

# The Impact of the Great Recession on the Number of Charities by Subsector and Revenue Range

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## Summary

- This brief extends the analysis of the first brief in the series, “The Impact of the Great Recession on the Number of Charities,” which compared closures among nonprofit organizations over two periods: the “baseline period” of 2004–08, which includes the years immediately before the recession’s full impact, and the “recession period” of 2008–12, which includes the worst of the recession and its immediate aftermath.<sup>1</sup>
- The brief takes a closer look at nonprofit organizations that ceased operations during the baseline and recession periods by revenue range and subsector (arts and culture, education, environment, health, human services, international affairs, public and societal benefit, and other).
- In both time periods and across all subsectors, smaller organizations with revenues between \$50,000 and \$99,999 were most vulnerable to closure.
- In all subsectors, organizational closure was more prevalent during the recession period (2008–12) than during the baseline period (2004–08).
- However, organizations with revenues of \$1 million and above were no more likely to cease operations during the recession period than during the baseline period.
- The largest increase in closure rates occurred among international organizations, while human services experienced the smallest increase.
- In addition to higher closure rates, the recession is also associated with loss of revenue among smaller nonprofits. Twenty-two percent of all organizations with \$50,000 to \$99,999 in revenue in 2004 had revenue fall below \$50,000 in 2008. That share jumped to 30.1 percent for the 2008–12 period.

## Introduction

What effect did the Great Recession of 2007–10 have on the nonprofit sector, and which types of organizations were especially affected by the economic downturn? The National Center for Charitable Statistics is investigating this question in a series of briefs. The first brief in the series showed that between 2004 and 2008, before the recession had its largest effect, 4.3 percent of charities with \$50,000 or more in total revenue ceased operations. In contrast, during and after the recession (2008 to 2012), 5.0 percent of charities closed—a statistically significant increase,

but nowhere near the effect that the recession was predicted to have by some observers.

In this brief, we continue our comparison of changes in the nonprofit sector during 2004–08, which we label the “baseline period,” and 2008–12, which we call the “recession period.” During the recession period, a larger percentage of nonprofits closed than in the baseline period and a larger percentage of organizations fell below \$50,000 in total revenues. Though during any time period some organizations slip below the \$50,000 threshold, a much larger percentage of nonprofits than average dropped below \$50,000 in revenues during the recession years. Between 2004 and 2008, 8.4 percent of nonprofits fell below \$50,000 total revenue; in the recession-driven period of 2008 to 2012, that share jumped to 11.3 percent—an increase of 34 percent.

This brief focuses specifically on differences in the percentages of organizations that closed or fell below \$50,000 in revenue, looking at revenue range and nonprofit subsector. In both time periods, smaller organizations were most vulnerable to closure, a finding that is consistent with previous studies.<sup>2</sup> During the baseline period, closure rates varied from 1.9 percent for those with \$10 million or more in total revenues to 5.3 percent for those with \$50,000 to \$99,999. The same general pattern was observed during the recession period; the smallest organizations were most likely to shut down, and the largest organizations least likely. However, closure rates only increased for organizations with revenues less than \$1 million; organizations with revenues of \$1 million or more were no more likely to cease operations during the recession period than during the baseline period.

Though a small percentage of organizations actually closed during either time period, charitable organizations were much more likely to experience a decline in revenues than to close. The organizations most likely to fall below \$50,000 in total revenue were the smallest ones in the sample: organizations with \$50,000 to \$99,999 in total revenue. During the baseline period, 21.9 percent of these small organizations in 2004 had revenues fall below \$50,000 in 2008, but that percentage jumped to 30.1 percent for the recession period—an increase of 37 percent.

However, not all subsectors were affected by the recession equally. During the recession period, the closure rate increased most for international organizations, while both environment

and arts organizations were less likely to close than other types of charities during both time periods and saw the smallest increase in their closure rates. Overall, within each subsector, the pattern evident in the nonprofit sector—smaller organizations were most vulnerable to closure—seems to hold in general across subsectors, though our analysis reveals some differences.

### Focus on organizations with \$50,000 or more in gross receipts

We begin our analysis with the group of all 501(c)(3) public charities that filed an IRS Form 990 or Form 990-EZ and reported \$50,000 or more in gross receipts during fiscal years 2004 and 2008. We then use data for both groups of organizations from four years later to determine which organizations closed or experienced declining revenues. The \$50,000 threshold is selected for the analysis because regulations in place from 2010 onward require most charitable nonprofit organizations with gross receipts of at least \$50,000 to provide annual financial information to the IRS. Charities with revenue of \$50,000 or more can range from small organizations with a part-time staff to large entities with thousands of employees (such as hospitals, universities, and “household name” nonprofits).

Limiting the sample to organizations with \$50,000 or more in revenues excludes more than half a million existing charities from the analysis.<sup>3</sup> These smaller organizations include volunteer-run agencies, PTAs or mentoring programs, charities just starting out, and organizations winding down their operations. We exclude this large group because of data limits; though smaller nonprofits are now required to file IRS form 990-N (the “e-Postcard”), which contains a few basic financial statistics, data for most smaller organizations are unavailable before 2008.<sup>4</sup> Therefore, to facilitate comparison between the baseline and recession time periods, we focus our analysis on organizations with \$50,000 or more in gross receipts.

Charities with \$50,000 or more in revenue increased in numbers between 2004 and 2012, as shown in table 1, although the number of charities with \$50,000 or more in revenues actually declined between 2008 and 2012. Table 1 also shows the distribution of organizations by revenue range: between 22.1 percent (2012) and 22.9 percent (2008) of all charities with revenues of \$50,000 or more had revenue below \$100,000. About 40 percent of nonprofits in our sample—more than 80,000 organizations in 2004—reported between \$100,000 and \$499,999 in revenues.

### Changes in the nonprofit sector, by revenue range

To assess the effect of the recession on the number of public charities with gross receipts of \$50,000 or more, we use data from the period of economic growth just before the recession to develop a baseline for comparison. We then look at the number of organizations above the \$50,000 threshold at the start of the recession (December 2007) and four years later. We compare the changes during the recession and its aftermath with the baseline numbers.

### Changes in status

A nonprofit organization may disappear from the National Center for Charitable Statistics Core File for four reasons: closure; declining revenue (organizations that fall below \$50,000 in total revenue); loss of private charity status;<sup>5</sup> and failure to file (though the organization remains listed as a registered public charity). All four status changes were observed in both the baseline and recession periods.

As table 2 shows, the two most frequent types of status changes for nonprofits are closure and revenue declining below \$50,000. However, table 2 also shows how the effect of the recession depended on the size of the organization. The largest increases in closure rates occurred among the smallest organizations; 5.3 percent of the smallest nonprofits in the sample

**Table 1. Number and Percentage of Public Charities Filing Form 990 by Revenue Range, Selected Years**

Revenue range	Number Filing*			Percentage Filing		
	2004	2008	2012	2004	2008	2012
\$50,000 to \$99,999	47,158	54,887	52,438	22.6	22.9	22.1
\$100,000 to \$499,999	82,454	94,005	93,842	39.5	39.3	39.6
\$500,000 to \$999,999	24,991	27,931	27,081	12.0	11.7	11.4
\$1 million to \$4.99 million	34,615	39,270	39,320	16.6	16.4	16.6
\$5 million to \$9.99 million	8,079	9,233	9,403	3.9	3.9	4.0
\$10 million and greater	11,640	14,113	14,786	5.6	5.9	6.2
Total	208,937	239,439	236,870	100	100	100

*Source:* Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

\* Excludes organizations in the religion subsector. Those organizations were included in the first brief in this series (see Brown et al., “The Impact of the Great Recession on the Number of Charities”).

**Table 2. Percentage of Charities Filing Form 990 That Closed or Fell below \$50,000 in Revenue**

Revenue range in 1st year of period examined	Closures		Revenue Fell Below \$50,000	
	2004–08	2008–12	2004–08	2008–12
\$50,000 to \$99,999	5.3	6.6*	21.9	30.1**
\$100,000 to \$499,999	4.7	5.6*	6.5	8.4**
\$500,000 to \$999,999	3.9	4.7*	2.6	3.0**
\$1 million to \$4.99 million	3.1	3.7	1.6	1.8
\$5 million to \$9.99 million	2.6	2.5	1.0	1.1
\$10 million and greater	1.9	1.9	0.9	1.7*

*Source:* Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

\* Increase is statistically significant from baseline time period,  $p < .05$ .

(revenues of \$50,000 to \$99,999) closed in the baseline period compared with 6.6 percent during the recession period. This change in the rate of closure is statistically significant.

Closure rates for the next highest revenue ranges (\$100,000 to \$499,999 and \$500,000 to \$999,999) also increased by a statistically significant amount between the baseline and recession periods. Meanwhile, only 1.9 percent of the largest organizations (with gross receipts above \$10 million) closed during the baseline period—about the same closure rate as was seen during the recession period.

As seen in table 2, during both time periods smaller charities were much more likely to fall below the \$50,000 revenue threshold than to close down altogether. Though such changes do not necessarily signify imminent financial threats, smaller organizations were much more likely to drop below the \$50,000 threshold

during the recession period (30.1 percent) than during the baseline period (21.9 percent). Meanwhile, for slightly larger organizations (revenues between \$100,000 and \$499,999), the difference was much smaller (8.4 percent during the recession period, compared with 6.5 percent during the baseline period) but still statistically significant.

However, in both time periods organizations with revenues above \$500,000 were more likely to close down than to see their revenues fall below \$50,000. The closure rate of the largest organizations was apparently not affected by the recession at all. Among organizations that reported revenue of \$10 million and above, 1.9 percent closed in both the baseline and recession periods. However, more of these extremely large organizations saw their revenue levels drop below \$50,000 during the recession period: around 1.7 percent (241) of organizations with \$10 million or more in revenues dropped below \$50,000 in revenues during

**Table 3. Number of New Charities and Newly Filing Charities by Revenue Range at End of Period**

Ending year revenue	Newly Registered Charities		Filed 990 or 990-EZ for First Time During Period	
	2004–08	2008–12	2004–08	2008–12
\$50,000 to \$99,999	9,789	6,903	13,858	13,982
\$100,000 to \$499,999	12,104	8,615	12,513	9,026
\$500,000 to \$999,999	2,222	1,264	3,055	982
\$1 million to \$4.99 million	2,262	1,719	4,670	1,421
\$5 million to \$9.99 million	297	253	1,275	398
\$10 million and greater	312	258	2,609	1,187
Total	26,896	19,012	37,980	26,996

*Source:* Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

the recession period compared with 0.9 percent during the baseline period.

### New and newly filing charities

As table 3 shows, new nonprofit organizations continued to form even during the recession period. Many of the organizations counted below were completely new (that is, they had a ruling date that falls within the time period listed), but existing organizations that were formed earlier are also included if they had revenue below \$50,000 in the first year of the period and rose above that threshold by the end. In both periods, most newly formed organizations (or new filers) reported relatively low revenues at the end of the four-year period, but many large organizations—those with \$1 million or more in revenues—also formed. The number of large organizations formed during the recession period was only slightly smaller than the number formed during the baseline period (2,230 compared with 2,871, respectively) and the percentage of newly formed large organizations was actually greater during the

recession period (11.7 percent, compared with 10.7 percent during the baseline period).

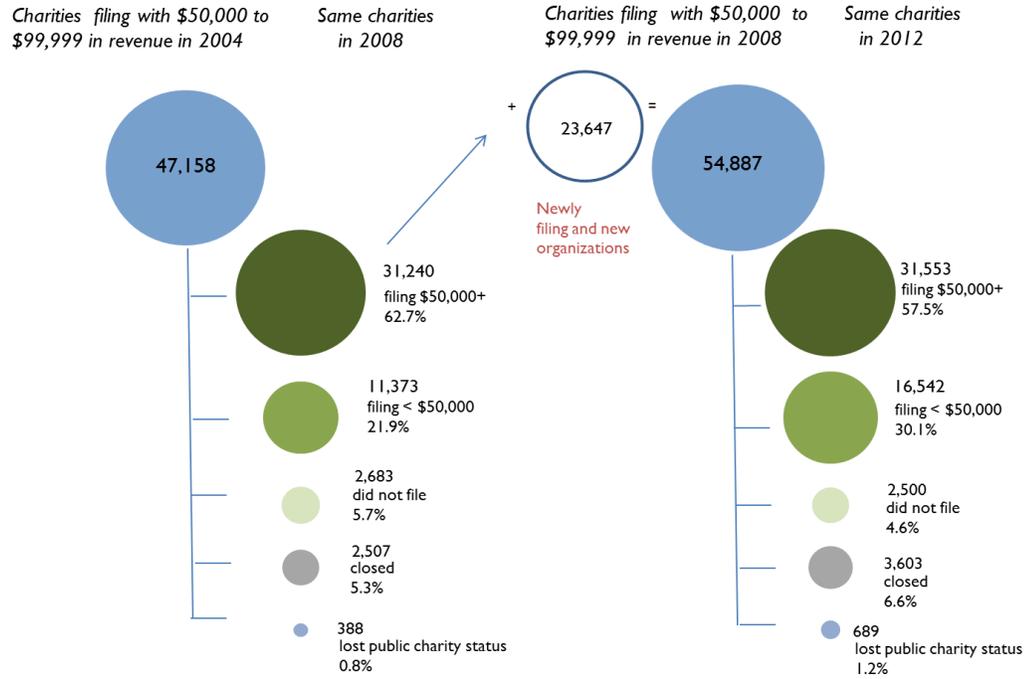
Although over 19,000 nonprofits filed forms 990 or 990-EZ for the first time between 2008 and 2012, fewer charities were newly formed in the recession period than in the baseline period for every revenue category. In addition to newly formed charities, about 27,000 charities appeared or reappeared in the record during the recession period even though they had formed before 2008. Thus by 2012, the number of organizations filing forms 990 or 990-EZ included almost 46,000 charities that did not file in 2008—a decline of 29 percent from the baseline period.

In most revenue ranges, the preponderance of the newly appearing charities are older organizations that did not file returns in the first year of the period; a smaller number are charities that did not exist at the start of the period. Some existing charities file sporadically because their revenues fluctuate above and below the \$50,000 revenue threshold for required filing. However, some organizations simply failed to report for several years due to poor internal procedures or staff changes. More research is needed to understand the dynamics of moving in and out of the group of filing charities.

### Combined impact of closures and new organizations

Figure 1 illustrates the combined effects of closure, organizations dipping below the \$50,000 revenue threshold, and new organizations on the total number of public charities that filed with \$50,000 to \$99,999 in total revenue in 2004. The chart on

Figure 1. Tracking Public Charities with \$50,000–\$99,999 in Revenue before, during, and after the 2007–10 Recession



Source: Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

the left shows the net changes in the number of nonprofits in the sample during the baseline period; the chart on the right shows the net changes observed during the recession period.

The figure shows that in both periods, the modest increase in the number of charities with revenues between \$50,000 and \$99,999 was masked by a large amount of churn: thousands of new organizations entered the official record, some for the first time, while thousands of existing organizations exited. The baseline period started with 47,158 organizations in 2004 that reported revenue between \$50,000 and \$99,999. By 2008, nearly two-thirds of these organizations (62.7 percent) continued filing Form 990s and reported revenues of \$50,000 or more. Another 21.9 percent filed below \$50,000 in revenue; the remaining organizations did not file at all (5.7 percent), closed (5.3 percent), or lost public charity status (0.8 percent).

In 2008, the filers that continued from 2004 were joined by another 23,647 organizations that had not filed Form 990 in 2004, causing a modest increase in the total number of organizations at this revenue level. Some of these new organizations formed between 2004 and 2008; others were older, but did not file Form 990 in 2004. Of these 54,887 organizations with revenues between \$50,000 and \$99,999 in 2008, only 57.5 percent continued filing Form 990; 30.1 percent saw revenue fall below \$50,000 and smaller shares either did not file, closed, or lost public charity status.

### Changes by type of charity (subsector)

In this section, we use the major categories from the National Taxonomy of Exempt Entities (NTEE) to conduct the same type of analysis, comparing changes observed during the baseline period with changes observed during the recession period. In all subsectors, the smallest charities (less than \$100,000 in revenue) were most likely to fall below \$50,000 in revenue and most likely to close. In both time periods and in almost all subsectors, the closure rate during the recession period was higher than the closure rate during the baseline period.

However, a more sophisticated analysis confirms that survival rates for particular types of organizations were significantly different from one another, even after controlling for size. A logistic regression (using active/inactive status was the dependent variable and NTEE category and size category as the independent variables) shows that environmental organizations, followed by arts organizations, were the most likely to survive. Health organizations and the disparate organizations in the “other” category were the least likely to survive.

### Overview of subsector-level results

Tables 4 and 5 illustrate some of the main conclusions from comparing closure rates across both size categories and subsectors. As seen in Table 5, the subsectors with the highest percentage of closures during the recession were the health and international subsectors. And in every size category, the highest closure rates in both the baseline and recession periods were observed in the health subsector. During the baseline period, the closure rate among the smallest health organizations—those with \$50,000 to \$99,999 in revenue—was 6.8 percent. During the recession period, 8.4 percent of health organizations in that lowest revenue

range closed—an increase of 1.6 percentage points. However, unlike other subsectors, health also saw above-average increases in closure rates among larger organizations. In organizations with \$1 million to \$4.99 million in revenue, 4.2 percent closed during the baseline period and 5.3 percent closed during the recession period, an increase of 1.1 percentage points.

The largest observed increase in closure rates (between the baseline and recession periods) was among international organizations. Among international organizations with \$5 million to \$9.99 million in revenue, 2 percent closed during the baseline period. That closure rate increased to 4.7 percent in the recession period—an increase of 2.7 percentage points. The smallest international organizations experienced a similar shift: closure rates increased 2.6 percentage points for organizations with revenues between \$50,000 and \$99,999.

Relatively little change in the closure rate occurred among environment organizations, where between 0.7 and 3.3 percent of organizations closed during the baseline period, depending on the 2004 revenue level. Closure rates during the recession period varied from 0.5 percent of the organizations with \$10 million or more in revenue to 4.0 percent of the organizations with revenue of \$50,000 to \$99,999.

Among arts organizations, between 0.7 percent and 3.4 percent closed (depending on revenue range) during the baseline period. In the recession period, between 0.7 percent of the largest arts organizations (\$10 million and greater in revenue) and 5.1 percent of the smallest (\$50,000 to \$99,999 in revenue) closed. Notably, the closure rate among large arts organizations remained constant.

**Table 4. Closure Rates by Size and Subsector, 2004–08 (Percentage)**

Organization type	Organization Size (2004 revenues)						All organizations
	\$50,000–\$99,999	\$100,000–\$499,999	\$500,000–\$999,999	\$1 million–\$4.99 million	\$5 million–\$9.99 million	\$10 million and greater	
Arts and culture	3.4	3.2	2.2	1.9	0.7	1.1	2.9
Education	4.5	5.1	4.0	2.2	1.4	0.4	3.9
Environment and animals	3.3	2.5	1.4	1.3	2.5	0.7	2.4
Health	6.8	5.8	5.2	4.2	3.7	2.8	4.9
Human services	6.3	5.1	4.1	3.3	2.6	1.6	4.7
International affairs	4.3	4.0	2.8	2.4	2.0	0.4	3.4
Public and societal benefit	5.7	4.4	3.4	2.7	2.5	1.7	4.2
Other	6.6	8.4	6.2	9.0	5.0	5.7	7.5
Total	5.3	4.7	3.9	3.1	2.6	1.9	4.2

Source: Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

Human services organizations experienced little change in closure rates between the baseline and recession periods. In both time periods, smaller human service organizations were significantly more likely to close than smaller organizations in other subsectors. During the recession period, very large human services organizations (\$5 million and greater) were less likely to close than were other types of charities at that revenue level; for the larger size categories (\$500,000 and greater), the shift was less than one-half of one percentage point. In fact, this phenomenon—little change in the closure rates for multiple size categories—occurred only in the human services subsector. More research is needed to understand the roles played by organizational funders and other sources of support in keeping these organizations alive.

Focusing on organizations that had revenues fall below \$50,000, very small human services organizations (those with revenues between \$50,000 and \$99,999) had comparably low rates of dipping below \$50,000 during both the baseline (17.8 percent) and recession (28.3 percent) periods. Very small education organizations were more likely than very small nonprofits overall to fall below \$50,000 in revenue during both periods (25.7 percent during the baseline period, 41.2 percent during the recession period).

### Subsector-by-subsector results

Figure 2 illustrates changes in the percentage of organizations that closed during the baseline (2004–08) and recession (2008–12) periods for each subsector. In this analysis, the international subsector experienced the greatest increase in closures (measured as a percentage of organizations that filed). Among international organizations, the closure rate increased by 1.5 percent. The lowest increase occurred in human services, where the rate of closure

rose by just 0.6 percentage points (4.7 percent of filing charities closed during the baseline period compared with 5.3 percent during the recession period).

As figure 3 shows, in all subsectors a decline in revenue was far more common than closure in both time periods. In all subsectors the smallest organizations (with revenues less than \$100,000) were the most likely to have their revenues fall below the \$50,000 mark.

Two subsectors—health and human services—stand out in figure 3 for having the smallest percentages of organizations that fall below \$50,000 in revenues in both periods. Among health organizations, 5.9 percent of organizations fell below \$50,000 in revenues from 2004 to 2008, and among human services, 6.3 percent of organizations had revenues drop below \$50,000 over the same period. These two subsectors also experienced the lowest percentages of organizations that dropped below \$50,000 in revenues between 2008 and 2012. Two other subsectors—arts and public and societal benefit—had comparatively high changes in revenues during the recession period. For arts organizations, in the recession years and later, 14.7 percent of organizations had revenue fall below \$50,000 by 2012, compared with 11.0 percent overall. In other public & societal benefit, 14.6 percent had that type of decline in revenue.

### Discussion and conclusion

The analysis above shows that closure rates vary systematically by revenue range, with the organizations in the lowest revenue categories most vulnerable to closure. This finding may be explained by the conclusions of Canadian scholars studying data from 2002 through 2008, where nonprofit charities tended to take in increasingly less revenue during the two years before they ceased

**Table 5. Closure Rates by Size and Subsector, 2008–12 (Percentage)**

Organization type	Organization Size (2008 revenues)						All organizations
	\$50,000–\$99,999	\$100,000–\$499,999	\$500,000–\$999,999	\$1 million–\$4.99 million	\$5 million–\$9.99 million	\$10 million and greater	
Arts and culture	5.1	3.9	3.5	2.1	1.0	0.6	3.9
Education	5.6	5.7	5.4	3.7	2.1	0.9	4.8
Environment and animals	4.0	3.2	2.2	2.1	1.4	0.5	3.1
Health	8.4	7.2	6.6	5.3	3.8	2.6	5.9
Human services	7.4	5.9	4.6	3.4	1.8	1.6	5.3
International affairs	6.9	4.9	3.5	4.2	4.7	1.0	4.9
Public and societal benefit	6.9	5.5	4.1	3.2	2.4	2.2	5.1
Other	8.4	9.6	5.6	4.9	4.0	7.5	7.9
Total	6.6	5.6	4.7	3.7	2.5	1.9	5.1

Source: Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

operations.<sup>6</sup> Further study is needed on the patterns of organizational closure to determine which are sudden, unforeseen, and driven by events and which are planned and managed through the organization's final stages.

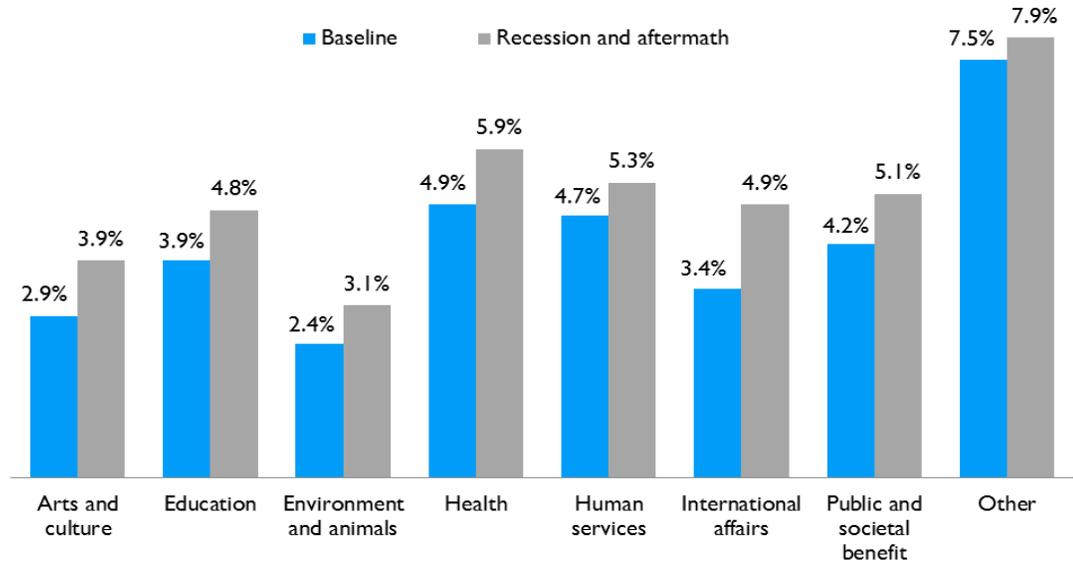
In addition to size, closure rates also appear to vary by subsector, though these results suggest areas of further research. For example, in the case of arts organizations, is there a link between the apparent low rate of closure and high rate of revenue decline? Did arts organizations somehow tend to avoid closure by remaining active even with lower revenues? And if that was the case, why was it successful for arts organizations in particular?

The American Recovery and Reinvestment Act included at least \$16 billion in funds directed to such human service needs as job training, family services, emergency food and shelter, and homelessness prevention. Non-profit organizations and others received grants from those funds. How fully does that explain the below-average increase in closures in human services nonprofits during the recession? (Increased support by private donors for human services organizations, especially those that serve the poor, as suggested by some results reported in *Giving USA 2013*, is another possible explanation.)<sup>7</sup>

A large number of charitable organizations are in the lowest revenue range, at least for some part of their lifespan. As an overall strategy for strengthening the nonprofit sector, it would help to better understand which types of organizations are among those most likely to file Form 990 only for certain years. Are some organizations likely to benefit from supportive services or capacity building assistance that helps boost their revenues? Are these organizations more prevalent in some subsectors (such as arts) than in others? Similarly, more research is needed on the question of why some larger organizations tend to file Form 990 sporadically.

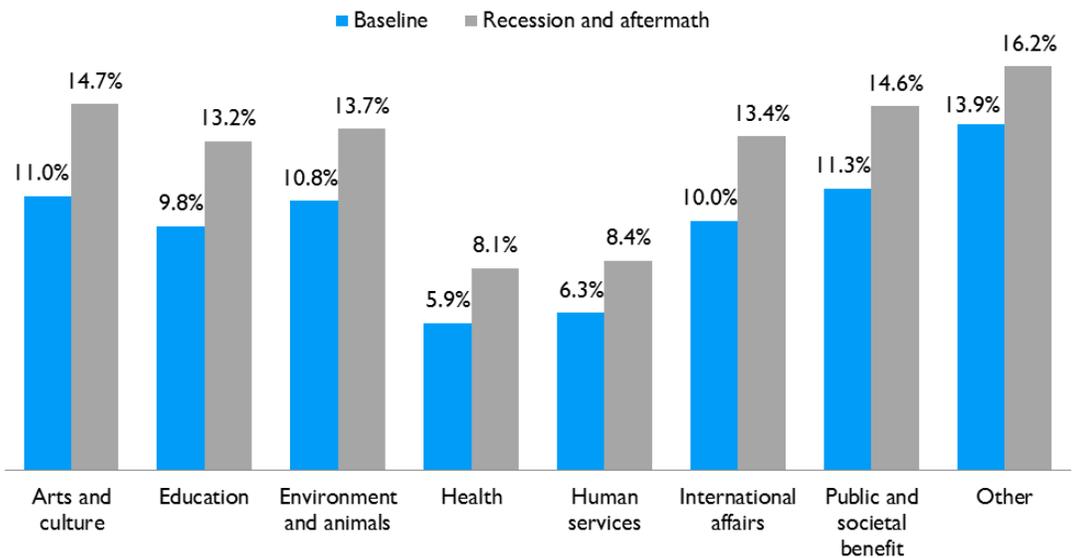
A third topic to investigate is the effect of mergers on health organizations. The consistently high percentage of apparent closures in that subsector may in part reflect other more strategic decisions by organizations to merge for business reasons or

**Figure 2. Closure Rates by Subsector, Baseline and Recession Periods**



Source: Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

**Figure 3. Revenue Drops below \$50,000, Baseline and Recession Periods**



Source: Urban Institute calculations based on data from the IRS Business Master File, 2004, 2008, and 2012.

convert to for-profit entities—often to forestall financial distress or to anticipate competitive pressures to cut costs. Even after breaking out closure rates by size categories, we still do not have a clear picture of the strategies chosen by nonprofit organizations in the health subsector.

A look at the revenue mix for organizations of all sizes could also be helpful. Recent research by Danielle L. Vance suggests that organizations that were heavily reliant on government funding were more susceptible to closure in the 1998–2003 period, but Vance also found that organizations with a diversity of revenue sources were less susceptible to closure.<sup>8</sup> In future work, we plan to explore the effect of funding diversity and government support on the ability of nonprofit organizations to survive the Great Recession without suffering extensive and possibly harmful financial reverses.

## Methods

This analysis uses records available from the Urban Institute from snapshots of the IRS Business Master File (BMF) for December 2004, December 2008, and December 2012. The dataset contains all public charities (excluding religious congregations and churches not required to file) that filed any type of IRS Form 990 in 2004 and tracks their filing status for 2008 and again for 2012.

All percentages of change are calculated using the number of organizations that filed an IRS Form 990 or 990-EZ with \$50,000 or more in revenue in the base year of the period. For each year, analysts determined the number of filing organizations (filing IRS Form 990 or 990-EZ). The base year calculation only includes organizations that were filing with over \$50,000 in revenue according to that BMF. This criterion is set so as to include only organizations that meet the minimum filing threshold for the IRS as of 2008. Below that threshold, the IRS does not provide revenue information in machine-readable format for a given organization. Setting the minimum for inclusion at \$50,000 for all base years also circumvents potential discrepancies in comparisons across periods because the IRS changed the minimum threshold for filing a Form 990 or 990-EZ status from \$25,000 to \$50,000 for returns filed during the period covered by this study.

A revenue level of \$50,000 also serves as a key threshold for newly born organizations—organizations that were not listed in the base year BMF but have a ruling date after that year and appear in a later year’s BMF. Newly born organizations must file with over \$50,000 in revenue to be counted in the totals for the end of a period. Organizations filing a 990-N or that are listed in the BMF at the end of the period with revenues less than \$50,000 are considered to be active, but they are listed in the rows labeled “less than \$50,000.”

Logistic regression analysis using active or inactive status as the dependent variable confirmed the finding that survival during the recession varies by NTEE designation, after controlling for size. Specifically, regression coefficients were statistically significant across all NTEE designations and in the expected directions. Furthermore, coefficients point to the same relative relationships as seen in the tables: environmental organizations were the most likely to survive, followed by arts. Public and societal benefit groups and health nonprofits were the least likely to survive. Detailed tables for each subsector, with results by different revenue levels, are available online.<sup>9</sup>

## Notes

1. Brown, Melissa S., Brice McKeever, Nathan Dietz, Jeremy Koulis, and Thomas H. Pollak. "The Impact of the Great Recession on the Number of Charities." Washington, DC: Urban Institute, 2013. <http://www.urban.org/publications/412924.html>.
2. Elson, Peter R., Cliff Spyker, and Dustin Rogers. "Bowing Out: A Data-Base Analysis of the Voluntary Deregistration of Canadian Charities." Calgary, AB: Institute for Nonprofit Studies, Mount Royal University, 2010.; Fernandez, Juan J. "Causes of Dissolution Among Spanish Nonprofit Associations." *Nonprofit and Voluntary Sector Quarterly*, 37(1): 113–137, 2008; Hager, Mark A. "Explaining Demise Among Nonprofit Organizations: Abstract." *Nonprofit & Voluntary Sector Quarterly*, 30(4): 795–79, 2001.
3. Charities not required to disclose financial information to the IRS fall into two major categories: religious organizations that are not required to file with the IRS at any revenue level, and other charities with revenues under \$50,000.
4. Roeger, Katie L. "Small Nonprofit Organizations: A Profile of Form 990-N Filers" Washington, DC: Urban Institute, 2010. <http://www.urban.org/publications/412197.html>.
5. Most types of public charities are required to raise at least one-third of the revenue that is not from program fees from public sources; this can be either through contributions from a broad base of donors or through government grants. When they are not able to meet this "public support test," they can be recategorized as nongrantmaking private foundations by the IRS and may be subject to excise taxes on their revenues. This loss of public charity status is relatively rare, affecting 1 to 2 percent of charities in the period studied. For more about the IRS's public support tests for charities, see Internal Revenue Service. "Tax-Exempt Status for Your Organization." Publication 557. Washington, DC: Internal Revenue Service, 2013.
6. Elson, Spyker, and Rogers, "Bowing Out."
7. American Association of Fundraising Counsel. *Giving USA 2013: The Annual Report on Philanthropy for the Year 2012*. New York: Giving USA, 2013.
8. Vance, Danielle L. "Government Funding and Failure in Nonprofit Organizations." MA thesis, Lilly Family School of Philanthropy, Indiana University-Purdue University Indianapolis, 2010.
9. "The Great Recession's Impact on the Nonprofit Sector," Urban Institute, accessed June 20 2014, <http://www.urban.org/nonprofits-great-recession/>.

## About the Authors

The authors of this paper are all members of the NCCS analysis team.

## About the Series

This three-part series builds on data from the Urban Institute's National Center for Charitable Statistics (NCCS) to study the Great Recession's impact on the financial health of nonprofit organizations. According to NCCS data, the charitable nonprofit sector proved surprisingly resilient during the Great Recession, evincing relatively stable "death rates" compared to the period directly before the recession. However, this does not imply that nonprofit organizations have been able to thrive by conducting business as usual. Even if the recession did not cause a sharp increase in the failure rate for nonprofits, certain types of organizations fared better than others.

The National Center for Charitable Statistics is a project of the Center on Nonprofits and Philanthropy at the Urban Institute. Please visit [nccs.urban.org](http://nccs.urban.org) for more detail.