

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

revenue nonprofits put back into NC's economy

361,918

jobs provided by nonprofits – nearly 10% of all NC private sector employment

\$19 billion

wages paid by NC's nonprofit sector

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.

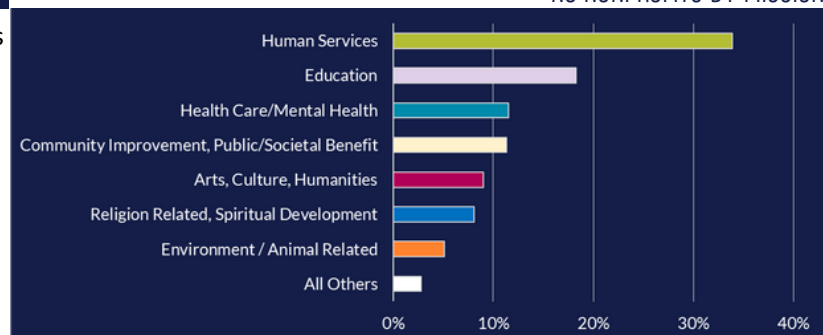
CATEGORY	HOW MANY	WHAT'S INCLUDED
Nonprofit Corporations	146,070	NC nonprofit corporations based on NC Secretary of State data
Tax-Exempt Nonprofits	51,263	All NC organizations exempt from federal income tax under any IRC 501(c) subsection, based on IRS data
501(c)(3) Organizations	42,513	All NC organizations exempt from federal income tax under IRC 501(c)(3), based on IRS data
501(c)(3) Public Charities	40,037	All NC organizations exempt from federal income tax under IRC 501(c)(3) and are not private foundations, based on IRS data
501(c)(3)s that File Form 990 or 990-EZ	11,811	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)

Most nonprofits are very small.

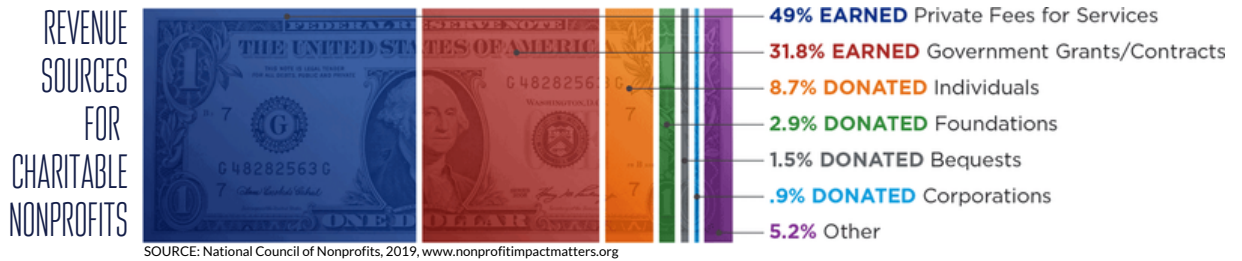
North Carolina has 11,800 organizations that are 501(c)(3) nonprofits with annual revenues over \$50,000.

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.

NC NONPROFITS BY MISSION



SOURCE: DataLake Nonprofit Research (datalake.net) ©2022, DataLake, LLC



Nonprofits' revenue sources are varied

HOWEVER

Nonprofits struggle with skyrocketing needs

AND

Nonprofits continue to experience declines in staffing, giving, and funding

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.

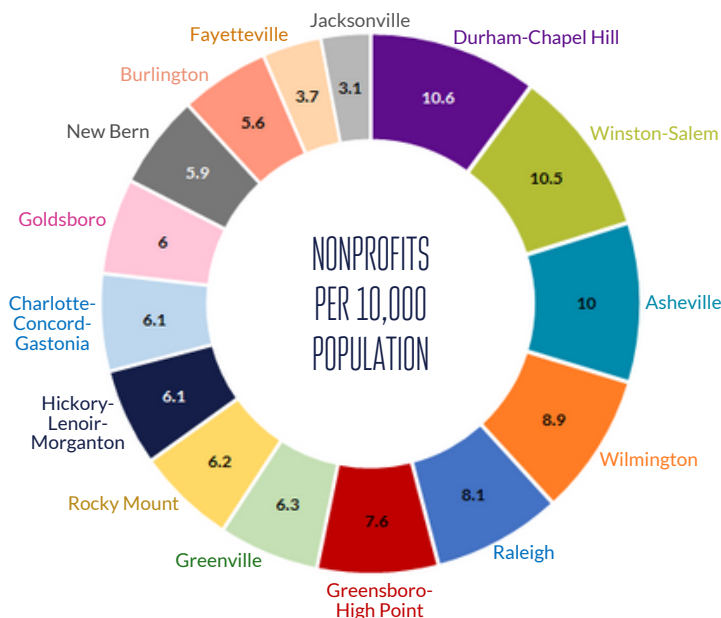
Nonprofits have fewer staff to respond to these increasing needs. 72% of NC nonprofits are experiencing vacancies in at least 10% of their staff positions. Nonprofits had also lost about 40% of their volunteers in 2020, who have been slow to return.

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.

SOURCES: Nonprofit Finance Fund, <https://nff.org/learn/survey/>; Independent Sector, <https://independentsector.org/resource/health-of-the-u-s-nonprofit-sector/>



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 10,00 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.

NONPROFITS
501(c)(3)

VERSUS

BUSINESSES
FOR-PROFIT

Primary objective = public benefit

Must reinvest net earnings back into their missions but do need net earnings to continue their work and be sustainable

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

Donors may deduct some of their contributions from their federal and state income taxes

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

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.



Primary objective = profit

Net earnings may be distributed to shareholders, employees, owners, and other private individuals

Pay taxes on income, purchases, and property owned

Financial data is private except for publicly-traded corporations

May engage in partisan politics

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