25.



they have been included in the dataset. In this report, an organization that does not meet IRS filing requirements is simply referred to as a “registered nonprofit” organization, whereas reference to a “charitable nonprofit” refers to nonprofits with 501c3 status that have filed their annual return with the IRS.

Charitable nonprofits must be organized and operated exclusively for one or more exempt purposes and none of the earnings of the organization may result in the benefit of any private shareholder or individual. In addition, charitable nonprofits may not attempt to influence legislation as a substantial part of its activities. The exempt purposes set forth in tax code for 501c3 nonprofit organizations 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 are based on the complete population of charitable nonprofits in Kansas City metropolitan area. As a result, there are neither concerns about sampling error nor reliability or validity questions associated with sampling error because this population is not a sample. The data on charitable nonprofits in Kansas City, and comparison MSAs, was derived from the Exempt Organizations Business Master File from the IRS. Population estimates were taken from American FactFinder through the U.S. Census Bureau. GDP and GMP were found at the U.S. Bureau for Economic Analysis at the U.S. Department of Commerce. The Foundation Center provided data on foundations and philanthropy in the Kansas City MSA.

## Appendix B

### Glossary

**Assets** – what an organization owns, including cash, investments, grants receivable, equipment and property

**Charitable Nonprofit** – a 501c3 nonprofit that is not a religious congregation reporting annual revenue over \$50,000 and is required to file with the IRS

**Corporate Foundation** – private grantmaking organization created and supported by a company or corporation

**Community Foundation** – public grantmaking organization supporting nonprofits in the local community

**Form 990** – *Return of Organization Exempt from Income Tax* filed annually by tax-exempt organizations

**Gross Domestic Product** – market value of goods and services produced by labor and property

**Gross Metropolitan Product** – Gross Domestic Product by Metropolitan Statistical Area

**Income** – donations, earned income, grants

**Independent Foundation** – private grantmaking organization funded by an individual or group of individuals

**Liabilities** – what an organization owes, including accounts payable, debts and mortgage

**Metropolitan Statistical Area** – core area containing a substantial population nucleus, having at least one urbanized area of 50,000 or more inhabitants, with a high degree of economic and social integration between the core area and adjacent communities

**National Taxonomy for Exempt Entities** – coding system used by the Internal Revenue Service and National Center for Charitable Statistics to classify nonprofit organizations into 26 major groups within 10 broad categories

**Operating Foundation** – private grantmaking organization spending majority of income on its own charitable activities

**Registered Nonprofit** – nonprofit registered with IRS but not required to file an annual return

**Revenue** – cash generated by an organization, including donations, earned income and memberships, minus the cost of goods

**Sector Share** – total income of sector divided by Gross Domestic Product or Gross Metropolitan Product

## Appendix C

### National Taxonomy of Exempt Entities – Income by Major Groups

Major Category	Number of Organizations	Percent of Organizations	Income (In Millions)	Percent of Total Income	Average Income
A) Art, Culture, And Humanities	178	6.66%	\$294.1	1.50%	\$1,652,161.4
B) Education Institutions and Related Activities	307	11.49%	\$2,062.4	10.52%	\$ 6,717,923.1
C) Environmental Quality Protection and Beautification	21	0.79%	\$16.2	0.08%	\$807,620.2
D) Animal Related	47	1.76%	\$76.2	0.39%	\$1,622,806.5
E) Health General and Rehabilitative	121	4.53%	\$5,923.7	30.21%	\$49,364,120.4
F) Mental Health Crisis Intervention	42	1.57%	\$98.8	0.50%	\$2,353,453.2
G) Disease Disorders Medical Disciplines	49	1.83%	\$697.9	3.56%	\$14,242,757.7
H) Medical Research	23	0.86%	\$223.8	1.14%	\$9,731,173.4
I) Crime Legal Related	37	1.39%	\$49.4	0.25%	\$1,334,131.5
J) Employment Job Related	20	0.75%	\$115.0	0.59%	\$5,749,144.3
K) Food Agriculture and Nutrition	19	0.71%	\$111.6	0.57%	\$5,873,036.9
L) Housing Shelter	87	3.26%	\$195.2	1.00%	\$2,243,537.1
M) Public Safety Disaster Preparedness and Relief	15	0.56%	\$2.5	0.01%	\$167,632
N) Recreation Sports Leisure Athletics	127	4.75%	\$82	0.42%	\$645,377.5
O) Youth Development	38	1.42%	\$55.2	0.28%	\$1,452,280.2
P) Human Services Multipurpose and Other	266	9.96%	\$1,015	5.18%	\$3,844,737.4
Q) International Foreign Affairs and National Security	51	1.91%	\$637.3	3.25%	\$12,495,684.2
R) Civil Rights Social Action Advocacy	17	0.64%	\$10.8	0.06%	\$637,895.9

S) Community Improvement Capacity Building	63	2.36%	\$39.1	0.20%	\$620,058.7
T) Philanthropy Voluntarism and Grant Making Foundations	420	15.72%	\$2,294.1	11.70%	\$5,692,561.9
U) Science and Technology Research Institutes Services	7	0.26%	\$120.2	0.61%	\$17,169,564.3
V) Social Science Research Institutes	1	0.04%	\$1.3	0.01%	\$1,329,955
W) Public Society Benefit Multipurpose	26	0.97%	\$55	0.28%	\$2,112,691.6
X) Religion Related Spiritual Development	133	4.98%	\$1,118.9	5.71%	\$8,476,350.4
Y) Mutual, Membership Benefit Organizations, Other	2	0.07%	\$1.4	0.01%	\$ 709,825
Z) Internal Use	17	0.64%	\$45.7	0.23%	\$2,685,718.9
Unknown (Blank)	537	20.10%	\$4,267.2	21.76%	\$7,961,292.4
<b>TOTAL</b>	2,671	100%	\$19,610	100%	