



A Portrait of Arizona's 28,379 Nonprofits

Scope of the Arizona Nonprofit Sector

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ASU **Lodestar Center**
for Philanthropy and Nonprofit Innovation
Arizona State University

ASU
School of
Community
Resources and
Development
Arizona State
University

ASU
Watts College
of Public Service
and Community
Solutions
Arizona State
University

Arizona's nonprofit organizations and what the data tells us

As of February 2, 2024, the IRS listed 28,379 organizations in Arizona as tax exempt. In addition to Arizona-based organizations serving Arizona needs, organizations such as the Make-A-Wish Foundation, which serve a national or global population, are also included. Many national organizations also have local chapters in the state that have their own tax-exempt status and are included in the state total.

The publicly available tax forms filed by these organizations give us some insight into the scope of the nonprofit sector of the economy, but it is an incomplete picture. More than 5,000 religion-focused organizations, from small local churches to large megachurches, are not required to file forms listing their income and assets. In addition, more than 13,000 organizations with annual incomes of less than \$25,000 are not required to file financial information. Taken together, these two groups represent 69 percent of the 28,379 nonprofit organizations in the IRS data. Finally, there are some national organizations, such as the Red Cross, that have operations in Arizona, but do not have presence in the IRS tax records for the state.

What is reported in the data?

Data from the IRS is, understandably, focused on financial data to ensure that organizations remain in compliance with the requirements for tax-exempt status. In addition to basic information about the organization's name and address, the data tells us which subsection of the IRS code the organization falls under, the vast majority being 501(c)(3). The charitable purpose of the organization is categorized with a National Taxonomy of Exempt Entities (NTEE) code. Also captured, when available, are figures about an organization's assets, revenue and expenses.

Scope of the Arizona Nonprofit Sector

Arizona's nonprofit sector spans from tiny groups supporting local swim clubs to giant healthcare organizations with billions of dollars in annual revenue.

The Internal Revenue Service (IRS) grants tax-exempt status to a variety of businesses that meet requirements set out in Section 501(c) of the federal tax code. These nonprofit organizations do not pay the federal income tax required of for-profit businesses. They are exempt from many state taxes as well.

Visit lodestar.asu.edu/scope for more information and interactive data visualizations.



What is NOT reported in the data?

Although the IRS presents a large amount of data on the nonprofit sector, there are some significant gaps that should be considered when it is analyzed.

The address given by each organization does not necessarily represent where services are delivered. It is possible that the business office address that is on file with the IRS is many miles from the location or locations where services are actually delivered.

Financial data is nonexistent for 69 percent of the organizations. Most of these are small organizations with annual incomes under \$25,000, while the rest are religious groups that are not required to disclose this information. Importantly, most of these organizations undoubtedly had both assets and income. They simply weren't required to reveal those amounts under the IRS rules.

Just 14 percent of the organizations in the IRS data for Arizona self-report the number of employees. But these 4,056 organizations do not indicate either the wages paid to these employees or their full-time versus part-time status. This, coupled with the large number of organizations that do not disclose financial data, makes it difficult to gauge the economic impact of the nonprofit sector from IRS data alone. In future publications, we will explore how surveys from the U.S. Census Bureau can provide insight into employment and wages at the worker level.



What does the data show?

The IRS data provides a good picture of where nonprofit organizations are headquartered in Arizona and what services they’re engaged in.

Table 1 on the following page shows the breakdown of Arizona’s nonprofit sector by NTEE classification. “Religion-related, spiritual development” is the largest group, with over 5,000 organizations. The group includes traditional churches, missionary organizations and others such as Habitat for Humanity that deliver social services. Note that many large denominations have churches in Arizona, but are headquartered elsewhere, so they are not represented.

The next largest group is “Educational Institutions and Related Activities,” which includes many, but not all, private and charter schools, since some are run as for-profit schools. Also included in this category are parent-teacher organizations, some private higher-education groups and support groups for educational organizations.

The **NTEE** system is flexible, with classifications determined by how an organization describes itself when applying for their nonprofit tax exemption. For example, a group that provides after-school tutoring and sports activities for underprivileged children could be classified under “Youth Development,” “Educational Institutions” or “Sports and Athletics.” The NTEE gives a general guide to the sector, but there are certainly spill-overs between these categories.

Table 1: Arizona nonprofits by NTEE classification

	Total
Animal-Related	1,078
Arts, Culture and Humanities	1,877
Civil Rights, Social Action, Advocacy	209
Community Improvement, Capacity Building	1,695
Crime, Legal-Related	271
Diseases, Disorders, Medical Disciplines	244
Educational Institutions and Related Activities	4,287
Employment, Job-Related	531
Environmental Quality, Protection and Beautification	474
Food, Agriculture and Nutrition	262
Health - General and Rehabilitative	924
Housing, Shelter	440
Human Services - Multipurpose and Other	2,532
International, Foreign Affairs and National Security	342
Medical Research	137
Mental Health, Crisis Intervention	463
Mutual/Membership Benefit Organizations, Other	550
Philanthropy, Volunteerism and Grantmaking Foundations	1,683
Public Safety, Disaster Preparedness and Relief	239
Public, Society Benefit - Multipurpose and Other	836
Recreation, Sports, Leisure, Athletics	2,425
Religion-Related, Spiritual Development	5,292
Science and Technology Research Institutes, Services	121
Social Science Research Institutes, Services	33
Youth Development	663
No NTEE recorded	771
Arizona total	28,379

County-level data

The distribution of nonprofits, both those that report income and those that do not, closely correlates with the counties' population, with Maricopa and Pima counties being home to most of the state's nonprofits just as they hold most of the population (Table 2). This may be an indication that, for the most part, nonprofit services are delivered in their home county.

Table 2: Arizona nonprofits by county

	Total nonprofit orgs	Orgs with no reported income	Orgs with reported income	Reported income (millions)
Arizona Total	28,379	19,476	8,903	\$58,193
Apache	207	160	47	\$157
Cochise	718	561	157	\$567
Coconino	794	525	269	\$1,461
Gila	327	231	96	\$132
Graham	174	117	57	\$290
Greenlee	33	27	6	\$6
La Paz	103	76	27	\$39
Maricopa	16,673	11,119	5,554	\$46,153
Mohave	744	571	173	\$712
Navajo	419	320	99	\$660
Pima	4,474	3,012	1,462	\$5,137
Pinal	1,449	1,146	303	\$325
Santa Cruz	253	176	77	\$114
Yavapai	1,512	1,078	434	\$1,186
Yuma	499	357	142	\$1,256

Many nonprofit organizations have gross receipts of less than \$50,000 annually, making them exempt from IRS reporting requirements. These organizations file IRS Form 990-N, a simple "e-postcard" that contains no financial information. Although some of these organizations have small incomes, the large number of 990-N filers indicates that there is a substantial amount of unreported income to the nonprofit sector. If each of the 13,256 organizations filing the 990-N form were to have receipts just short of the \$50,000, it would represent about \$663 million total. The actual total is undoubtedly considerably smaller than this. Further issues in this series of briefs will attempt to shed some light on the economic impact of the many small organizations that do not report financial data to the IRS.

Of the 28,379 nonprofit organizations in Arizona, 8,903 reported income to the IRS totaling **\$58.2 billion** in 2022. This income is primarily comprised of contributions from donors, program service revenue and income from investments. A few organizations reported negative income, either from investment losses or program activities that lost money.

It is important to note that although 19,476 organizations, 69 percent of the total, reported no income to the IRS, this does not mean that they have no income. More than 5,000 churches and other religious organizations in the database are not required to report income, although most receive tithes and other donations.

Nonprofit subsectors

The diversity of the nonprofit world suggests that subsectors of the data may be useful for analysis. We divide the nonprofit sector into four subsectors: healthcare organizations, religious organizations, education organizations and all other core nonprofits. Nonprofit healthcare organizations include large providers such as Banner Health and HonorHealth, regional medical facilities, and medical clinics. Educational nonprofits include Grand Canyon University, University of Arizona Global Campus, and Prescott College serving higher education needs, plus many, but not all charter schools for primary and secondary students. Many private schools are also organized as nonprofits. The religious nonprofit subsector includes congregations of many faiths plus foundations and missionary groups.

Table 3: Arizona nonprofits by subsector

	Total nonprofit orgs	Orgs with no reported income	Orgs with reported income	Reported income (millions)
Arizona Total	28,379	19,476	8,903	\$58,139
Core Nonprofits	21,912	14,114	7,798	\$25,040
Nonprofit Healthcare	359	150	209	\$28,226
Nonprofit Education	483	108	375	\$4,294
Nonprofit Religious	5,625	5,104	521	\$634

These distinctions were made largely due to the wide range of income by these groups. The 7,798 organizations in the Core Nonprofit subsector that reported income to the IRS had a median annual income of \$185,146. The Healthcare and Education subsectors had median incomes of \$1.46 million and \$2.96 million, respectively. Only 521 of the 5,625 religious organizations reported any income since they are largely exempt from IRS reporting requirements. The few religious groups that did report income showed a median income of \$144,310.

About the data

Information about nonprofit organizations has been compiled from files available on the Internal Revenue Service website. This report was prepared using files that were downloaded and processed on February 2, 2024. These files include data on organizations that have filed for and received tax-exempt status from the U.S. government. Most, but not all, of these organizations file Form 990 tax documents which provide information on revenue and expenses. Many of the organizations with no 990 data are religious groups that are exempt from such filings.

About the ASU Lodestar Center

Mission

The Center helps build the capacity of the social sector by enhancing the effectiveness of those who lead, manage and support nonprofit and philanthropic organizations.

Vision

The quality of life in communities is strengthened and enriched through impactful philanthropy and effective nonprofit practice.

What we do

The Center is a global leader in advancing understanding and effective philanthropic and nonprofit practice as a distinctive community development strategy. Through research, education, technical assistance and convenings, the Center focuses on educating, empowering and connecting nonprofit leaders and philanthropists to solve problems, to realize a community's highest aspirations and to accelerate social impact.

Project team

Dan Hunting, research lead
Robert F. Ashcraft, Ph.D.
Phil Bencomo
Pravalika Samala

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ASU Lodestar Center for Philanthropy and Nonprofit Innovation
Watts College of Public Service and Community Solutions
Arizona State University
400 E. Van Buren St., Suite 900
Phoenix, AZ 85004
(602) 496-0500 | nonprofit@asu.edu