

Nonprofits in Washington: A Statistical Profile

2008 Update

The Nancy Bell Evans Center on Nonprofits & Philanthropy at the University of Washington's Evans School of Public Affairs is pleased to publish this update that offers a current statistical profile of nonprofits in Washington state. Drawing on data from both state and federal sources, the summaries here, along with online resources, reveal the breadth and scope of the work done by nonprofit organizations.

Publishing *Nonprofits in Washington* is one of the ways the Center supports the understanding of philanthropy and nonprofits in Washington communities.

— *Steven Rathgeb Smith*
Nancy Bell Evans Professor of Public Affairs and Faculty Director,
Nancy Bell Evans Center on Nonprofits & Philanthropy

Updated several times since the first edition in 1994, *Nonprofits in Washington* provides a profile of nonprofit organizations serving Washington communities. Further detail on the topics presented here is available on the related website: <http://evans.washington.edu/nbec/resources>.

**NANCY BELL EVANS
CENTER ON NONPROFITS & PHILANTHROPY**

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Nonprofits in Washington: A Statistical Profile (2008 Update)

Types and Numbers of Registered Nonprofits, Washington State 2008

Filings with the State of Washington

Registered nonprofit corporations	79,007
<i>Of these, out-of-state organizations operating here</i>	659
Washington charitable trusts	1,164
Charitable solicitations filings	7,566

Filings with the Internal Revenue Service

501(c)(3) public charities	22,972
501(c)(3) private foundations	1,478
TOTAL 501(c)(3) organizations	24,450
Other federally recognized tax-exempt organizations	10,036

Sources – State data: Office of the Secretary of State, Olympia, Washington; courtesy tallies (June 2008). IRS data (April 2008): National Center for Charitable Statistics, used by permission.

The number of nonprofit organizations in Washington state is large yet difficult to define due to the variety of administrative classifications from which the statistics about nonprofits come. The Secretary of State reports a total of 79,007 incorporated groups (in several statutory categories) that do not distribute profits to owners. The number of federally recognized “charitable,” 501(c)(3), organizations with addresses in the state – 24,450 – is about 31% of that total. Many nonprofit corporations that are properly organized under Washington statutes do not, for many reasons, apply for recognition as exempt from federal income taxes – as “charitable” or in any other category of federal exemption.

Charitable Trusts

Washington trusts with charitable purposes and more than \$250,000 in assets are required to maintain registration with the Office of the Secretary of State, which publishes the *Charitable Trust Directory* to provide information about trusts that make grants or operate other public programs.

Charitable Solicitations

Organizations that solicit charitable contributions from Washington residents are generally required to report annually to the Charities Program of the Secretary of State. Of the 7,566 registrations as of June 2008, 2,765 were for out-of-state groups that fundraise in Washington.

Other Federally Recognized Organizations

The Internal Revenue Code defines more than 20 kinds of organizations that may qualify for exemption from federal corporate income taxes but are not, in general, eligible to receive tax-deductible donations for “charitable” activities.

Informal Groups

Though these numbers may be impressively large, many would argue that they significantly underrepresent the true scope of the community benefits provided by activities conducted without the goal of profit. An untold number of groups operate in communities of every size without any official registration or recognition – from car-pools to block-watch collaborations to broad coalitions of like-minded people who act on the basis of news reports and Internet exchanges to influence public policy and respond to community needs.

Changes in the Numbers of Nonprofits in Washington

In the early 1990s, when the first *Nonprofits in Washington* report was published, there were approximately 32,000 nonprofit corporations and 13,000 501(c)(3)s in the record books. In the spring of 2008, the tally of nonprofit corporations had reached 79,007 and the number of 501(c)(3)s on the IRS list was 24,450. Over roughly this same interval, the total assets of Washington’s reporting nonprofits increased from \$11.2 billion to \$106.8 billion (these figures include foundations, which are not included in the data for public charities shown in the table below).

How Washington’s Nonprofit Sector Compares

National Rankings of Washington State Based on Data from 1995-2005

Category	Washington	National Ranking
Rate of increase of reporting public charities*	80.2%	10th
Growth in public support	162.4%	12th
Number of Washington charitable trusts	119.4%	14th
Growth of total assets	130.3%	29th

* The category “reporting public charities” does not include foundations such as the rapidly growing Bill and Melinda

Geographic Detail

In the table below, organizations have been grouped into "ZIP Regions" using the first three digits of the ZIP-code in their addresses. Although the total numbers of organizations in each administrative category differ greatly, the proportions of the various types of nonprofit organizations are highly consistent among the geographic regions. The highest concentration for most categories of nonprofit organizations is in the city of Seattle (981xx). There is another peak in the vicinity of the state capital (985xx) and in the major city of the "Inland Empire," Spokane (992xx). The "other" category (see "Types and Numbers of Registered Nonprofits" table on page 2) for federally recognized nonprofits (i.e., trade associations, social action groups and the like) is heavily concentrated in the state capital.

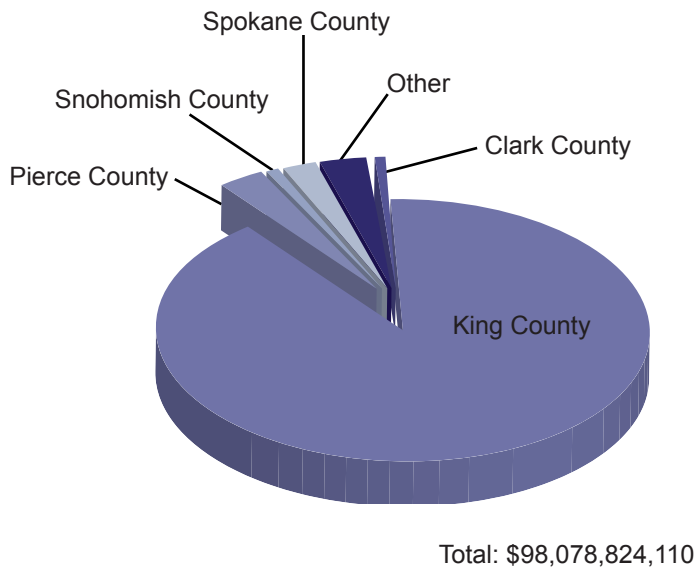
ZIP REGION	NAME OF REGION	Regular NPCs	501(c)(3) Filers	501(c)(3) Non-Filers	Other Filers	Other Non-Filers	990-N					
980xx	King Co. (Not Seattle)	10,727	1,731	16.39%	2,414	17.38%	534	13.44%	753	12.42%	481	15.1%
981xx	Seattle & Bainbridge Island	9,819	2,977	28.18%	2,843	20.47%	825	20.76%	681	11.23%	485	15.2%
982xx	NW Portion of the State	7,619	1,183	11.20%	1,699	12.23%	464	11.68%	759	12.52%	483	15.1%
983xx	Pierce Co.	5,537	813	7.70%	1,313	9.45%	344	8.66%	589	9.72%	332	10.4%
984xx	Tacoma and Environs	3,036	837	7.92%	976	7.03%	278	7.00%	350	5.77%	144	4.5%
985xx	Thurston County	4,459	636	6.02%	977	7.04%	347	8.73%	616	10.16%	297	9.3%
986xx	SW Portion of State	3,335	610	5.77%	900	6.48%	233	5.86%	461	7.60%	211	6.6%
988xx	North Central	1,801	292	2.76%	444	3.20%	170	4.28%	335	5.53%	125	3.9%
989xx	South Central	1,672	295	2.79%	436	3.14%	165	4.15%	337	5.56%	127	4.0%
990xx	Spokane Vicinity	780	92	0.87%	199	1.43%	52	1.31%	123	2.03%	61	1.9%
991xx	North East	1,193	155	1.47%	371	2.67%	115	2.89%	299	4.93%	113	3.5%
992xx	Spokane (city)	2,357	544	5.15%	647	4.66%	233	5.86%	328	5.41%	155	4.8%
993xx	South East	1,910	376	3.56%	605	4.36%	205	5.16%	399	6.58%	172	5.4%
994xx	South East Corner	122	22	0.21%	63	0.45%	9	0.23%	32	0.53%	10	0.3%
xxx	Out of State	1,254		1.73%								
	Geographic info n/a	16,927		23.33%								
	TOTAL	72,548	10,563	100.00%	13,887	100.00%	3,974	100.00%	6,062	100.00%	3,196	100.0%

"Regular" Washington Nonprofit Corporations as of June 3, 2008. These are corporations formed under Washington's general provisions for nonprofit corporations (RCW 24.03); there are a variety of types that are not included. Form 990-N, a new report required beginning in 2008, provides nine items of information about very small nonprofits not required to file Form 990 or Form 990-EZ. See page 5 for further details. Sources: Corporations Division, Office of the Secretary of State, courtesy tally. For 501(c)(3) Filers and Nonfilers, Core Data, National Center for Charitable Statistics as of April 2008. For 990-N Filers, Internal Revenue Service. Data for the 501(c)(3) organizations that file Form 990 or Form 990-EZ (but not those filing Form 990-N) are shown by county in the online supplement to this report, available at <http://evans.washington.edu/mbec/resources>.

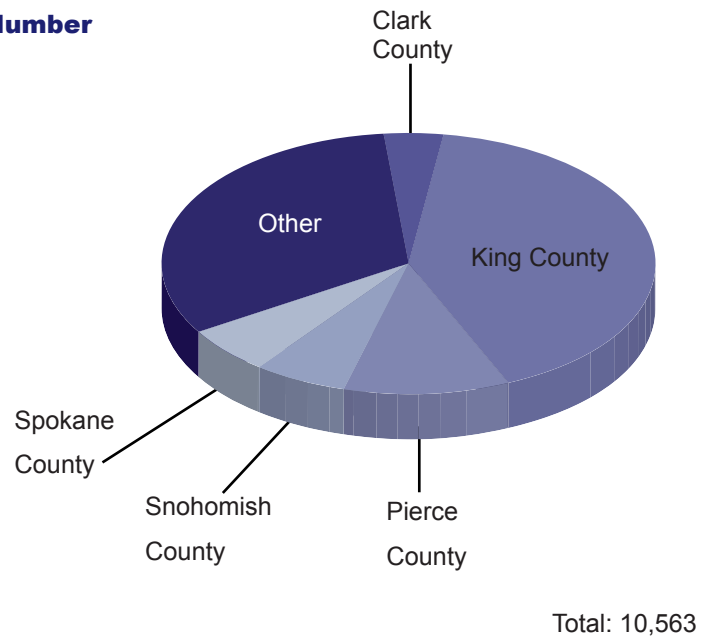
Nonprofit Market

As the table on the previous page shows, nonprofits operate everywhere in Washington state. The more urbanized areas of the state, not surprisingly, include larger proportions of these organizations. The concentration of financial resources (revenues and assets) among tax-exempt entities, as demonstrated by annual reports filed with the IRS, is even more sharply concentrated in the urbanized areas. This is particularly true for Seattle, where the largest capital-intensive organizations in the state – principally hospitals, research laboratories, universities, and foundations – are located. The five urban counties highlighted in the charts below account for 65% of the total population of the state and nearly 70% of the number of 501(c)(3)s, 96% of the revenue, and 95% of the assets. The share of all other counties' nonprofit revenues, though comparatively small, totals \$3.5 billion; the share of assets in all other counties comes to \$5.2 billion.

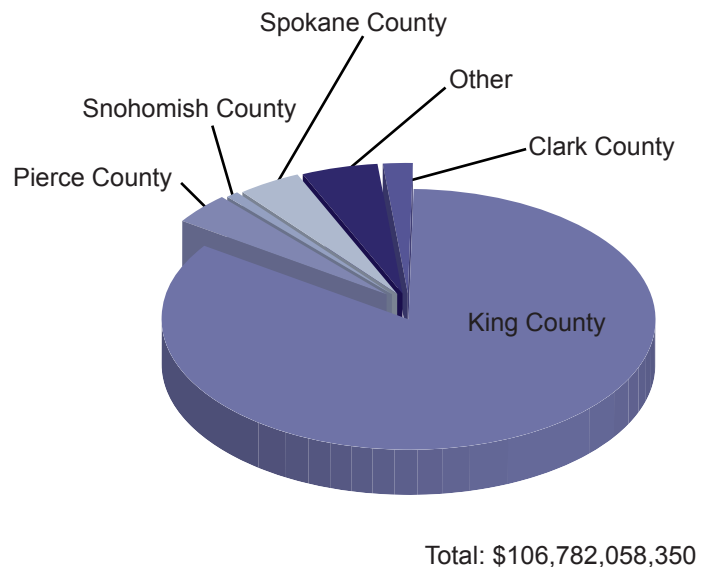
Revenue



Number



Assets



Size of Washington's Nonprofit Organizations

Most nonprofit organizations are small. There is no information that directly shows the sizes of the nonprofit corporations registered with the state, but using data about federally recognized nonprofits and foundations offers an indication of how many organizations operate entirely with volunteers or on very small budgets.

75% of the 24,450 charitable organizations that had been recognized by the IRS as of April 2008 recorded total revenues of \$44,000 or less; 90% recorded revenues of less than \$302,000. Among these 24,450 organizations, many report \$0 revenue or less; in addition, many did not file a Form 990 during the previous two years. There were 8,627 organizations that reported revenue of at least \$1 in that period – 25% of these had revenues under \$38,000; the median organization reported \$99,700; 75% had revenues of less than \$384,900. In fact, 90% of these organizations had total revenues of less than \$1,632,000, leaving 862 with revenues between that amount and the very largest (at \$2.4 billion).

Types of Services

The figures on this page show the numbers of reporting 501(c)(3) organizations engaged in various kinds of work in Washington state as well as total revenues and assets, both financial and fixed, held by organizations in each category. The six categories shown here combine data from 26 fields of service detailed in the data from federal reports; a breakdown of the statistics for all 26 categories for each of Washington's 39 counties is included in the online supplement. (The 204 organizations that lacked a code for field of service have not been included in this discussion; unlike the charts on page 4, the ones on this page include financial information from private foundations.)

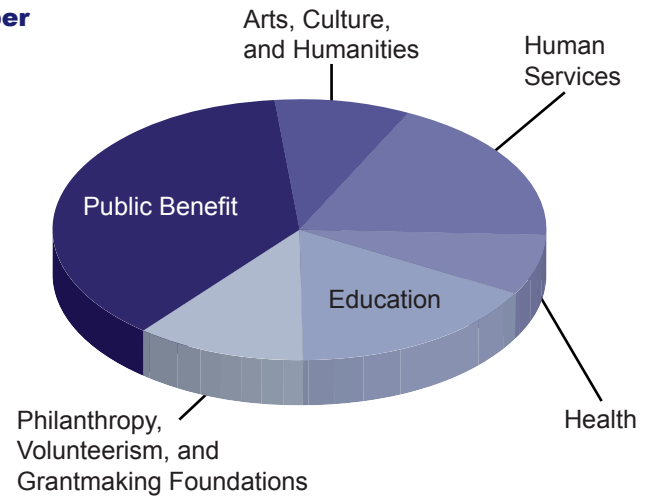
With substantial physical plants and significant fee and tuition income, education and health represent a significant portion of the financial activity among Washington nonprofits. At the same time, due to remarkable levels of gift-giving, the private and community foundations in Washington state (included in the category labeled "Philanthropy, Volunteerism, and Grantmaking Foundations") account for more than half the assets and almost two-thirds of the revenues shown below; The Bill and Melinda Gates Foundation alone accounts for much of these totals. A *2008 Trends in Northwest Giving Report*, prepared by Philanthropy Northwest, ranked the Gates Foundation as the largest funder to the Northwestern United States, representing 30% of grant dollars to the region.

It is worth noting that these charts present foundations' role in the finances of the nonprofit sector twice, since the revenues received in the current year by foundations will be distributed in the form of grants – reported as revenue by other sorts of organizations – in future years. Hence, some portion of the revenue reported by the other types of nonprofits in the data reflected in these charts was received as income by foundations in past years. Further complicating this discussion is the fact that foundations' grantmaking is not linked to the data by states, so there is no way to identify grants by out-of-state foundations to Washington nonprofits and grants by Washington foundations to out-of-state recipients. (Nationally, foundation grants make up about 3% of total revenues for nonprofits other than foundations.)

New Federal Reporting Requirement

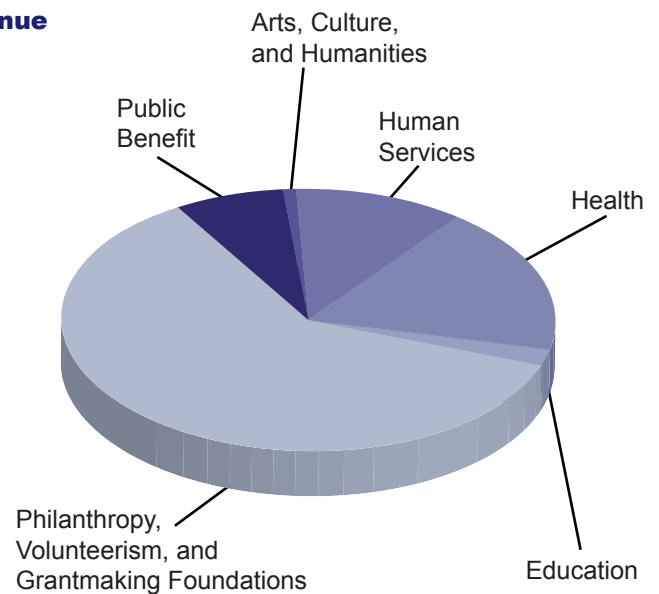
Though exempt from filing with the IRS prior to 2008, most small 501(c)(3)s (those with less than \$25,000 per year in gross receipts) are now required to complete IRS Form 990-N annually. The 990-N confirms that they continue to operate and have revenues below the threshold. As of April 2008, about 58% of all registered tax-exempt organizations in Washington were not filers of Form 990 or Form 990-EZ. Of these, only about 5% (as of mid-June 2008) had filed the new form. The organizations that did not file a form 990-N include those that are exempt from filing (most often because of status as a church) or have ceased operation; most, though, have probably not yet heard of the requirement, and under the new rules risk losing 501(c)(3) status if they fail to file for three consecutive years. The geographic distribution of the organizations that have filed a Form 990-N is shown in the table on page 3.

Number



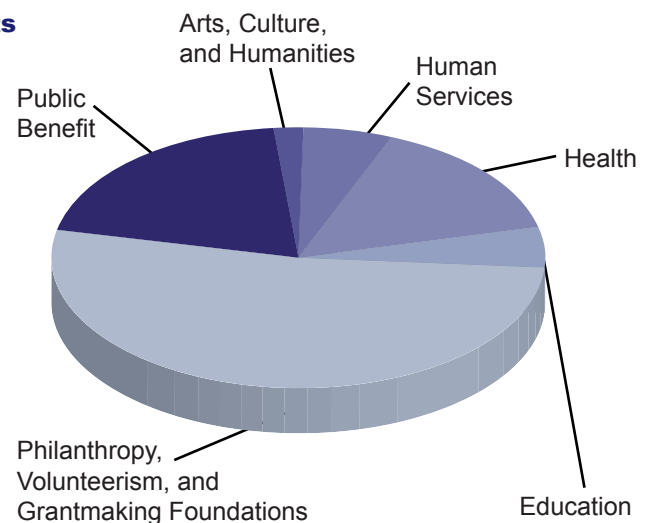
Total: 14,474

Revenue



Total: \$106,074,844,610

Assets



Total: \$132,905,639,863

Developments for Washington Nonprofits

Washington State Charities Advisory Council

2007 legislation authorized the Secretary of State to appoint a volunteer Advisory Council to assist his office and other state agencies in working with nonprofits across the state. Secretary of State Sam Reed has appointed 13 members to the newly-formed Council; Putnam Barber was elected its chair at its first meeting. The Council's first tasks have been to consult with the staff of the Charities Program on revisions to the regulations for nonprofit registering and reporting. It has also been discussing the elements that should be included in an educational program designed to assist boards and staff of nonprofit organizations in managing and reporting on financial affairs.

How to Form and Maintain a Nonprofit Organization in Washington State

A new edition of this popular handbook for nonprofits and their advisors has been developed reflecting the many changes, small and large, in the requirements for complying with state and federal requirements and other expectations. Washington Attorneys Assisting Community Organizations (<http://www.waaco.org>) and the King County Bar Association cooperated in the development of the new edition. It will be posted online by WAACO in the fall of 2008.

The Guide to Starting a Nonprofit

The Executive Service Corps of Washington has developed an outline of the process of setting up a new nonprofit organization with advice and suggestions at every step of the way. The *Guide* is available online from ESC at <http://www.escwa.org/resources/>.

The preparation of the 2008 Update to Nonprofits in Washington has been supported by the Nancy Bell Evans Center on Nonprofits & Philanthropy at the Evans School of Public Affairs, University of Washington, and by Executive Alliance. Tom Pollak of the National Center for Charitable Statistics, Rebecca Sherrell of the Charities Program and Rob Thompson of the Corporations Division in the Office of the (Washington) Secretary of State assisted by providing the necessary data and advice on its interpretation. Nina Tantraphol, MPA candidate at the University of Washington, compiled the data for this publication and the online supplements. Putnam Barber and Nina Tantraphol prepared the text.

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The aim of the Nancy Bell Evans Center on Nonprofits & Philanthropy is to enhance the understanding and vitality of the nonprofit and philanthropic sector. The Center conducts and supports research on nonprofits and philanthropy. It serves as an incubator for research-based nonprofit and

philanthropic education at the University of Washington. The Center also convenes members of the academic, nonprofit, and philanthropic communities to stimulate thinking on current issues, share research and best practices, and promote increased dialogue and collaboration. The Center, housed within the Evans School of Public Affairs at the University of Washington, is directed by Steven Rathgeb Smith, Nancy Bell Evans Professor of Public Affairs.



Executive Alliance is a community of nonprofits sharing the vision of a strong nonprofit sector. With members ranging from grassroots startup nonprofits to established law firms, from consultants to CEOs, Executive Alliance works in leadership development and advocacy on behalf of nonprofits to in the Puget Sound region and throughout Washington state. These activities support a strong sector from the inside by connecting nonprofit leaders through events, programs and services, and from the outside, by educating nonprofit leaders and the community on the many missions, the important impact and the continuing value of nonprofit organizations.

CLARK NUBER

Certified Public Accountants & Consultants

Clark Nuber CPAs and Consultants, Bellevue, Washington, has sponsored the preparation and publication of this report annually since 2004.

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