Our ongoing analysis of the Indiana nonprofit sector – its size and economic impact – is a joint effort by the School of Public and Environmental Affairs at Indiana University Bloomington, the Indiana University Lilly Family School of Philanthropy, and the Indiana Business Research Center at Indiana University to document the significant impact of nonprofits on Indiana’s economy by providing detailed information on the size, composition, and distribution of nonprofit organizations and paid employment in the private nonprofit sector in Indiana.

Key facts about nonprofits in Indiana

There are two major sources of information about Indiana nonprofits: (1) data on IRS registered exempt entities with Indiana reporting addresses and (2) data on establishments with paid employees. Both sources have important limitations (see note on methodology).

IRS tax exempt entities

- In April 2014, there were 34,298 IRS-registered exempt entities with Indiana reporting addresses. They reported total income of $59.7 billion and combined assets of $100.9 billion.
- Of these, 23,677 organizations (69%) were registered as 501(c)(3) entities, including private foundations. They accounted for 86% of the total exempt income and 79% of total exempt assets.
- The rest consists of other types of tax-exempt groups such as civic leagues, chambers of commerce, labor unions, social clubs, lodges, cemeteries, and veterans’ organizations.

Nonprofit paid employment

- In 2011, Indiana nonprofits employed 249,931 persons, or 9.3% of all employees in the state.
- Indiana nonprofits accounted for $9.5 billion in total payroll, about 8.6% of the state’s payroll.

Key facts about nonprofits in north central Indiana

The north central region of the state is here defined as the counties of Blackford, Delaware, Grant, Henry, Jay, Madison, Randolph, and Wayne.

IRS tax exempt entities

- In April 2014, there were 2,503 IRS-registered exempt entities with reporting addresses in the North central region. They reported total income of $2.5 billion and combined assets of $4.6 billion.
- Of these, 1,694 organizations were registered as 501(c)(3) entities, including private foundations.

They accounted for 91% of total exempt income and 82% of total exempt assets (see figure 1).

Figure 1: Percent of exempt entities, income, and assets accounted for by 501(c)(3) entities in the north central region, 2014.

Nonprofit paid employment

- In 2011, 19,417 employees worked for nonprofits in the north central region with total payroll of $681 million (see figure 2). They accounted for 11.6% of workers and 12.2% of total payroll in the region.

Figure 2: Percent of north central region’s workers and payroll accounted for by exempt entities, 2011.

For more information, visit the Indiana Nonprofits: Scope and Community Dimensions Project at www.indiana.edu/~nonprof
The north central region accounts for 7.5% of the state’s population. This is more than its share of IRS-registered exempt entities (7.3%), exempt income (4.3%), and exempt assets (4.5%). It is also more than its share of the state’s total nonprofit payroll (7.1%), but slightly less than paid nonprofit employees (7.8%). Most likely, these patterns reflect the presence of large nonprofits in other regions of the state, particularly the Indianapolis and South Bend metropolitan regions.

**Note on methodology**

This report draws on two major sources of data that are not directly comparable; both also have important limitations. We describe the most important features below.

**IRS tax exempt entities**

Data on IRS registered exempt entities are available from the National Center for Charitable Statistics (ncsdataweb.urban.org/).

Who must register. Several important types of nonprofits are not required to register as exempt entities with the IRS: churches and other religious organizations, entities with revenues of less than $5,000 block clubs, political parties, or organizations using another tax-exempt organization as a fiscal agent, regardless of size. The first two exclusions are significant; consequently, the IRS listing of exempt entities is very incomplete. For more information about IRS registration requirements, see http://www.irs.gov/pub/irs-pdf/p4220.pdf For more information about a variety of other requirements, see Appendix A in our report on “IRS Exempt Status Initiative: Indiana Nonprofits and Compliance with the Pension Protection Act of 2006” (www.indiana.edu/~nonprof/results/database/INS.IRSRevocation.pdf).

Who must report financial information. Exempt entities with total revenues of $50,000 or more must report financial information to the IRS annually, unless they are part of a group exemption, in which case the headquarter entity may report on behalf of all its affiliated entities. Consequently, financial information from the vast majority of most small nonprofits is excluded.

Location of filing address. The IRS records show the address used by exempt entities for purposes of communicating with the IRS. This may not be the place where the organization carries out most or even some of its activities. In the case of group exemptions, all affiliated entities are reported at the location of the headquarter organization. As a result, the allocation or registered exempt entities to particular counties or states may produce geographic distortions.

**Nonprofit paid employment**

Our data on nonprofit paid employment draws on quarterly information from the national Quarterly Census of Employment and Wages (QCEW) filings as reported to the Indiana Department of Workforce Development. These data are made available to us by the Indiana Business Research Center at Indiana University (www.stats.indiana.edu) and are subject to a confidentiality agreement.

Who must report. Because of the unique position of nonprofits under federal law, many nonprofits are not required to submit employment reports. For example, religious congregations as well as 501(c)(3) organizations, also known as “charities,” employing fewer than four workers are exempt from QCEW filings. We can also only identify nonprofit employers that are registered with the IRS as exempt entities. All other private employers are defined as for-profit due to this methodological limitation. Because of these exclusions we are confident that our analysis underestimates nonprofit employment in Indiana. For a full explanation of our methodology, please visit www.indiana.edu/~nonprof.

Location of establishments. Employers responding to the QCEW census must report for each establishment (geographic site) in which the employer carries out economic activities. The information includes the primary industry of the establishment as well as the total number of employees and total payroll during a particular quarter. The QCEW data therefore allow us to allocate employees and payroll to the county in which the work is carried out.

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For more information, visit the Indiana Nonprofits: Scope and Community Dimensions Project at www.indiana.edu/~nonprof