**What's Included**

501(c)(3)s that File Form 990 or 990-EZ

NC nonprofit corporations based on NC Secretary of State data

All NC organizations exempt from federal income tax under any IRC 501(c) subsection, based on IRS data

All NC organizations exempt from federal income tax under IRC 501(c)(3), based on IRS data

All NC organizations exempt from federal income tax under IRC 501(c)(3) and are not private foundations, based on IRS data

All NC organizations exempt from federal income tax under IRC 501(c)(3), are not private foundations, and that file Form 990 or 990-EZ (typically with budgets of $50,000 or more)

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**Category**

<table>
<thead>
<tr>
<th>HOW MANY</th>
<th>WHAT'S INCLUDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonprofit Corporations</td>
<td>146,070</td>
</tr>
<tr>
<td>Tax-Exempt Nonprofits</td>
<td>51,263</td>
</tr>
<tr>
<td>501(c)(3) Organizations</td>
<td>42,513</td>
</tr>
<tr>
<td>501(c)(3) Public Charities</td>
<td>40,037</td>
</tr>
<tr>
<td>501(c)(3)s that File Form 990 or 990-EZ</td>
<td>11,811</td>
</tr>
</tbody>
</table>

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**Most nonprofits are very small.**

North Carolina has 11,800 organizations that are 501(c)(3) nonprofits with annual revenues over $50,000.

Hospitals and private colleges and universities comprise only about 1.5% of these nonprofits but they account for just over half of nonprofits' $56 billion in spending.

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**Nonprofit Sector Impact**

As mission-driven organizations, nonprofits support, connect, educate, inspire, and revitalize our communities. North Carolina nonprofits also have a powerful impact on North Carolina’s economy.

|$56 billion | $19 billion |
| revenue nonprofits put back into NC’s economy | wages paid by NC’s nonprofit sector |

| 361,918 | jobs provided by nonprofits – nearly 10% of all NC private sector employment |

The definition of ‘nonprofit corporation’ is broad, and its distinct categories rely on information from IRS Form 990. Nonprofits that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code must operate for the public benefit, i.e. achieve specific charitable, religious, educational, scientific, or literary purposes.

There are more than 40,000 charitable nonprofits operating in North Carolina. They are food banks, museums, senior centers, houses of worship, schools, theaters, research facilities, animal shelters, health clinics, housing assistance centers, transportation providers, and much more.

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**NC Nonprofits by Mission**

- Human Services
- Education
- Health Care/Mental Health
- Community Improvement, Public/Societal Benefits
- Arts, Culture, Humanities
- Religion Related, Spiritual Development
- Environment / Animal Related
- All Others

SOURCE: DataLake Nonprofit Research (datalake.net) ©2022, DataLake, LLC
Nonprofits’ revenue sources are varied

Nearly half of the sector’s overall revenue comes from private fees for services like private schools, museums, health clinics, children’s daycare, and senior care; one-third comes from government grants and contracts; only about 5% comes from individual and corporate contributions, even though these are the primary source of funding for many nonprofits.

72% of nonprofits saw more demand for their services during the pandemic as record numbers of people sought help at food banks, crisis assistance centers, homeless shelters, community health centers, domestic violence agencies, and consumer credit counseling services.

Nonprofits have fewer staff to respond to these increasing needs. 72% of NC nonprofits are experiencing vacancies in at least 10% of their staff positions. Nonprofits had also lost about 40% of their volunteers in 2020, who have been slow to return.

40% of nonprofits reported revenue losses for 2020. While charitable giving initially increased at the onset of the pandemic, the pandemic giving incentives have expired, donor retention has declined, and overall giving has stagnated. (Independent Sector, independentsector.org)

The federal tax law changes that took effect in 2018 mean that fewer than 10% of North Carolina taxpayers now use the charitable deduction, down from over 30% in 2017.

The pandemic relief programs that helped nonprofits begin to recover last year - including the Paycheck Protection Program, Employee Retention Tax Credit, universal charitable deduction, and one-time federal and state grants - have all expired.


Nonprofits are not evenly distributed across North Carolina

The Triangle (more than 3,000 nonprofits) and Charlotte (more than 2,500 nonprofits) have the most nonprofits of any region, while northeastern NC (about 400 nonprofits) has the fewest.

The Durham-Chapel Hill, Winston-Salem, and Asheville areas all have at least 10 nonprofits for every 10,000 residents.

Fayetteville and Jacksonville - the two NC cities with large military populations - are among the 10 cities in the country with the lowest number of nonprofits per capita.

Total nonprofit employment and spending is greatest in the Triangle and Piedmont Triad regions.
501(c)(3) nonprofits and for-profit businesses are both private organizations but have fundamental differences that set them apart.

<table>
<thead>
<tr>
<th>NONPROFITS 501(c)(3)</th>
<th>VERSUS</th>
<th>BUSINESSES FOR-PROFIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary objective = public benefit</td>
<td></td>
<td>Primary objective = profit</td>
</tr>
<tr>
<td>Must reinvest net earnings back into their missions but do need net earnings to continue their work and be sustainable</td>
<td></td>
<td>Net earnings may be distributed to shareholders, employees, owners, and other private individuals</td>
</tr>
<tr>
<td>Exempt from federal and state income taxes, eligible to request refunds of sales taxes paid, and most nonprofits are exempt from property tax on land and buildings they own and operate</td>
<td></td>
<td>Pay taxes on income, purchases, and property owned</td>
</tr>
<tr>
<td>Donors may deduct some of their contributions from their federal and state income taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial data is public information, including Form 990 that is filed annually and includes information on programs, revenue and expenses, key employees’ salaries, governance, and the identity of directors and officers</td>
<td></td>
<td>Financial data is private except for publicly-traded corporations</td>
</tr>
<tr>
<td>Allowed to advocate and lobby but prohibited from partisan politics. They can lose their tax-exempt status if they make political contributions or coordinate activities with political parties or candidates for office.</td>
<td></td>
<td>May engage in partisan politics</td>
</tr>
</tbody>
</table>

SOURCES: Internal Revenue Service; Giving USA; Association of Fundraising Professionals, Fundraising Effectiveness Project, 2019