



INDIANA NONPROFITS

Scope and Community Dimensions

Nonprofit Survey Series
Report #2

THE INDIANA NONPROFIT SECTOR: A PROFILE

A JOINT PRODUCT OF

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AND

THE SCHOOL OF PUBLIC AND ENVIRONMENTAL AFFAIRS
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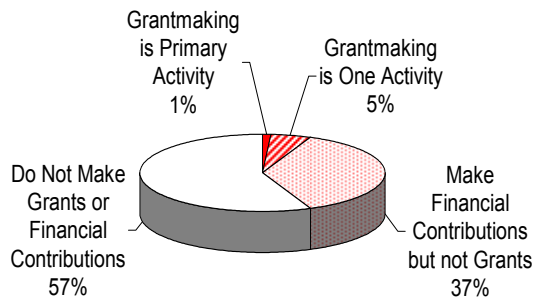
gesting that donations are particularly important to smaller nonprofits.

- Special events account for the smallest percent of combined revenues (3 percent), although on average nonprofits receive 13 percent of their revenue from this source.

Grant-making Activities: Given the relatively stable funding situation for many nonprofits, the sector itself may serve as an important source of grants or other financial support for other organizations or individuals. On average, however, grant-making activities tend to be undertaken by a relatively small number of nonprofits.

- Only 1 percent of Indiana nonprofits engage in grant making as their primary activity, and another 5 percent consider grant making as one of the primary activities within their service portfolio. See Figure 17.

Figure 17: Grant-making and financial assistance activities, Indiana nonprofits (n=2,105)



- Over one third (37 percent) provide financial assistance to other nonprofits, but do not make grants. These include some churches and fraternal organizations as well as booster clubs and other fund-raising organizations, such as United Way organizations. The majority (56 percent) of nonprofits, however, do not make either grants or financial contributions to other nonprofits.

II. DISTINCTIVE NONPROFIT FIELDS

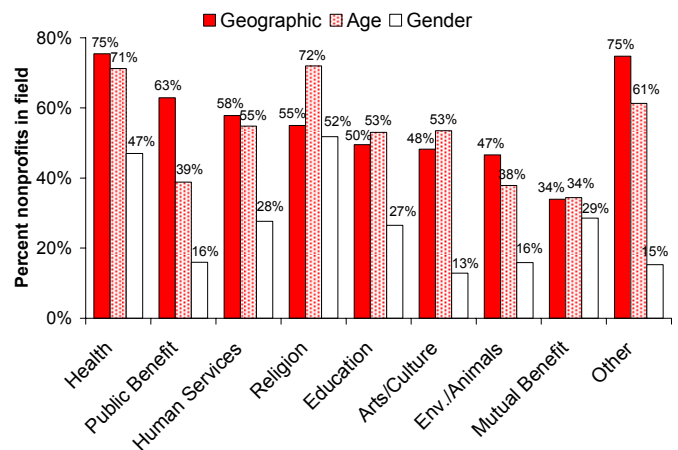
Indiana nonprofits in each of the major fields of activity¹⁹ have distinctive organizational profiles. Religious and mutual benefit nonprofits stand out in many ways.²⁰

Human Services Nonprofits: Human services organizations are the most prevalent type of nonprofit in Indiana, accounting for almost three out of ten (29 percent) of our respondents. One quarter of these are traditional human services organizations (27 percent) such as the YMCA or child welfare agencies and another 23 percent are involved in recreation. The rest is divided between six remaining categories: housing and shelter (17 percent), employment (12 percent), public safety, disaster preparedness, and relief (8 percent), youth development (5 percent), food, agriculture, and nutrition (5 percent), and crime and legal related (4 percent).

Target Population: Human services nonprofits are especially likely to target their activities by age or geographic region, but also by income and gender.

- More than three-fifths of human services nonprofits target their programs to a particular geographic region (58 percent) or to a particular age group (55 percent). See Figure 18.

Figure 18: Targeting by geographic region, age, and gender, Indiana nonprofits (n=1,665 to 1,752)

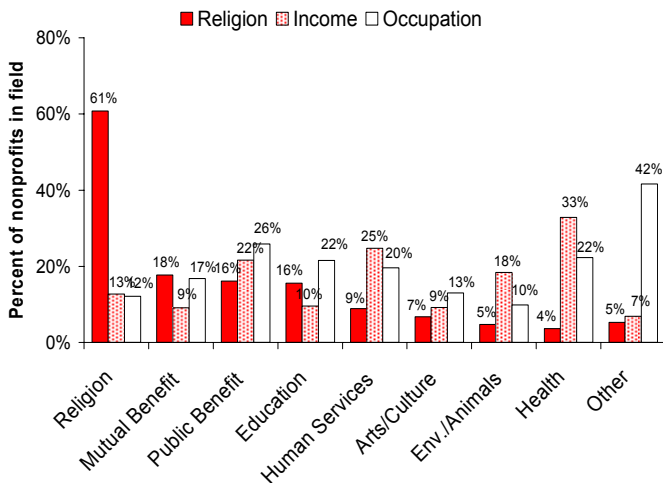


¹⁹ As noted earlier, we use the NTEE system to classify the primary purpose of Indiana nonprofits based on their mission statement and descriptions of their three most important programs. These broad categories can be further sub-divided into more specific service fields (see Appendix A)

²⁰ See Appendix C for similar information for selected regions.

- About one-quarter of human services nonprofits target their activities by gender (28 percent) or income level (25 percent), and one-fifth (20 percent) target by occupation or industry. See Figure 19.

Figure 19: Targeting by religion, income and occupation, Indiana nonprofits (n=1,620 to 1,650)



Demand for Services or Programs: Most human services nonprofits saw increased demands for their services and programs over the last three years, as did the sector as a whole.

- One half of Indiana human services nonprofits reported a moderate (33 percent) or significant (16 percent) increase in the demand for services or programs over the last three years.²¹ Very few (9 percent) reported a moderate or significant decrease in demand, while the remaining 42 percent reported that demand had stayed the same. See Figure 20.

Age of Organization: The majority of human services nonprofits are relatively young.

- Three-fifths (60 percent) of human services nonprofits were established since 1970, while only 11 percent were established before 1930, less than half of the sector average. See Figure 21.

Size and Finances: Like the sector as whole, human service nonprofits tend to be relatively small, but with a modest number of quite large organizations.

²¹ We characterize a “significant” increase as an increase of more than 25 percent; a “moderate” increase as an increase of 10 to 25 percent.

Figure 20: Growth or decline in demand for services over the past three years by major field of activity, Indiana nonprofits (n=2,089)

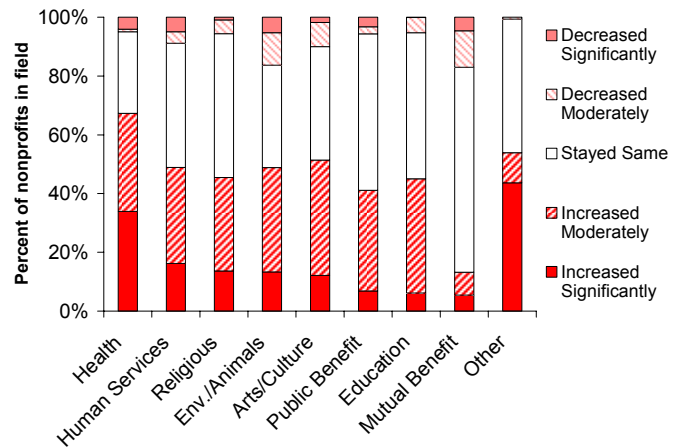
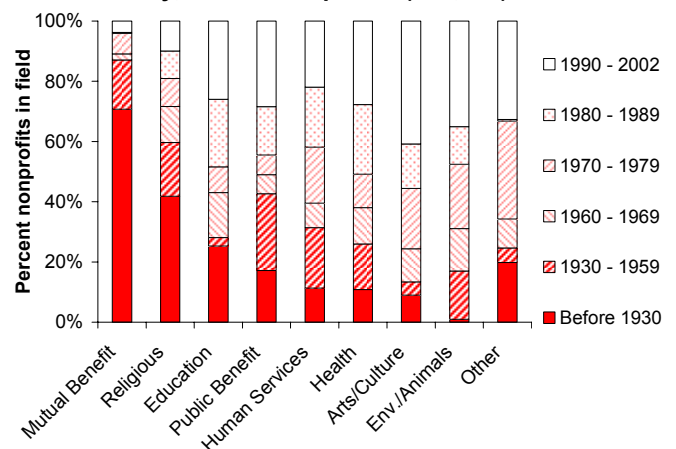


Figure 21: Year of establishment by major field of activity, Indiana nonprofits (n=2,036)



- **Revenues.** On average, human services nonprofits reported revenues of \$2.4 million during the most recent fiscal year, although one half earned \$31,000 or less.
 - Two-fifths (40 percent) of human services nonprofits had less than \$25,000 in revenues, while 14 percent had \$1 million or more in revenues. See Figure 22.
- **Expenses.** Human services nonprofits averaged \$2.7 million in expenses, although one half had expenditures of less than \$32,000 and 59 percent had less than \$100,000. At the other end of the spectrum, 11 percent had expenses of \$1 million or more. See Figure 23.

Figure 22: Revenues by major field of activity, Indiana nonprofits (n=1,725)

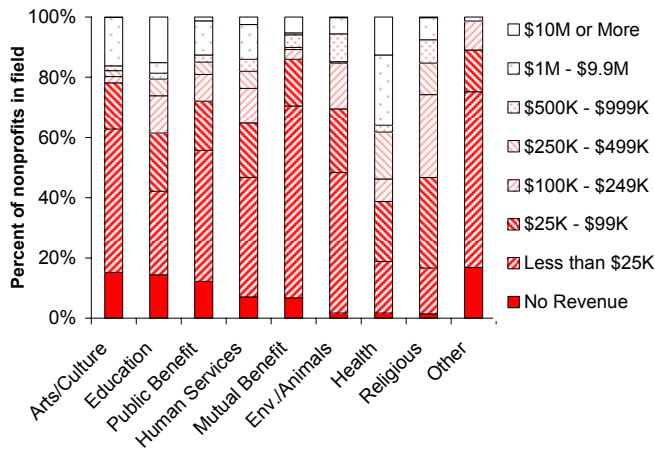
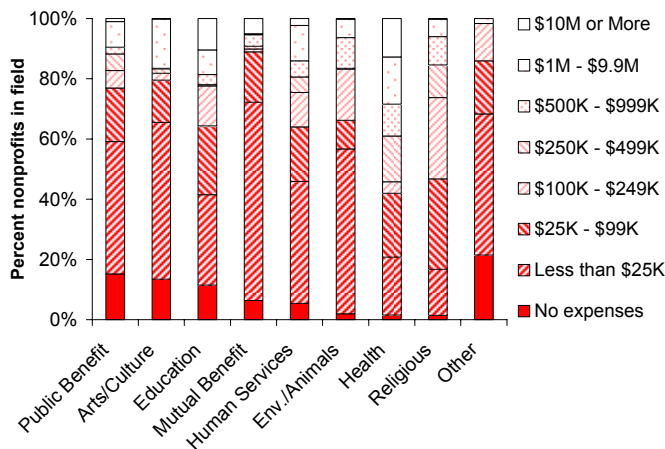
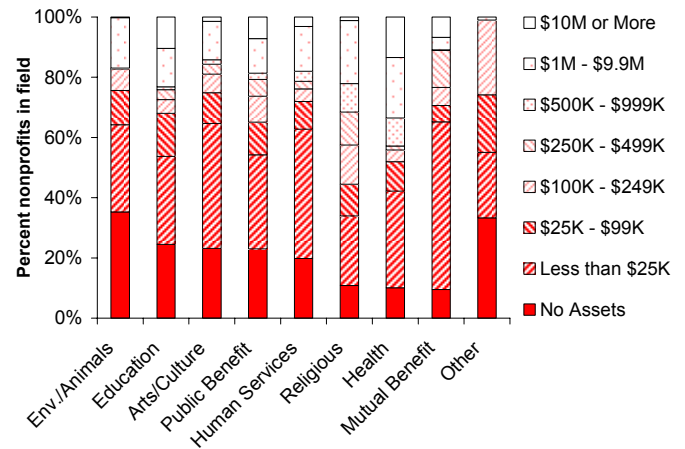


Figure 23: Expenses by major field of activity, Indiana nonprofits (n=1,705)



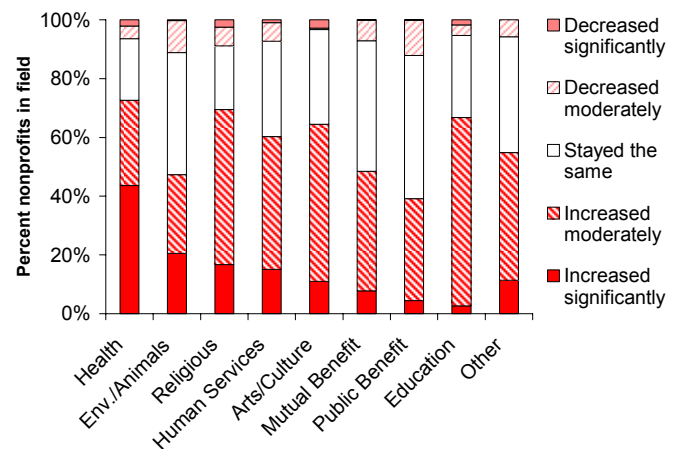
- **Assets.** On average, human services nonprofits had \$5.3 million in total assets. Almost one-fifth (18 percent) had assets of \$1 million or more, but half had assets of \$10,000 or less and 20 percent reported having no assets. See Figure 24.
- **Liabilities.** Human services nonprofits reported, on average, \$1.5 million in total liabilities. Over half (57 percent) reported having no liabilities and one-fifth (21 percent) less than \$25,000. Only 8 percent of human services nonprofits had liabilities of \$1 million or more.
- **Changes in Finances.** A majority of human services nonprofits experienced an increase in expenses, but less than half reported increases in revenues.

Figure 24: Size of assets by major field of activity, Indiana nonprofits (n=1,482)



- Overall, 60 percent saw increased expenses, including 15 percent with significant increases; only 7 percent saw a moderate or significant decrease in expenses. See Figure 25.

Figure 25: Extent of changes in expenses by major field of activity over past three years, Indiana nonprofits (n=1,779)



- Revenues, however, lagged behind and increased for only 44 percent, including 7 percent that saw significant increases during this same time period. Almost one quarter saw a moderate (17 percent) or significant (7 percent) decrease in revenues. See Figure 26.
- **Deficits and Surpluses.** One quarter of human services organizations reported deficits for the most recent fiscal year (24 percent) including almost one-fifth (19 percent) with a deficit of more than 10 percent—more than any other field. Another quarter

broke even (25 percent),²² while 16 percent showed a small surplus and 19 percent a moderate surplus. Only 10 percent had a significant surplus. See Figure 27.

Figure 26: Extent of changes in revenues by major field of activity over past three years, Indiana nonprofits (n=1,778)

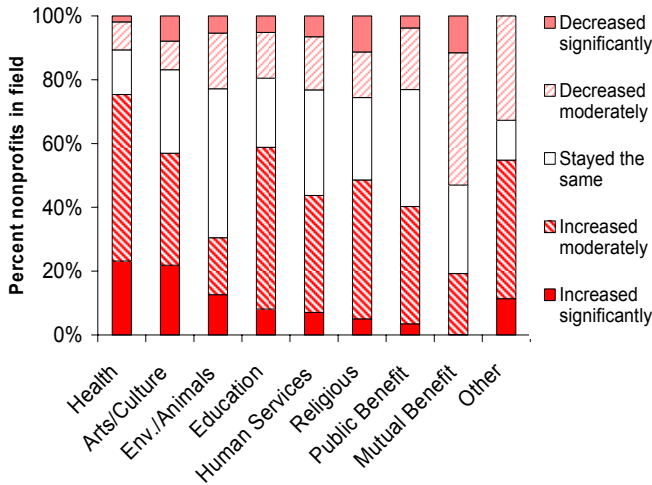
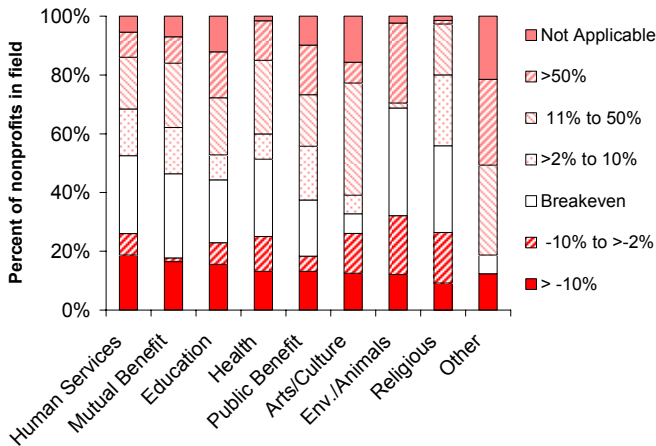


Figure 27: Deficits or surpluses as percent of expenses by major field of activity, Indiana nonprofits (n=1,644)

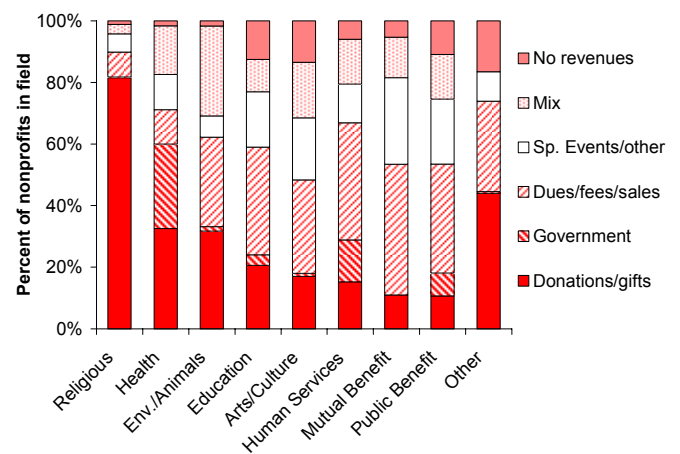


Revenue Sources: Most human service nonprofits rely on dues, fees, and sales of goods and services, followed by government funding as their primary sources of revenue.

²² The surplus/deficit ratio was computed by dividing the difference between total revenues and expenses by total expenses. We define a “modest/significant deficit” as a ratio of -11 percent or more, a “small” deficit as 3 to 10 percent, and “breakeven” as ratio of +/- 2 percent. A “small” surplus is defined as 2 to 10 percent, “modest” as 11 to 50 percent, and “significant” as over 51 percent.

- Almost two-fifths (38 percent) of human services nonprofits rely on funding from dues, fees, and sales of goods and services for more than half of their revenue. This is second only to mutual benefit nonprofits. See Figure 28.

Figure 28: Primary source of revenues by major field of activity, Indiana nonprofits (n=2,001)



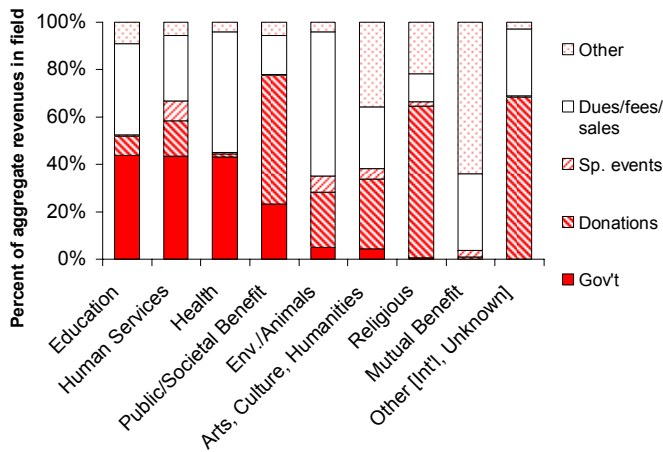
- About one in seven (14 percent) human service nonprofits rely primarily on government funding, second only to health nonprofits. Similar percentages rely primarily on donations and gifts (15 percent), special events (13 percent), or a mix of revenues (15 percent). The rest, (6 percent) report no revenues.

Combined Revenue Profile. For the human service sector as a whole, government accounts for the single largest share of overall funding, followed by dues, fees and sales, and then donations.

- More than two-fifths (44 percent) of the aggregate revenues for Indiana human services nonprofits come from government sources—similar to the shares received by education and health nonprofits. This reflects the high reliance on government by large human service nonprofits, since the average human service nonprofit receives only 15 percent of revenues from government. See Figure 29.
- More than a quarter (28 percent) of the combined revenues of Indiana human service nonprofits come from fees, sales, and other earned income, somewhat less than for the sector as a whole (35 percent).
- Donations account for 15 percent of the combined revenues, about par for the sector as a whole (17

percent). Special events accounts for another 9 percent of combined revenues, a substantially larger share than for the sector as a whole (3 percent).

Figure 29: Type of funding as percent of combined revenues by major field of activity, Indiana nonprofits (n=1,556)



Religious and Spiritual Development Nonprofits:

Nonprofits involved in religious and spiritual development are the second most prevalent type of nonprofit in Indiana, accounting for one quarter (24 percent) of the nonprofits. This category includes all types of religious congregations and related denominational groups, but also religious media and interfaith organizations. Religion-related nonprofits distinguish themselves from other types of nonprofits on a variety of characteristics.

Target Population: Religious nonprofits are especially likely to target their activities to a particular faith and by age, but also by geographic area and gender.

- Almost three quarters (72 percent) of religious nonprofits say they target their programs to a particular age group or at individuals of a particular faith (61 percent). See Figure 19.
- Over one half (55 percent) focuses on a particular geographic area. Half also target their activities by gender (52 percent), more than any of the other fields. See Figure 18.
- However, religious nonprofits are somewhat less likely to target their programs by income level (13 percent) or by occupation or industry (12 percent).

Demand for Services and Programs: Like the sector as a whole, religious nonprofits are likely to report an increase in demands for services, rather than a decrease.

- Almost one-half (46 percent) reported a moderate (32 percent) or significant (14 percent) increase in demand over the last three years. One half (49 percent) report that demands stayed about the same (similar to education and public and societal benefit nonprofits) while 6 percent say demand decreased moderately or significantly. See Figure 20.

Age of Organization: Religious nonprofits are disproportionately old.

- Two-fifths (42 percent) of Indiana religious nonprofits were founded before 1930, and another one-fifth (18 percent) between 1930 and 1959. No other field has such a large concentration of old organizations. By the same token, no other field besides mutual benefit nonprofits has so small a proportion founded in every decade since the 1980s. See Figure 21.

Size and Finances: Religious nonprofits are generally small or medium sized and as such face some financial challenges.

- **Revenues and Expenses.** Average revenues stand at almost \$350,000 and average expenses \$340,000 for religious nonprofits and most are moderate in size.
 - Almost three-fourths (73 percent) of religious nonprofits have revenues of less than \$250,000, including 58 percent with revenues between \$25,000 and \$249,999, more than any other field. See Figure 22.
 - Only 8 percent have revenues of \$1 million or more, a smaller percentage than all other fields except for mutual benefit and environment and animal protection nonprofits.
- **Assets and Liabilities.** One-fifth (22 percent) of religious nonprofits hold assets worth \$1 to \$9.9 million (see Figure 21). Only 11 percent report no assets, less than any other fields except for mutual benefit and health nonprofits. More than half (52 percent) do not have any liabilities and only 6 percent had liabilities of \$1 million or more.

- **Changes in Finances.** Like most of the other fields, more religious nonprofits saw increases in expenditures than in revenues.
 - Over two-thirds (70 percent) of Indiana religious nonprofits saw a moderate (53 percent) or significant (17 percent) increase in expenses over the last three years, while less than one half (48 percent) saw a moderate (43 percent) or significant (5 percent) increase in revenues. See Figure 25 and Figure 26.
 - Comparatively few (9 percent) experienced a decrease in expenses although one-quarter (26 percent) saw a decline in their revenues.
- **Deficits and Surpluses.** During the most recent fiscal year, one-quarter (26 percent) of religious nonprofits had a deficit, about one-third (30 percent) broke even, and one-quarter (24 percent) had a small surplus. Religious nonprofits have a higher concentration in all three of these categories than any other field in Indiana, with the exception of environment and animal protection nonprofits, which had a slightly higher proportion of deficits and breakeven ratios. See Figure 27.

Revenue Sources: *Religious nonprofits rely primarily on charitable contributions and gifts for funding.*

- The vast majority (82 percent) of religious nonprofits depend primarily on donations and gifts. Less than one tenth (8 percent) rely on dues, fees, or the sale of goods or services and another 6 percent rely on special events for more than half of their funding. The remainder (3 percent) relies on a mix of funding. An extremely small number (less than 1 percent) relies mainly on public funding. See Figure 28.

Combined Revenue Profile. *For religious nonprofits as a whole, donations constitute the single largest share of overall combined funding.*

- About two-thirds (64 percent) of the aggregate revenues for Indiana religious nonprofits come from donations, more than for any other field (except unknown). See Figure 29.
- Dues, fees, and sales account for about 12 percent of the combined revenues, with special events (2 per-

cent), government (1 percent), and interests and other miscellaneous sources (22 percent) making up the rest.

Public and Societal Benefit Nonprofits: One-fifth (19 percent) of Indiana nonprofits are public and societal benefit organizations, the third most prevalent type of nonprofit in the state. Of these, half are community improvement and capacity building nonprofits (50 percent) and one quarter (26 percent) are involved in philanthropy, voluntarism, or grant-making. The remaining one quarter are divided among various other types of public and societal benefit (18 percent); civil rights, social action, and advocacy (5 percent); science and technology research (2 percent); and social science research (less than 1 percent) organizations.

Target Population: *Public and societal benefit nonprofits are more likely than other fields to target by occupation or industry. They also target their services by geographic region or to particular age groups.*

- Almost two-thirds (63 percent) of public and societal benefit nonprofits say they target their programs to a particular geographic region, more than any other field except for health nonprofits. Similarly, one quarter (26 percent) target by occupation, more than any other field. However, only two-fifths (39 percent) target by age, less than the other fields except for mutual benefit (34 percent) and environment and animal protection (38 percent) nonprofits. See Figure 18 and Figure 19.

Demand for Services and Programs: *Most public and societal benefit nonprofits experienced no or only limited growth in demands for services and programs.*

- Over half (53 percent) of public and societal benefit nonprofits reported no change in demand, a higher percent than for all fields except for mutual benefit. Demand decreased moderately or significantly over the last three years for 6 percent of the nonprofits in the field. It increased significantly for only 7 percent and increased moderately for another one-third (34 percent). See Figure 20.

Age of Organization: *Public and societal benefit nonprofits tend to be balanced between relatively young and relatively old organizations.*

- Less than half (45 percent) of public and societal benefit nonprofits were established since 1980 while a comparable proportion (42 percent) were established prior to 1950. See Figure 21.

***Size and Finances:** Public and societal benefit nonprofits in Indiana are generally small and financially stable.*

- **Revenues and Expenses.** On average, public and societal benefit nonprofits earned \$890,000 in revenues and incurred \$500,000 in expenses, but half had revenues of \$18,000 or less and expenses of \$14,000 or less.
 - Almost three-quarters (72 percent) had less than \$100,000 in revenues, including 12 percent with no revenues, a higher proportion than any other field except for education and arts, culture, and humanities nonprofits. Thirteen percent had \$1 million or more in revenues. See Figure 22.
 - More than three-quarters (78 percent) had expenses of less than \$100,000, including 15 percent with no expenses. The latter is a higher percentage than for any other field. One-tenth (10 percent) of public and societal benefit nonprofits had expenses of \$1 million or more
- **Assets and Liabilities.** Public and societal benefit organizations resemble the overall sector profile in terms of size of assets, but not liabilities
 - One quarter (23 percent) has no assets, two-fifths (42 percent) have less than \$100,000 in assets, and one fifth (19 percent) has assets of \$1 million or more. See Figure 24.
 - By contrast, public and societal nonprofits do not parallel the rest of the sector in size of liabilities; three-quarters (76 percent) have no liabilities, more than any other field except for mutual benefit nonprofits.
- **Changes in Finances.** Public and societal benefit nonprofits appear to face growing financial constraints, but not to the same extent as other fields.
 - Most (60 percent) of public and societal benefit nonprofits reported that revenues stayed the same (37 percent) or decreased (23 percent) over

the last three years. The rest indicated that revenues increased moderately (37 percent) or significantly (4 percent). See Figure 25.

- During this same time period, expenses increased for two-fifths (39 percent) of these nonprofits, remained the same for one half (49 percent), and decreased for only 12 percent. See Figure 26.

- **Deficits and Surpluses.** About one-fifth (18 percent) of public and societal benefit nonprofits experienced a deficit, a lower proportion than for any other field except for mutual benefit nonprofits. Another one-fifth (19 percent) broke even, again, a lower proportion than any other field except for arts, culture, and humanities. One third had a moderate to significant surplus (34 percent). See Figure 27.

***Revenue Sources:** Similar to the sector as a whole, most public and societal benefit organizations rely on a mix of funding sources.*

- Over half (56 percent) of public and societal benefit nonprofits rely primarily on two dominant funding sources: fees, dues, and sales of goods and services (35 percent) and special events (21 percent). See Figure 28.
- One sixth (15 percent) have no dominant source of funding, while 11 percent had no revenues, a relatively high percentage exceeded only by the arts, culture, and humanities, and education nonprofits.

***Combined Revenue Profile.** Donations are the major source of funding for the full public and societal benefit field, followed by government funding and various sources of earned income.*

- More than half (54 percent) of the combined revenues of Indiana public and societal benefit nonprofits come from donations, substantially more than for the sector as a whole (17 percent). See Figure 29.
- Government funding accounts for about a quarter (23 percent) of combined revenues, less than for education, human services and health (43-44 percent), but substantially more than all the remaining fields (0-5 percent).

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- Dues, fees, and sales account for about 17 percent of the combined revenues, less than for all other fields except for religious nonprofits.

Education Nonprofits: Education nonprofits account for 8 percent of Indiana nonprofits, the same percentage as mutual benefit nonprofits. They include nonprofits involved in primary and secondary education, as well as various student services, libraries, and adult education activities. In many ways, education nonprofits resemble the overall Indiana nonprofit sector.

Target Population: *Education nonprofits tend to target their programs by age, geographic region, and gender.*

- Over half of education nonprofits target programs to a particular age group (53 percent) or to a particular geographic region (50 percent). One quarter (27 percent) target by gender. See Figure 18.
- Education nonprofits are somewhat less likely to target their programs by income levels (10 percent) than nonprofits overall.

Demand for Services and Programs: *Most Indiana education nonprofits experienced very little change in the demand for services or programs.*

- Compared to the overall sector, a slightly smaller proportion (5 percent) of education nonprofits report a modest or significant decrease in demand, while demand stayed more or less the same over the last three years for a slightly larger proportion (50 percent) than the overall sector. See Figure 20.

Age of Organization: *Education nonprofits are relatively young.*

- One half (49 percent) of education nonprofits were established since 1980, a proportion exceeded only by health and arts, culture, and humanities nonprofits. However, one quarter (25 percent) were established prior to 1930. See Figure 21.

Size and Finances: *The education field includes both small and large nonprofits, and on average they appear to be financially stable.*

- **Revenues and Expenses.** On average, education nonprofits reported revenues of \$4.9 million and ex-

penses of \$3.6 million. However, half had revenues of \$42,000 or less and expenses of \$40,000 or less.

- Over one-quarter (28 percent) had less than \$25,000 in revenues during the most recent fiscal year. However, one-fifth (19 percent) had revenues of \$1 million or more. Of these, 15 percent had revenues of \$10 million or more, the highest percent for any of the major fields. See Figure 22.
- Thirty percent had expenses of less than \$25,000, but almost one-fifth (18 percent) had expenses of \$1 million or more, including 10 percent with expenses of \$10 million or more, greater than any other field except for health nonprofits. See Figure 23.
- **Assets and Liabilities.** A sizable proportion of education nonprofits have large asset holdings—but also large liabilities.
 - Almost one quarter (23 percent) of education nonprofits have \$1 million or more in assets, more than any other field except for health. However, one quarter (25 percent) also report no assets, more than any other field except environment and animal protection. See Figure 24.
 - Eleven percent had \$1 million or more in liabilities; only the health field has such a large percentage of liabilities. Two-thirds (66 percent) of education nonprofits, however, had no liabilities.
- **Changes in Finances.** Education nonprofits appear to face some financial pressures.
 - Over the past three years, revenues decreased for one-fifth (19 percent) of the Indiana education nonprofits while only 5 percent reported a decline in expenses. See Figure 24 and Figure 25.
 - Revenues increased moderately for one-half (51 percent) of the education nonprofits and increased significantly for 8 percent.
 - In comparison, expenses increased moderately for more than two-thirds (64 percent) and rose significantly for another 3 percent.

- **Deficits and Surpluses.** Less than one quarter (23 percent) of education nonprofits had a deficit in the most recent fiscal year, slightly less than the sector as a whole. Another one-fifth (21 percent) broke even. More than a third (35 percent) experienced a modest or significant surplus. See Figure 27.

Revenue Sources: Many Indiana education nonprofits depend on dues, fees, and the sale of goods or services as their primary source of revenue.

- More than a third (35 percent) of education nonprofits receive half or more of their revenues from dues, fees, and the sale of goods or services, and are less likely to depend primarily upon donations and gifts (21 percent) or government funding (3 percent) than the sector as a whole. A relatively high percent report no revenues (13 percent), a portion exceeded only by arts, culture, and humanities nonprofits. See Figure 28.

Combined Revenue Profile. Government funding is the major source of funding for all education nonprofits combined, followed by dues, fees and other earned income.

- More than two-fifths (44 percent) of the combined revenues of Indiana education nonprofits come from government funding, more than for any other field although roughly similar to the human services and health fields. See Figure 29.
- Dues, fees and other charges account for almost two-fifths (39 percent) of combined revenues, which is similar to the overall nonprofit sector (37 percent), but less than environment and animal (61 percent) or health (51 percent) nonprofits.
- Donations and other miscellaneous revenue sources account for respectively 8 and 9 percent of combined revenues.

Mutual Benefit Nonprofits: Similar to education nonprofits, mutual benefit nonprofits account for 8 percent of nonprofits in Indiana. They include pension and retirement funds, insurance services, fraternal beneficiary societies, and cemeteries. Overall, mutual benefit nonprofits parallel the Indiana nonprofit sector as a whole but with notable differences on a few characteristics.

Target Population: On average, mutual benefit nonprofits tend to target their programs relatively less than other fields, but they do some targeting by age, geographic region, and gender.

- One third (34 percent) target their programs to a particular age group or to a particular geographic region—a percentage that is less than all other fields. Less than one-third (29 percent) target by gender. See Figure 18 and Figure 19.

Demand for Services and Programs: Most mutual benefit nonprofits reported no change in demand for services or programs, differing markedly from the overall sector.

- Over two-thirds (70 percent) of mutual benefit nonprofits reported no change in demand, the highest percentage for the sector. Slightly less than one-fifth (17 percent) reported a moderate or significant decrease in demand, a higher proportion than any other field and twice the overall sector average. Only 13 percent reported a moderate or significant increase in demand, the lowest for the sector and one third the sector average. See Figure 20.

Age of Organization: Mutual benefit nonprofits are disproportionately old.

- Over two-thirds (71 percent) of mutual benefit nonprofits were established before 1930, a higher proportion than for any other field. By the same token, only 4 percent were established since 1980, a lower percentage than for any other field. See Figure 21.

Size and Finances: Mutual benefit nonprofits are disproportionately small, but with a few very large organizations.

- **Revenues and Expenses.** The average revenues for mutual benefit nonprofits are \$15 million, but the median revenues are only \$5,000, reflecting a highly skewed distribution of many small and a few very large organizations. Likewise, expenses averaged \$6.5 million compared to median expenses of \$5,000.
 - Almost two-thirds (64 percent) of mutual benefit nonprofits reported revenues of \$25,000 or less, a higher proportion than any other field. At the same time, 5 percent report revenues of \$10 mil-

lion or more, a proportion exceeded only by education and health nonprofits. See Figure 22.

- Expenditure patterns for mutual benefit nonprofits mirror revenues; two-thirds (66 percent) had expenses less than \$25,000, while 5 percent had expenses of \$10 million or greater. See Figure 23.
- **Assets and Liabilities.** Most mutual benefit nonprofits had small asset holdings and no liabilities, but a few faced large liabilities.
 - Over half (56 percent) of mutual benefit organizations had assets of less than \$25,000, a higher percent than for any other field, while only 10 percent held assets of \$1 million or more, a percent lower than any other field. See Figure 24.
 - The vast majority of mutual benefit nonprofits (89 percent) reported no liabilities, but one-tenth (9 percent) had \$1 million or more in liabilities.
- **Changes in Finances.** Mutual benefit nonprofits appear to have faced some financial pressures during the past three years.
 - Over half (53 percent) of mutual benefit nonprofits reported either a moderate or significant decrease in revenues, more than any other field and twice the sector average. Similarly, only 19 percent reported a moderate or significant increase in revenues, a proportion lower than any other field and half the sector average. See Figure 25.
 - During the same time period, only 7 percent reported a moderate or significant decline in expenses. Over two-fifths (45 percent) experienced no change in levels of expenditures, a higher proportion than any other field. Half (48 percent) reported either a moderate or significant increase in expenses, a percent lower than for the other fields except for public and societal benefit and environment and animal protection nonprofits. See Figure 26.
- **Deficits and Surpluses.** Mutual benefit nonprofits mirrored the sector as a whole in levels of deficit and surplus. One-fifth (18 percent) had a deficit and an-

other 30 percent broke even. One third (31 percent) had either moderate or significant surpluses. See Figure 27.

***Revenue Sources:** Given the membership nature of mutual benefit organizations, it is not surprising that they rely heavily upon dues, fees, and the sale of goods or services for most of their revenues.*

- Over two-fifths (42 percent) of mutual benefit nonprofits depend on fees, dues, and sales of goods and services for over half of their revenue, more than any other field. Special event funding is the dominant source for another 28 percent, again, more than any other field. Relatively few (11 percent) depend on donations and gifts compared to the sector as a whole, and none rely primarily on public funding. See Figure 28.

***Combined Revenue Profile.** The overall mutual benefit field as a whole depends heavily on various other sources (including interest and endowment income) and dues, fees, and sales for revenues.*

- Other sources account for 64 percent of the combined revenues of Indiana mutual benefit nonprofits, substantially above the sector as a whole (7 percent). Given that a primary purpose of some organizations in this field is to provide insurance to members, these organizations tend to have large amounts of assets that generate income for the organization.²³ See Figure 29.
- Dues, fees, and sales account for 32 percent, slightly less than for the sector as a whole (37 percent), while special events accounts for 3 percent.

Health Nonprofits: Health nonprofits make up 5 percent of the sector in Indiana and provide a wide variety of general and specialized health care services and programs. One-half (49 percent) of these organizations are general healthcare nonprofits and the rest are mental health and crisis intervention (35 percent), diseases, disorders, and medical disciplines (14 percent), or medical research (3 percent) organizations.

²³ We excluded one very large mutual insurance organization from the analysis of aggregate revenues, since it otherwise distorted the aggregate profile for the mutual benefit field (and also for the Indianapolis region).

Target Population: Health nonprofits are more likely to target by age group, geographic region, gender, and income than other nonprofits.

- Three-quarters (75 percent) of health nonprofits target by geographic region, more than any other field. Similarly, 71 percent target by age, more than any other field except for religious nonprofits. See Figure 18 and Figure 19.
- About half (47 percent) target by gender, more than any other field except religious nonprofits, and one-third (33 percent) target by income levels, more than any other field. One-fifth (22 percent) target by occupation or industry, again, the second highest percentage for sector, exceeded only by public and societal benefit nonprofits.

Demand for Services and Programs: Demand for services for many health nonprofits in Indiana has increased significantly over the last three years.

- Two-thirds (67 percent) of health nonprofits experienced a moderate (34 percent) or significant (34 percent) increase in demand for services and programs over the past three years, more than for any other field. See Figure 20.
- Similarly, the proportion of nonprofits that report a decrease in the demand for programs and services is quite low (5 percent) and comparable to the education field, the lowest in the sector. Demand stayed more or less the same for one quarter (28 percent), the lowest proportion for any of the fields.

Age of Organization: Nonprofits in the health field are relatively young compared to most of the other fields.

- About half (51 percent) of health nonprofits were established since 1980, more than any other field except for arts, culture, and humanities. Moreover, only 11 percent were established before 1930, less than half for the sector as a whole. See Figure 21.

Size and Finances: Health nonprofits are generally larger than other nonprofits in the sector. They are also facing increasing costs, while many report decreasing revenues.

- **Revenues and Expenses.** Health nonprofits are quite large in comparison to other fields. Their average revenues are nearly \$34.5 million, although the presence of many smaller health nonprofits means that one half had revenues of \$370,000 or less. Expenses are lower, averaging \$23.7 million, with median expenses of \$279,000.
 - Over one-third (36 percent) of health nonprofits had revenues of \$1 million or more, including 12 percent with revenues of \$10 million or more. Only education nonprofits had a similar concentration of very large nonprofits (\$10 million or greater). See Figure 22.
 - Health nonprofits are less likely (17 percent) to include organizations with revenues of less than \$25,000 than other fields, except for religious nonprofits. Very few (2 percent) had no revenues compared to the sector overall.
- **Assets and Liabilities.** Health nonprofits also tend to have much larger asset holdings and face larger liabilities than other fields. On average, they hold \$24.1 million of assets and face \$16.2 million in liabilities.
 - One third (34 percent) hold \$1 million or more in assets, more than any other field and considerably above the sector overall (20 percent). Moreover, only 10 percent of health nonprofits hold no assets, the least of any field except for religious nonprofits. See Figure 24.
 - Although two-fifths (41 percent) have no liabilities, the lowest percent of any field, health nonprofits are more likely to have \$1 million or more in liabilities (24 percent) than any other field and three times the rate for the sector overall.
- **Changes in Finances.** Health nonprofits experienced similar changes in revenues and expenses, and both increased considerably compared to other fields.
 - Revenues increased either significantly (23 percent) or moderately (52 percent) for three quarters of health nonprofits, the highest percentage of any field and considerably above the overall sector. At the same time, revenues decreased for

only 11 percent, the lowest for any field. See Figure 26.

- Paralleling these trends, expenses increased either significantly (44 percent) or moderately (29 percent) for almost three quarters, more than for any other field. However, significant increases in revenues still lagged expenses by a factor of almost two-to-one (23 vs. 44 percent). Costs decreased for only 6 percent, less than other fields except for education and arts, culture, and humanities. See Figure 25.

- **Deficits and Surpluses.** The fiscal status of health nonprofits was comparable to the sector as a whole, although some had significant surpluses. One quarter (25 percent) ran a deficit for the most recent fiscal year, but almost two-fifths (38 percent) had moderate or significant surpluses, the second highest proportion, except for arts, culture, and humanities nonprofits. See Figure 27.

Revenue Sources: *Many health nonprofits receive a substantial amount of revenue from government agencies.*

- Over one-quarter (28 percent) of health nonprofits in Indiana receive more than half of their revenue from government or public agencies, more than any other field and four times the overall sector. See Figure 28.
- One third (33 percent) rely mainly on donations and gifts and only 11 percent depend primarily on dues, fees, and the sale of goods or services, a lower proportion than any other field except for religious nonprofits. One sixth (16 percent) of health nonprofits do not have a dominant source of funding and rely on a mix of sources.

Combined Revenue Profile. *For the overall nonprofit health field, the major source of revenue is fees, sales, and other charges, followed by government funding.*

- More than half (51 percent) of the combined revenues of Indiana health nonprofits come from fees, sales and related charges, substantially above the sector as a whole (36 percent) and second only to environmental and animal nonprofits (61 percent). See Figure 29.

- Government funding (44 percent) accounts for almost as much as fees, sales and related charges, similar to the education and human service fields and notably above the sector as a whole (36 percent).

Arts, Culture, and Humanities Nonprofits: Only 4 percent of Indiana nonprofits are arts, culture, or humanities organizations. This includes various media and communications organizations; visual arts and museums; performing arts, humanities and historical societies; as well as arts service organizations.

Target Population: *Arts, culture and humanities nonprofits are somewhat less likely to target some groups than nonprofits in other fields.*

- One half (54 percent) of arts, culture, and humanities nonprofits target their programs or activities to a particular age group or geographic region (48 percent), somewhat less than for the sector as a whole. However, 28 percent target by ethnic group, more than any other field. See Figure 18 and Figure 19.

Demand for Services and Programs: *Changes in demand for services and programs for arts, culture, and humanities nonprofits tended to mirror the sector as a whole with most reporting increased demand.*

- Demand for services increased moderately (39 percent) or significantly (12 percent) for one half of arts, culture, and humanities nonprofits over the last three years. See Figure 20.
- Demand decreased moderately or significantly for 10 percent of arts, culture, and humanities nonprofits, only environment and animal protection and mutual benefit nonprofits had greater percentages of decreased demand.

Age of Organization: *Compared to the overall sector, arts, culture and humanities nonprofits are relatively young.*

- Two-fifths (40 percent) of arts, culture, and humanities nonprofits were established since 1990, more than any other field and twice as high as for the sector as a whole, while only 9 percent were founded before 1930, the least of any field except for environment and animal protection nonprofits. See Figure 21.

Size and Finance: Arts, culture, and humanities nonprofits are generally small and financially stable; as such they resemble public and societal benefit nonprofits.

- **Revenues and Expenses.** Arts, culture, and humanities nonprofits had average revenues of \$435,000 and average expenses of \$444,000, but half had revenues of \$8,000 or less and expenses of \$13,000 or less.
 - Almost two-thirds (63 percent) had revenues of less than \$100,000. No other field has such a large proportion of very small organizations except for mutual benefit nonprofits. Fifteen percent had no revenues, the highest proportion of any field and twice the percent for the sector as a whole. See Figure 22.
 - One half (52 percent) had expenses of \$25,000 or less, a higher proportion than any other field except environment and animal protection and mutual benefit nonprofits. Sixteen percent had expenses of \$1 million or more. See Figure 23.
- **Assets and Liabilities.** Most arts, culture and humanities nonprofits have very few assets or liabilities.
 - Two-fifths (42 percent) of arts, culture, and humanities nonprofits held less than \$25,000 in assets and another one quarter (23 percent) held no assets. Despite the prevalence of relatively small asset holdings, 14 percent report \$1 million or more in assets. See Figure 24.
 - Almost two-thirds (63 percent) had no liabilities and only 1 percent faced liabilities of \$1 million or more, the lowest percentage of any field except for environment and animal protection nonprofits.
- **Changes in Finances.** While not exempt from fiscal concerns, arts, culture, and humanities nonprofits do not face the magnitude of challenges that we find in other fields.
 - Only 17 percent of arts, culture, and humanities nonprofits reported a decrease in revenues (including 8 percent with significant decrease), the lowest proportion of any field except for health

nonprofits. Three-fifths (57 percent) reported an increase in revenues (including 22 percent with a significant increase), more than any field except for health and education nonprofits. See Figure 26.

- Arts, culture and humanities nonprofits were also slightly less likely than other fields to see decreases in expenses, with only 3 percent reporting a moderate or significant decrease. At the same time, two-thirds (65 percent) experienced an increase in expenses, including 11 percent with a significant increase in expenses. See Figure 25.

- **Deficits and Surpluses.** One third (33 percent) of arts, culture, and humanities nonprofits experienced either a deficit (26 percent) or broke even (7 percent) the lowest proportion of any field. Additionally, almost one half (45 percent) had either a modest or significant surplus, more than any other field. See Figure 27.

Revenue Sources: One half of arts, culture, and humanities organizations rely on two dominant sources of funding.

- Three out of ten (30 percent) of arts, culture, and humanities nonprofits received more than half of their revenue from dues, fees, or the sale of goods and services and another one-fifth (20 percent) relied on special events as their dominant source of funding. See Figure 28.
- Only 1 percent depends on the government as their dominant source of funding. Fourteen percent had no revenues, the highest proportion of any fields.

Combined Revenue Profile. The overall nonprofit arts, culture and humanities field as a whole depends heavily on donations, earned income, and various other sources

- Donations account for 30 percent of the combined revenues of Indiana arts, culture and humanities nonprofits, substantially above the sector as a whole (17 percent). See Figure 29.
- Dues, fees, and sales account for 26 percent, less than for the sector as a whole (37 percent), while

various other sources (including interest and endowment income) account for 36 percent.

Environment and Animal Protection Nonprofits:

Only 3 percent of our respondents identified their mission as environmental (1.5 percent) or animal (1.5 percent) protection. Given the small number of organizations involved, we offer the following conclusions from the data with a note of caution.

Target Population: Environment and animal protection nonprofits tend to target at comparable or lower levels as the sector as a whole.

- Almost one-half (47 percent) of environment and animal protection nonprofits target by geographic regions and two-fifths (38 percent) target by age. See Figure 18.

Demand for Services and Programs: Demand for services for environment and animal protection nonprofits generally increased, as was the case for the sector as a whole, although these nonprofits were more likely to experience a decrease in demand over the last three years.

- Almost one half (49 percent) of environment and animal protection nonprofits experienced a moderate or significant increase in demand for services and programs over the past three years, comparable to the sector average. See Figure 20.
- One sixth (16 percent), however, experienced either a moderate or significant decrease in demand for services, more than any other field except for mutual benefit nonprofits.

Age of Organization: Environment and animal protection nonprofits are relatively young.

- One third (35 percent) of environment and animal protection nonprofits were established since 1980, more than any other field except for arts, culture, and humanities. Only 1 percent were established before 1930, the lowest of any field. See Figure 21.

Size and Finances: Environment and animal protection nonprofits are generally smaller than most other nonprofits in the sector.

- **Revenues and Expenses.** On average, environment and animal protection non-profits reported total revenues of \$280,000 and expenses of \$263,000, with median revenues of \$28,000 and median expenses of \$8,100.
 - Only 6 percent of environment and animal protection nonprofits had revenues of \$1 million or more. Only mutual benefit nonprofits had a similarly small concentration of large nonprofits. See Figure 22.
 - Two thirds (67 percent) had revenues of less than \$100,000, more than any other field except for mutual benefit nonprofits. Very few (2 percent) had no revenues compared to the sector as a whole.
 - Similar to revenues, only 6 percent had expenses of \$1 million or more, about half the rate for the sector as a whole. Two-thirds (64 percent) had expenses of less than \$100,000 and very few (2 percent) had no expenses compared to the sector average. See Figure 23.
- **Assets and Liabilities.** Environment and animal protection nonprofits tend to have smaller asset holdings and relatively fewer liabilities than other fields.
 - Over one third (35 percent) reported having no assets, the highest percentage of any field and about double the percent for the sector overall. Another 29 percent had assets of less than \$25,000. See Figure 24.
 - Three quarters (75 percent) had no liabilities and almost one-fifth (17 percent) had less than \$25,000 in liabilities. Less than 1 percent had liabilities of \$250,000 or more, the lowest percentage by far of any of the fields.
- **Changes in Finances.** Environment and animal protection nonprofits are less likely to experience either increases in revenues or expenses, indicating a stable financial situation.
 - Revenues increased either moderately or significantly for only 31 percent of environment and animal protection nonprofits; less than for other fields except mutual benefit nonprofits. Almost

half (47 percent) report that revenues stayed about the same, more than any other field. See Figure 26.

- Although expenses increased for almost one half (47 percent) of these nonprofits, this is less than for all other fields except for public and societal benefits. At the same time, 11 percent reported a moderate or significant decrease in expenses, more than any other field except for public and societal benefit nonprofits. The remaining 41 percent reported no change in expenses. See Figure 25.

- **Deficits and Surpluses.** Although environment and animal protection nonprofits experience lower levels of changes in finances, overall they are most likely to experience deficits (32 percent) or to break even (37 percent). At the same time, however, over one quarter (27 percent) had significant surpluses, more than any other field. See Figure 27.

Revenue Sources: Many environment and animal protection nonprofits rely on a mix of funding sources.

- Three-fifths (61 percent) of environment and animal protection nonprofits in Indiana receive more than half of their revenue from donations or from fees, dues, and sales of goods and services. Another 29 percent, however, relies on a mix of funding with no dominant source of revenue. Only 1 percent receives more than half of their funding from government sources. See Figure 28.

Combined Revenue Profile. The environmental and animal protection field overall relies primarily on dues, fees, sales, and other charges, followed by donations.

- More than three-fifths (61 percent) of the combined revenues of Indiana environment and animal protection nonprofits come from dues, fees, sales and related charges, substantially above the sector as a whole (37 percent) and more than for any other field. See Figure 29.
- Donations account for almost a quarter (23 percent) of the combined revenues, more than for the sector as a whole (17 percent).

III. SERVICE CAPACITY

To effectively address their missions Indiana nonprofits must deliver programs that meet the needs of their clients or members in appropriate locations and formats. They must also secure the necessary technological resources to deliver the services, given their available finances. Here we review the types of programs Indiana nonprofits deliver, the number of clients or members they serve, and how accessible the services are. We then examine their service capacity and some of the key challenges they face in delivering programs.²⁴

Service Portfolios: Nonprofits face contradictory pressures between specializing in a narrow range of services that are closely linked to their mission and developing a broader service portfolio that may more fully address the needs and interests of their clients, members, and/or funders. Many nonprofits provide a wide range of programs. We examine which three programs they considered their most important and whether they consider expanding health and human service activities.²⁵

- **Most important programs.** Almost half (46 percent) of Indiana nonprofits listed some type of human services among their three most important programs, although only 29 percent of Indiana nonprofits are classified as human services organizations.²⁶ See Figure 30.
 - As expected, almost all (87 percent) human service nonprofits included some type of human services in their top three programs, as did 48 percent of mutual benefit, and one-third of religious (34 percent) and health (32 percent) nonprofits.
- Public and societal benefit programs are the second most frequent type of programmatic activities. These programs are a top priority for 34 percent of non-

²⁴ See Appendix D for similar information for selected Indiana regions.

²⁵ We used self-reports of the top three most important programs or activities to assign codes to programmatic activities using the NTEE typology (see Appendix A).

²⁶ Because our classification scheme of major programmatic activities was based on the NTEE typology, we are likely to have categorized some programmatic activities or services as ‘human services’, such as recreation or housing that may fall outside the traditional definition of human services that many nonprofits may use. Thus, the percentages providing human service that we report here may be higher than if the traditional definition was used.