



Strengthening  
Organizations  
That Strengthen  
Our Community

# The Utah Charitable Nonprofit Sector Report 2002

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### AS THE UTAH NONPROFITS ASSOCIATION (UNA) CELEBRATES ITS 15TH YEAR OF SUPPORTING THE NONPROFIT COMMUNITY,

we are pleased to present the second Utah Charitable Nonprofit Sector Report, produced in collaboration with the Center for Public Policy and Administration at the University of Utah. UNA, the umbrella membership association of 501(c)(3) organizations in Utah, was created by and for people who strive for a stronger, more professional not-for-profit community in Utah, and is the only statewide membership association that reflects the full diversity of the nonprofit sector. Our mission is to strengthen and promote the success of Utah's nonprofit community, and our vision is that we will be the catalyst in creating a strong, vibrant, mutually-supportive nonprofit community in Utah.

The Utah nonprofit sector is large, diverse, and growing. Everyone looks to Utah's nonprofit community to improve our quality of life—promoting arts and culture, helping our children grow and thrive, providing health care, maintaining the beauty of our natural resources, and giving a voice and service to our most vulnerable populations in need.

Much attention is given to the condition of business and government in our state, but let us not forget that nonprofits fill a critical role as a third and independent sector. Through this report we aim to build awareness about the vital role nonprofits play and to educate policymakers, the media, and the public about the impact of the nonprofit sector and charitable giving in Utah.

We would like to thank our financial sponsors: *Universal Financial, The Fieldstone Foundation, The Church of Jesus Christ of Latter-day Saints Foundation,* and *IHC-Community Health Partnerships*, whose support was critical to the success of this project.

Diane Hartz Warsoff  
*Executive Director, Utah Nonprofits Association*

## KEY FINDINGS

As of 2002, there were 4,220 registered charities in the state. Of those, over 1,300 charitable nonprofits had gross receipts in excess of \$25,000 and filed 990 informational returns with the Internal Revenue Service (IRS). In 2002 these reporting charitable nonprofits had gross receipts of \$5 billion and assets of \$4.8 billion.

- **Charitable nonprofits are at work in nearly every county in Utah. The majority, 84%, are based in the Wasatch Front and the Mountainland regions of the state.**
  - Most of these groups are young; nearly 68% of the reporting charitable nonprofits were founded in the 1980s and 1990s. This rapid growth is likely attributable to increases in the demand for services. Over 65% of Utah nonprofits surveyed indicated increases in demands for their services.
  - Utah's charitable nonprofit sector serves the state through a variety of activity areas, but nearly half of all charitable nonprofits in the state have missions related to human services or education.
  - Health-related organizations collected just over 80% of 2002 gross receipts of the sector.
  - Program services and contracts are the largest revenue source contributing 76% of sector revenues while contributions and grants accounted for 19% of sector revenues.
- **Utah residents are generous donors. Total donations by individuals to religious organizations and public charities exceeded \$2 billion. While the average charitable contribution per income tax return in the U.S. was \$1,065 or 2.3% of Adjusted Gross Income, the average in Utah was \$2,109 or 5.1% of AGI.**
  - Total public support (including donations from individuals, federated funders, foundations, and government grants) of Utah's charitable nonprofits was approximately \$280 per capita.
  - In the aggregate, foundations based in Utah gave \$142 million in 2002 or \$61 per capita, an increase of just over 108% over giving levels in 1997. In addition, the top 25 out-of-state foundations ranked by level of giving to Utah contributed over \$21 million to the state's charitable nonprofits.
- **Utah's charitable nonprofits are important to the state's economy. In 2002, these organizations contributed nearly 5% of the Gross State Product and paid just over 3% of Utah's wages and salaries.**
  - 74% of charities surveyed have at least one full-time paid staff person and 88% have at least one part-time worker.
  - In addition to paid staff, 84% of charities surveyed indicate they use volunteers and 70% of these groups indicate that volunteers play key roles in their organizations.

# Utah's Charitable Nonprofit Sector – An Overview

## UTAH'S CHARITABLE NONPROFIT SECTOR

is diverse and growing. Charitable nonprofits across the state serve our citizens and communities in a variety of ways – from providing shelters for the homeless and victims of domestic violence, to protecting wildlife and the environment, from providing the performing arts in our communities to granting wishes to critically ill children. Nonprofits in Utah are making a difference in countless ways.

This report highlights the breadth and depth of the contributions of Utah's nonprofit sector using information collected from the Internal Revenue Service (IRS) and from surveys administered to nonprofit managers throughout the state. Although there are 26 types of nonprofits in the U.S., nearly half of all nonprofits are "charitable" in nature and have received the 501(c)(3) exemption designation from the IRS; it is the charitable nonprofits that most people think of when they hear the term "nonprofit." These groups are not only exempt from corporate taxes but can also provide a "tax deduction" to their donors.<sup>1</sup> Throughout this report, the term 'charitable nonprofit' will be used to describe these organizations. This report focuses exclusively on charitable nonprofits in Utah with gross receipts in excess of \$25,000.

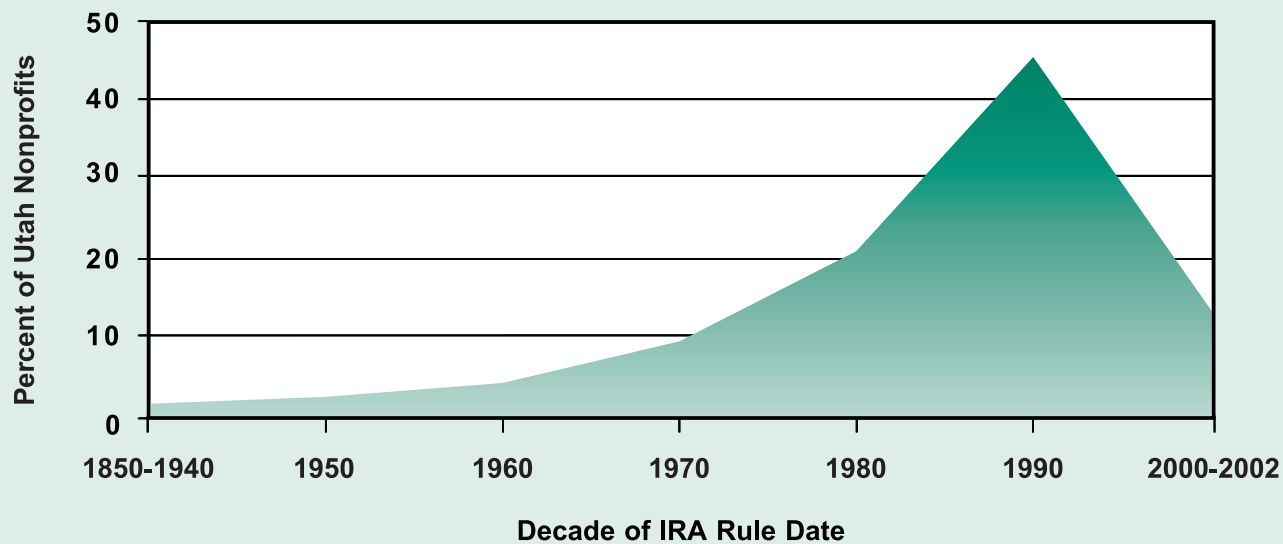
The number of charitable nonprofits throughout the U.S. is growing annually at a rate of nearly 5%, and Utah has been experiencing similar growth patterns over the last two decades.

- As of 2002, there were 4,220 registered charitable nonprofits in the state.
- Of those, over 1,300 charitable nonprofits had gross receipts in excess of \$25,000 and filed 990 informational returns with the Internal Revenue Service (IRS).<sup>2</sup>
- The sector has had significant growth in the number of nonprofits as illustrated in Graph 1.

<sup>1</sup> The organizations highlighted in this report are the most formalized and largest of the state's charities; they have incorporated as nonprofits with the state and have been granted tax-exempt status under section 501(c)(3) of the Internal Revenue Code as public charities. While they represent a significant contribution to our state and approximately 80 to 90% of the expenditures of the sector, it is important to remember that nearly three times as many small and primarily volunteer-led groups are also touching the lives of Utah residents.

<sup>2</sup> The IRS data in this report focuses on the 2002 fiscal year for the 1381 charitable nonprofits with annual gross receipt in excess of \$25,000 who filed the 990 return with the agency. Survey data reflects information on the period 2002, 2003, and 2004.

GRAPH 1: Age of Utah's Nonprofits (IRS Rule Date by Decade)

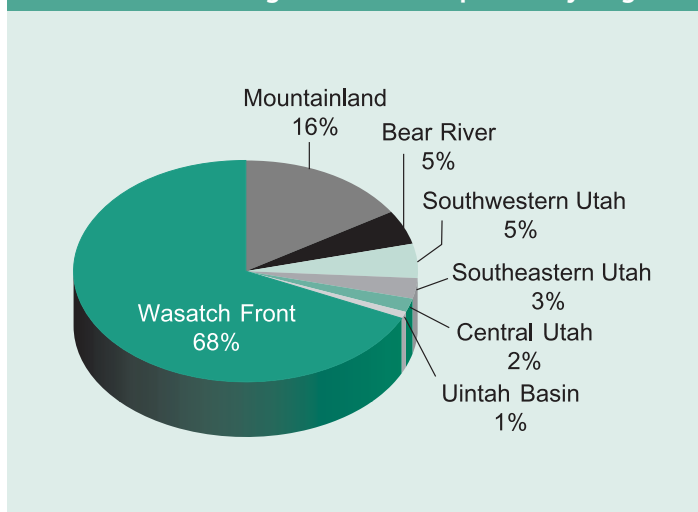


*Geographic Distribution:*

Charitable nonprofits are at work in nearly every county in Utah. Examining the distribution of the number of charitable nonprofit organizations by region highlights the geographic location of these nonprofits.

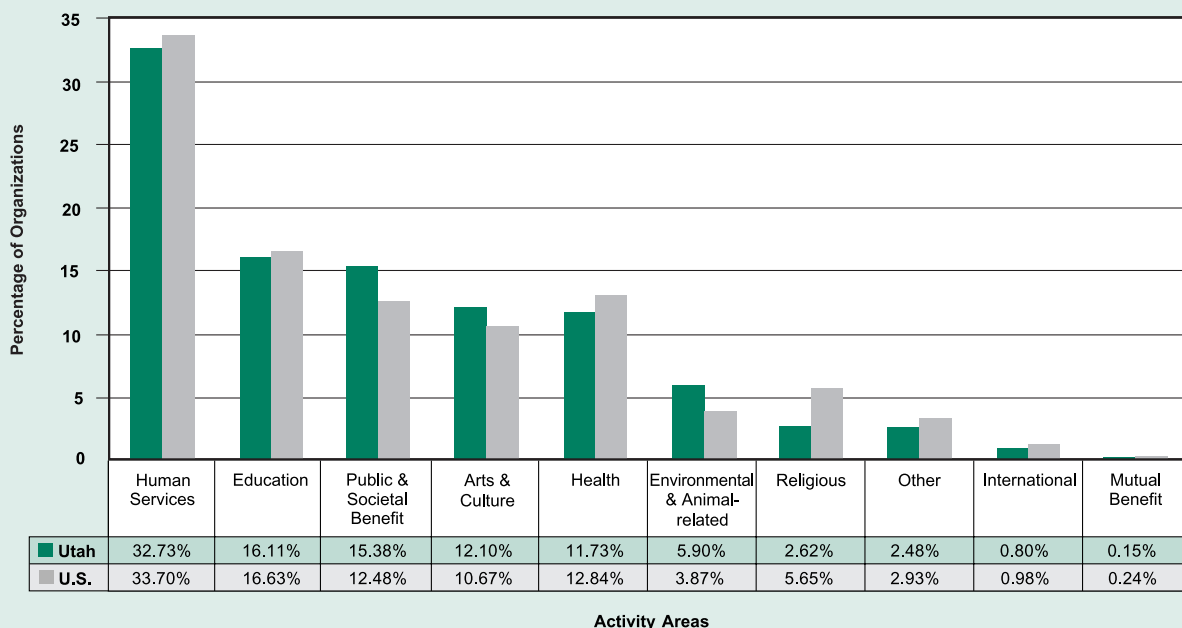
- The state can be easily divided into seven regions:
  - Bear River (Box Elder, Cache, and Rich counties),
  - Southwestern (Beaver, Garfield, Kane, Washington, and Iron counties),
  - Mountainland (Summit, Utah, and Wasatch counties),
  - Central (Juab, Millard, Piute, Sanpete, Sevier, and Wayne counties),
  - Southeastern (Carbon, Emery, Grand, and San Juan counties),
  - Uintah Basin (Daggett, Duchesne, and Uintah counties) and
  - Wasatch Front (Salt Lake, Davis, Morgan, Tooele, and Weber counties).

**GRAPH 2: Percentage of Utah Nonprofits by Region**



- Graph 2 above, shows the distribution of the number of charitable nonprofits in each of these seven regions of the state.
- While the vast majority, 68%, of Utah’s charitable nonprofits are based in the Wasatch Front region, this region is also home to nearly 62% of the state’s population so the balance of charities to population is fairly even throughout the state (based on 2000 census data).

**GRAPH 3: Activity Areas of Utah and U.S. Nonprofits**



*Activity Areas:*

The charitable nonprofit sector also exhibits broad diversity of purpose. The activity areas pursued by Utah’s charitable nonprofits in many ways mirror the national distribution of charitable activities.

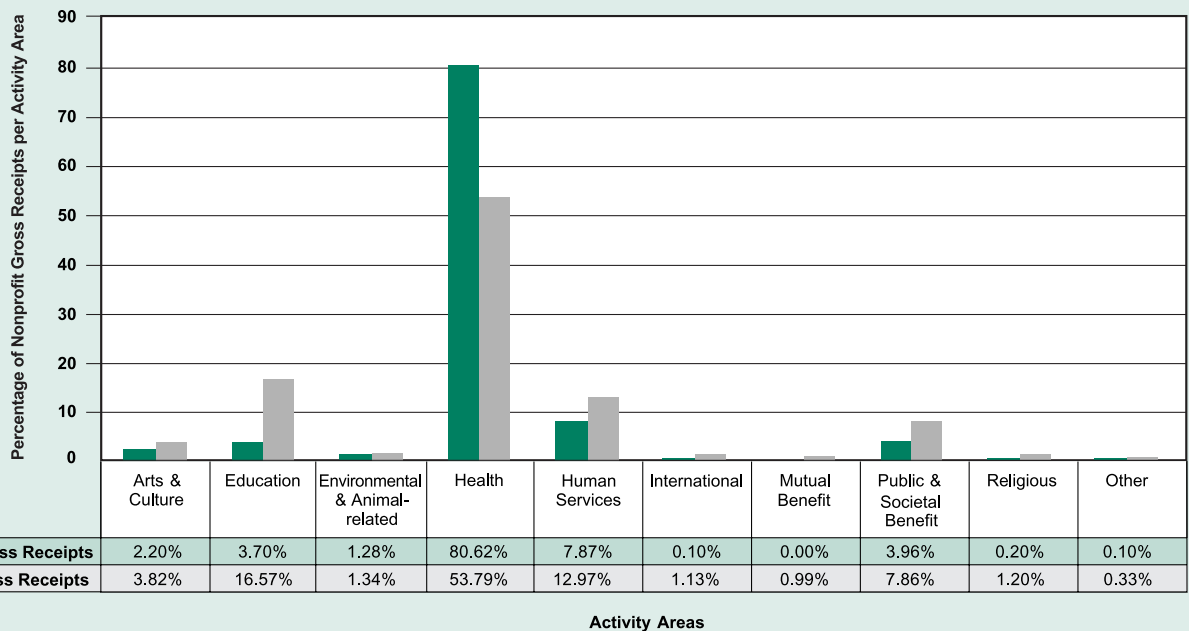
- Twelve percent of the state’s charitable nonprofits work in the Arts and Culture activity area, nearly 33% in Human Services, with an additional 16% in Education.
  - In the U.S. overall, Arts and Culture comprise nearly 11% while Human Services account for nearly 34% of the nonprofit sector.
- As illustrated in Graph 3 at the bottom of page 4, showing the percentage of groups in each activity area, Utah has a slightly higher proportion of Environmental and Animal-related groups (5.9%) and Public and Societal Benefit groups (15.38%) than the nation.
  - In addition, fewer Religious organizations in Utah have chosen to obtain a 501(c)(3) designation, compared to the number at the national level.

*Revenue Source Distribution:*

In addition to examining the distribution of the number of organizations in each activity area in the nonprofit sector, it is also important to understand how financial resources are distributed among the activity areas in the state.

- The distribution of dollars funding the sector in Utah is quite different than the aggregate funding distribution of all charitable nonprofits at the national level.
- The bulk of the gross receipts funding Utah’s charitable nonprofit sector are received by charitable nonprofits in the Health activity area (80%) while on a national level the charitable nonprofits focusing on Health activities collect only 53% of the sector’s gross receipts.
  - Due to the large organizations operating in the Health activity area in our state that operate as charitable nonprofits, fewer dollars, as a percentage of gross receipts, are received by Utah’s charitable nonprofits engaged in Education, Human Services, and Public Benefit activities.
- Graph 4, below, highlights these funding differences by activity area.

**GRAPH 4: Gross Receipts by Activity Area Comparing Utah and U.S.**

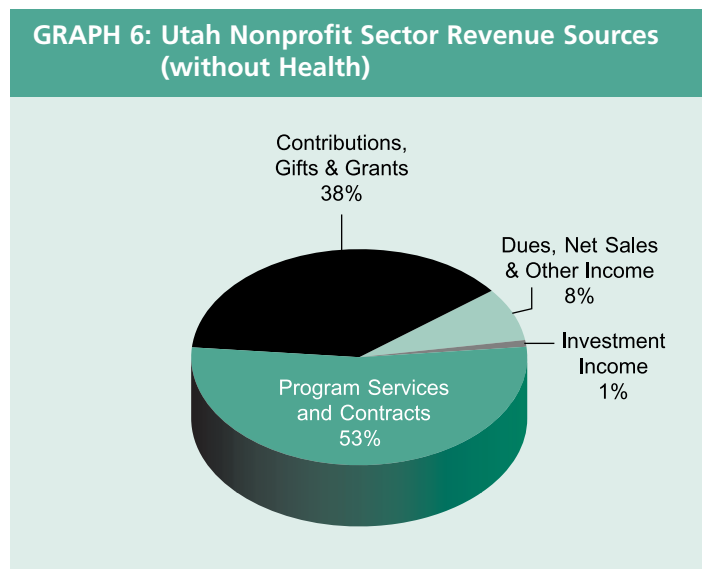
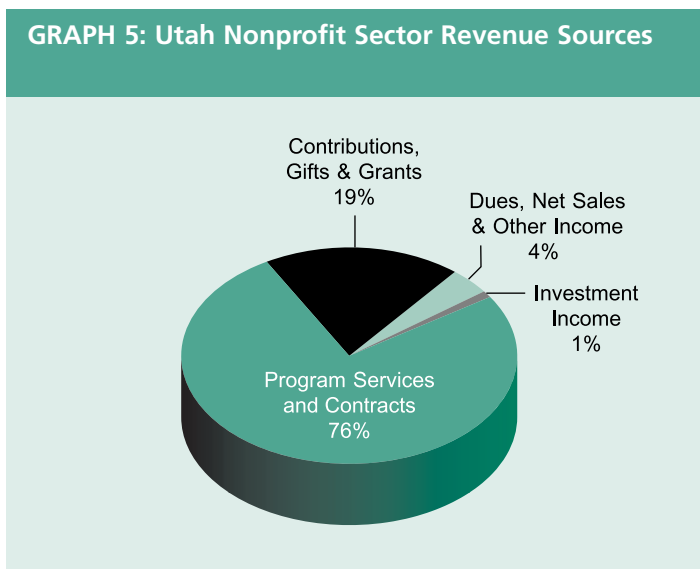


Utah's reporting charitable nonprofits had assets of \$4.8 billion and liabilities of \$1.9 billion for net assets totaling nearly \$2.9 billion. This reflects a sound financial position for the sector in the aggregate. Analysis of the major sources of funding within the sector reflects a healthy diversity.

- Overall, the bulk of revenues financing the efforts of Utah's charitable nonprofits are from Program Services and Contracts (76%).
  - This category includes government grants and contracts for services, so the Health and Human Services organizations dominate this category.
  - For example, Health organizations receive 95% of their funding, in the aggregate, from service program fees and contract payments, while only 3% of their total revenues are from Contributions and Grants.

- In contrast, 39% of all Contributions and Grants reported by Utah charities in 2002 went to groups involved in recreation, sports, leisure and athletics.
  - Contributions and Grants of nearly \$400 million accounted for nearly 32% of revenues in this area in 2002, explained largely by the Winter Olympics.<sup>3</sup>
- Graph 5 below reflects the distribution of dollars from revenue sources by percentage of funding to the charitable nonprofit sector in Utah.
  - Graph 6 shows the same distribution of revenues for charitable nonprofits in the state, but excludes all Health groups to better reflect funding sources for the remaining activity areas.

<sup>3</sup> In 1997 the Recreation and sports area received only 3.4% of contributions with 11% going to Health, 20% in Human Services and 14% to Education.



## Generous Donors

### *Individual Charitable Contributions:*

The generosity of Utah residents in supporting charitable endeavors is well documented. This trend continued in 2002.

- Giving levels in Utah by individuals as a percentage of their Adjusted Gross Income (AGI) increased 21% from five years ago and the state remained ranked #1 in the percentage of AGI donated by individuals.
- Nationwide, the average contribution to charitable and religious organizations per income tax return was \$1,065 or 2.3% of AGI per tax return, while in Utah the average was \$2,109 or 5.1% of AGI.
  - Total charitable contributions itemized on federal income tax returns by Utah residents were over \$2 billion in 2002.
  - It is widely accepted that the religiosity of donors is likely to increase donations both to religious congregations and to other charitable nonprofits and the large proportion of Utah residents that regularly attend religious services helps to explain this trend.
- The aggregate “Total Public Support” reported on 990 informational returns (including donations from

individuals, federated funders, foundations, and government grants) of Utah’s charitable nonprofits was over \$659 million or approximately \$280 per capita.

### *Foundation Giving:*

Foundation giving remained important to Utah’s charitable nonprofits in 2002.

Aggregate giving among Utah foundations of \$142.5 million ranked 34th out of the 50 states, equating to per capita giving of \$61 and 13% of foundation giving in the Mountain West (composed of Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming).

- In 2002 there were 704 charitable foundations in Utah, of which over 400 filed the informational 990 return with the IRS (Foundation Center, 2004).
  - Of these, there were 355 independent, 15 corporate, 32 operating, and 1 community foundations in Utah.
  - 2002 Utah foundation assets totaled over \$1.7 billion.
- Table 1 below shows that nonprofits in Utah are benefiting from giving from foundations based in Utah and from out-of-state foundations as well.

*(Continued on next page)*

**TABLE 1: In-State vs. Out-of-state Foundation Giving to Utah  
Among the Top 25 Foundations for Giving to Utah**

Year	Dollars from In-state Foundations (n)	Number of Grants from In-state Foundations	Dollars from Out-of-state Foundations (n)	Number of Grants from Out-of-state Foundations
2002	\$66,330,559 (7)	473	\$21,010,390 (18)	98
2001	\$48,849,631 (5)	350	\$23,374,941 (20)	103
2000	\$51,995,967 (6)	415	\$17,012,195 (19)	69
1999	\$37,863,790 (6)	366	\$16,969,839 (19)	106
1998	\$26,673,519 (4)	274	\$8,568,833 (21)	101

*Source: The Foundation Center, copyright © 2004*



In addition, aggregate foundation giving by Utah foundations increased nearly 24% over 2000 giving levels and an amazing 108.5% increase over giving of over 1997 giving levels.

Table 2 shows the 10 largest grantors in the state of Utah in 2002. Of the top 10 grantors in 2002, seven are based in Utah.

Tables 3 and 4 show the top 10 Utah Foundations by level of giving in 2002 and for aggregate giving from 1998-2002.

**TABLE 2: Foundation Donations to Utah Nonprofits – 2002**

1.	The George S. and Dolores Dore Eccles Foundation UT	\$34,604,198
2.	The Ashton Family Foundation UT	8,835,707
3.	Stewart Education Foundation UT	8,330,490
4.	Emma Eccles Jones Foundation UT	6,907,500
5.	Bill & Melinda Gates Foundation WA	4,283,133
6.	Wal-Mart Foundation AR	3,651,842
7.	The Jon and Karen Huntsman Foundation UT	3,390,167
8.	S. J. & Jessie E. Quinney Foundation UT	2,740,250
9.	The J. Willard and Alice S. Marriott Foundation DC	2,460,000
10.	Dr. W. C. Swanson Family Foundation, Inc. UT	1,522,247

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**TABLE 3: Top 10 Utah Foundations by 2002 Level of Giving**

1.	The George S. and Dolores Dore Eccles Foundation	\$30,360,452
2.	The Jon and Karen Huntsman Foundation	\$9,935,817
3.	The Ashton Family Foundation	\$7,145,958
4.	Emma Eccles Jones Foundation	\$7,015,500
5.	Stewart Education Foundation	\$5,615,610
6.	The Worth of a Soul Foundation	\$5,163,500
7.	The Sorenson Legacy Foundation	\$5,000,000
8.	Dr. W. C. Swanson Family Foundation, Inc.	\$4,136,402
9.	Thrasher Research Fund	\$3,717,689
10.	The GFC Foundation	\$3,538,650

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**TABLE 4: Top 10 Utah Foundations by Aggregate Giving 1998-2002**

1.	The George S. and Dolores Dore Eccles Foundation	\$179,130,913
2.	The Jon and Karen Huntsman Foundation	32,120,282
3.	Emma Eccles Jones Foundation	30,692,981
4.	Stewart Education Foundation	28,351,102
5.	S. J. & Jessie E. Quinney Foundation	24,477,652
6.	The Ashton Family Foundation	17,495,105
7.	Dr. W. C. Swanson Family Foundation, Inc.	16,683,196
8.	Willard L. Eccles Charitable Foundation	11,708,527
9.	R. Harold Burton Foundation	11,032,270
10.	Marriner S. Eccles Foundation	9,158,691

Source: The Foundation Center, copyright © 2004



# Contributions of the Nonprofit Sector to Utah's Economy

## Production and Wages:

In addition to the services charitable nonprofits provide to Utah communities, they also make an important economic contribution to the state.

- In 2002, the 1,381 charitable nonprofits required to file 990 returns with the IRS, had total expenses of just over \$3.5 billion and total revenues of nearly \$3.65 billion.
- Utah's Gross State Product (GSP) for 2002 was just

under \$73 billion, therefore, the charitable nonprofits contributed approximately 4.8% of the state's production level for the year.

- Table 5, below, compares the contributions to Utah GSP by the nonprofit sector and several industries.
  - It is interesting to note that while the transportation sector accounts for 3.6% of GSP, this industry pays out 3.9% of wages and salaries while the nonprofit sector, which accounts for 4.8% of GSP, accounts for only 3.2% of wages paid.

**TABLE 5: Industry Contribution to 2002 Utah Gross State Product and Wages and Salaries Paid With Comparative Information from Charitable Nonprofits**

Industry	Dollar Contribution to GSP	Percent of GSP	Wages and Salaries Paid	Percent of State Wages and Salaries
<b>State Total</b>	<b>\$72,974,000,000</b>	<b>100%</b>	<b>\$34,231,767,000</b>	<b>100%</b>
Mining	\$868,000,000	1.2%	\$342,077,000	0.9%
Transportation/ Warehousing	\$2,604,000,000	3.6%	\$1,501,276,000	3.9%
Information	\$2,791,000,000	3.8%	\$1,217,416,000	3.2%
<b>Nonprofit Sector</b>	<b>\$3,500,000,000</b>	<b>4.8%</b>	<b>\$1,207,122,555</b>	<b>3.2%</b>
Wholesale Trade	\$3,829,000,000	5.2%	\$1,726,368,000	4.5%
Construction	\$3,933,000,000	5.4%	\$2,170,033,000	5.7%
Retail Trade	\$5,943,000,000	8.1%	\$2,775,732,000	7.3%

## Utah's Nonprofits Speak for Themselves

### Survey Distribution:

Although we are able to learn a great deal about Utah's nonprofits from the information reported to the IRS, this financial information is not able to tell the whole story. Therefore, in addition to the 2002 data analyzed from the 990 returns filed by charitable nonprofits in Utah, a survey was administered to these groups. Surveys were mailed to the 1381 filing charitable nonprofits in August 2004 and a reminder postcard was mailed in October 2004.

Approximately 11%, 154 surveys of the 1381 surveys distributed, were returned by the end of October. Although this return rate is quite low and may not provide results that are generalizable to all charitable nonprofits in the state, these in-depth surveys provide a wealth of detailed information about the challenges and opportunities nonprofits in the state currently face.

### The Value of Human Resources:

Survey respondents reported that human resources are an important component of the work of the charitable nonprofits and, in turn, the nonprofits provide an important source of employment in Utah's communities.

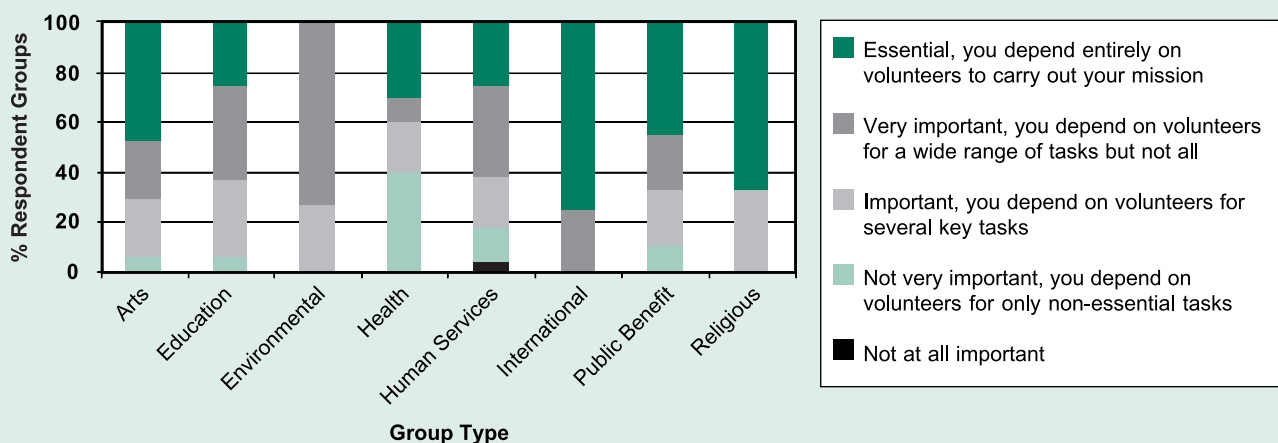
- Seventy-four percent of respondents have at least one full-time paid employee, and the average number of full-time workers per nonprofit is 21.
- In addition, part-time personnel are often crucial to the work of nonprofits, and 88% of respondents also employ part-time workers, an average of 14 per organization.
- Total salaries and wages reported by the 1,381 organiza-

tions required to file form 990 in 2002 was just over \$1.2 billion. In 2002, total wages and salaries for the state according to the Bureau of Economic Analysis, was over \$38 billion. The nonprofit contribution to employee's wages and salaries, therefore, was approximately 3.2% (see Table 5 on previous page).

In addition to paid staff, volunteers play a vital role in Utah's nonprofit sector; eighty-four percent of respondent organizations use volunteers.

- As illustrated in Graph 7 below, 70% of the groups report that volunteers are important (performing several key tasks), very important (utilized for a wide range of tasks), or essential (depend entirely on volunteers to carry out mission) to their operations.
- The average number of volunteers among survey respondents is 348, with at least 10 to 20 volunteers assisting over 25% of responding organizations.
- Among nonprofits in the Human Services activity area, 57.7% of groups classify volunteers as either Important or Very Important and an additional 25% of groups depend entirely on volunteers to help meet their mission.
- Forty-seven percent of groups in the Arts and Culture activity area report that volunteers are either Important or Very Important and an additional 47% report that volunteers are Essential to delivery of their mission.
- Finally, 75% of International groups depend entirely on Essential volunteers.

GRAPH 7: Volunteer Importance by Group



## Serving Utah: Working Together & Speaking Out

### Targeted Services:

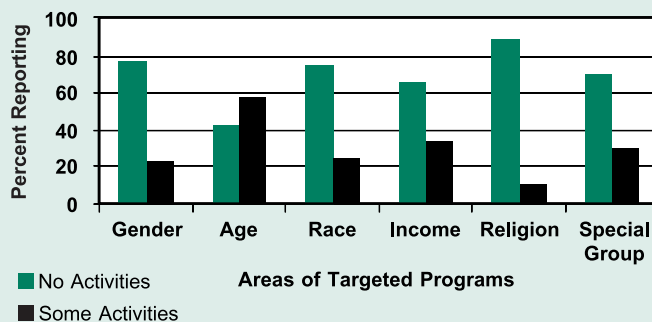
These diverse nonprofits offer services and programs for many sectors of society (see Graph 8 at right). Eighty-eight percent of the charitable nonprofits in Utah provide services to those in the general public but in addition many have programs targeting specific segments of the population.

- Twenty-three percent of the responding groups specialize in serving women or girls. Those most frequently targeting services by gender are Public Benefit groups (50%) and Health (40%) groups.
- Approximately 58% of responding groups serve persons in a specified age range, predominantly those considered to be youth (35%) or elderly (6%).
  - Nearly 60% of responding Arts and culture groups specialize in specific age brackets and not surprisingly 81.3% of all education groups also provide programs or activities targeted to specific age ranges.
- Another 24% of groups responding serve a specific race or ethnicity, primarily Hispanic or refugees from Third World countries.
  - Those most likely to target programs for a particular race or ethnicity were groups in the Public Benefit activity area (58%), Human Services activity area (19%) and International activity area (100%).
- Nearly 30% of the responding charitable nonprofits have programs targeted to special groups, such as people with disabilities, and groups most likely to target special populations are those in the Human Services activity area.
- Finally, 33.6% of respondents serve those in a specific income range, generally low income populations.
  - Programs targeting low income populations were most likely to be Human Services (43.8%), Health (33.3%) and Public Benefit (46.2%) activity areas.

### Collaboration and Networking:

Groups were also asked about collaborations they are involved in, including both formal collaborations and informal networks. Although 19.5% of respondents reported they are not involved in any type of collaboration,

GRAPH 8: Targeted Programs



the vast majority of organizations are involved in formal collaborations (20.7%), informal networks (25.3%), or both (24.6%).

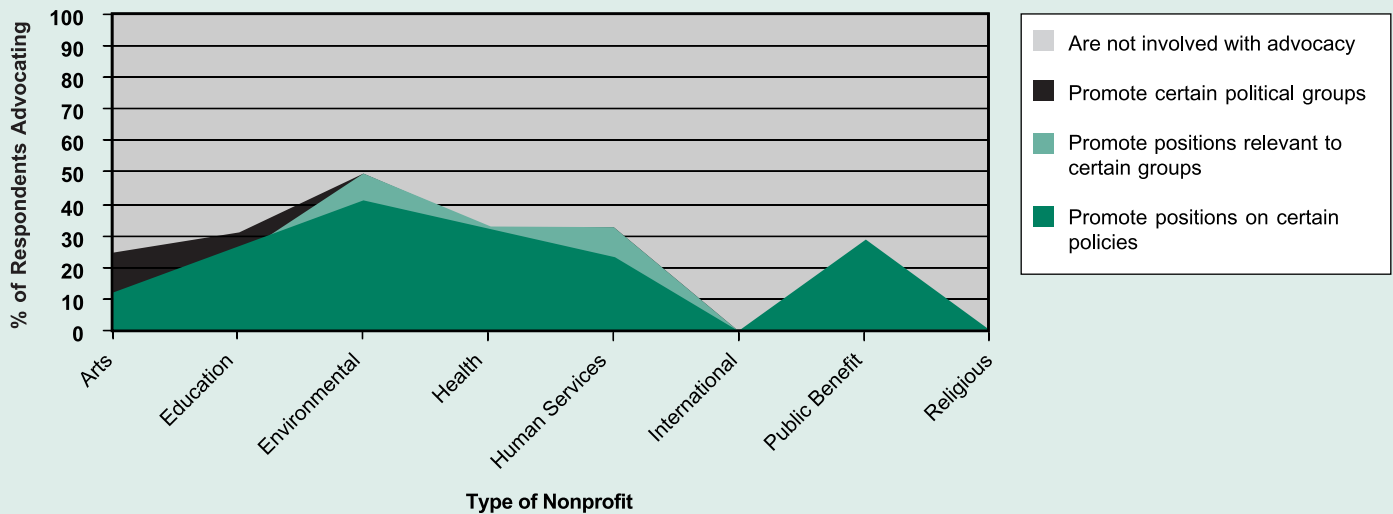
- Nearly 70% of those surveyed regularly collaborate with either government or other charitable nonprofits.
  - Only a small minority of responding nonprofits reported collaborations with either religious, faith-based, or for-profit organizations.
  - A majority of the coalitions formed among nonprofits and with government entities are small, most often including two to six total members.
  - Some organizations reported, however, that they were involved in large collaborations involving over 20 organizations.
- When asked to describe the effects of the collaboration on organizational capacity, 60% of respondents reported that collaborations assist in the group's ability to meet clients' or members' needs, and 74% report collaborations enhance the visibility and reputation of the organization.
  - In addition, nearly 50% of respondents report that collaborations make obtaining funding somewhat easier.

### Advocacy Efforts:

Advocacy efforts among Utah's nonprofits are not common overall; in the aggregate, only 31.5% of responding groups are involved in activities where they take a policy or political position.

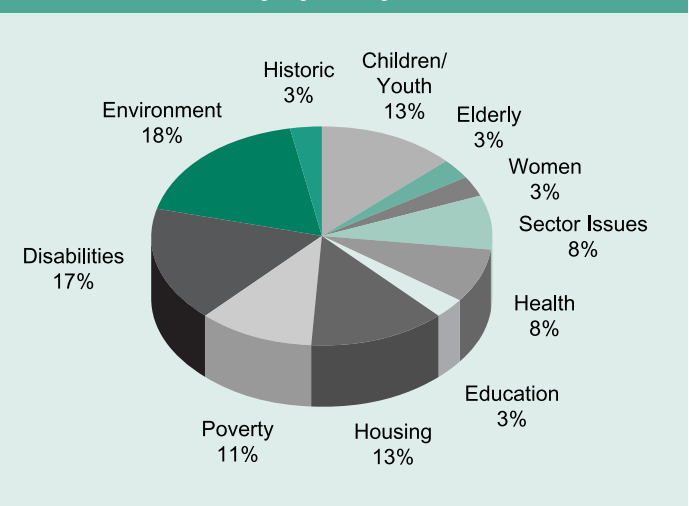
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**GRAPH 9: Advocacy Among Nonprofits by Type**



- Over half of the groups speaking on behalf of the sector and those they serve, however, see benefits from working together on speaking out.
- As illustrated in Graph 9 above, among those reporting they are involved in policy advocacy, groups in the Human Services (22.8%), Health (33.3%), or Environment and Animal-related (41.7%) activity areas are most likely to participate.
- According to survey results, 75% of groups in the Arts and Culture activity area do not engage in any type of advocacy.
  - Further, 68% of Education groups and 71% of Public Benefit groups also do not participate in any advocacy.
  - Finally, none of the International or Religious groups responding to the survey participate in advocacy efforts.

**GRAPH 10: Advocacy by Policy Area**



Those groups speaking out on behalf of their constituents are concerned about a variety of issues (see Graph 10 at right). Among survey respondents involved in advocacy, policies regulating the environment, concerning people with disabilities or children and those living below the poverty line receive the greatest advocacy attention.

## Building Organizations to Face the Future

### *Governance:*

The organizational structures supporting nonprofits in Utah represent many of the best practices in nonprofits operations. Nearly all (98.6%) respondents reported they are governed by their own board of directors rather than governed by another group's board.

- The average board size is 12.35, with the smallest boards composed of 3 members (the minimum required under Utah law) and the largest boards with approximately 40 members.
  - Most boards seem able to recruit volunteers in a timely fashion, as the average vacancy level is only one to two members.
- In addition most organizations (59.6%) reported that the governing board uses permanent committees and another 18.4% of groups reported using committees to assist with short term tasks.
  - Only 22% of respondents report the governing board did not use committees of any sort to accomplish the work of the board of directors.
- Organizational structure is also strong in the area of written policies governing operations.
  - Policies for governance (96.6% of groups), conflict of interest policies (63.4%), personnel (71.7%) and written job descriptions (80.7%) are all very common.
  - In addition most respondents indicated that they issued an annual report (81.3%) and had an audit of financial statements (73.4%) in the last fiscal year.

### *Member Support:*

Although 57% of responding organizations do not have members, 43% are supported by members. Further, 40% of the responding groups receive financial support from members by collecting membership dues.

- Of those groups with dues-paying members, 40% pay flat-fee dues and 24% have a dues structure either based on ability to pay or on the level of service received.

- Groups reported two types of members – individual and organizational. Individual members were the most common (40% of organizations) and the median membership level reported was 110 individual members while 22% of groups reported having organizational members with a median membership level of 82 organizations.
- Most of these members are from Utah, 80% of groups reported that at least 50% of their members are Utah residents or Utah-based organizations.

- Membership levels over the past three years among responding organizations have remained consistent (41.2%) or have increased (38.2%). Even as the number of nonprofits in Utah expands, the residents and organizations in the state continue to provide support to these increasing numbers.

### *Technological Supports:*

Many of Utah's nonprofits are also taking advantage of technology to support the mission of their organization.

- Forty-five percent of respondent organizations have websites and 74.6% communicate with organizational email.
- In addition, the records of most organizations are computerized, with 74% of groups using a computer system to track client records and 86.3% of groups using computer-based financial record-keeping systems.

### *Missing Components:*

The majority of Utah's nonprofits are not, however, currently devoting resources to two important areas – volunteer management and program outcome evaluation.

- Only 38% of respondents have a formal volunteer recruitment program and just over 40% of groups have formal volunteer training programs in place.
- In addition, less than half of the survey respondents have engaged in an evaluation or assessment of program outcomes within the past 2 years (48.2%).

## Challenges Facing Utah's Charitable Nonprofits

### Community Changes:

The survey asked a series of questions regarding current conditions in the nonprofit community and how conditions had changed over the past several years. The results are reflected in Graph 11 below. Over 65% of responding groups indicated they had faced an increased demand for their services, with nearly 35% noting this increase in demand exceeds 25% in the past 3 years.

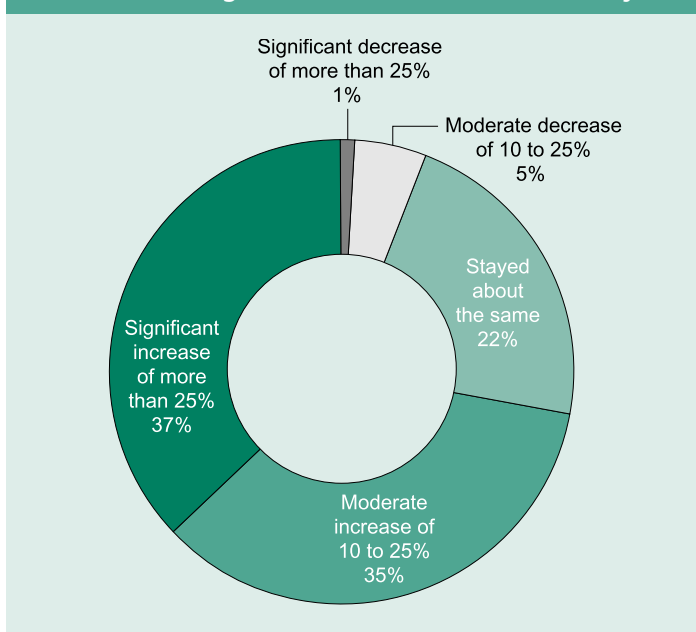
Responding organizations indicated changes in their communities have impacted their organizations – chiefly increases in crime and violence, population increases, and public policy changes. Twenty percent of organizations reported that the increasing strictness of government contract and procurement policies had impacted them.

### Funding Challenges:

The first few years of the 21st century presented many challenges for Utah's charitable nonprofits. Economic downturns made generating revenues more difficult, fundraising and grant receipts declined for many, while demand for services simultaneously soared in many fields in the sector. The survey asked nonprofit leaders to what extent the amount of revenues the organization received changed over the past three years. The financial position of responding nonprofits is generally positive.

- Fifty-six percent of groups report that they have seen an increase in total revenues over the last three years; 45.4% saw a moderate increase in revenue levels of 10 to 25 percent in revenues and 10.8% of groups reported a significant increase of more than 25%.
  - Increases were most often reported, by 39% of respondents, from the sales of goods and services, although only 5% of groups reported that increases in revenues from sales of goods and services were significant (at least 25%).
  - Despite economic downturns in the early 2000s, donations increased for 34% of groups, but 32% of respondents saw a decrease in donations and among the remaining 34% of groups, revenues from donations remained virtually constant.
  - Seven percent of respondents also reported that revenues from special events increased significantly over the past three years.
- At the same time, however, expenses are increasing. Nearly 62% of survey respondents reported an increase in expenses.
  - Nearly half of all respondent groups reported a 10 to 25% increase in total expenses and 12% reported expense increases of at least 25% over the past three years.

GRAPH 11: Change in Demand for Service, Last 3 years



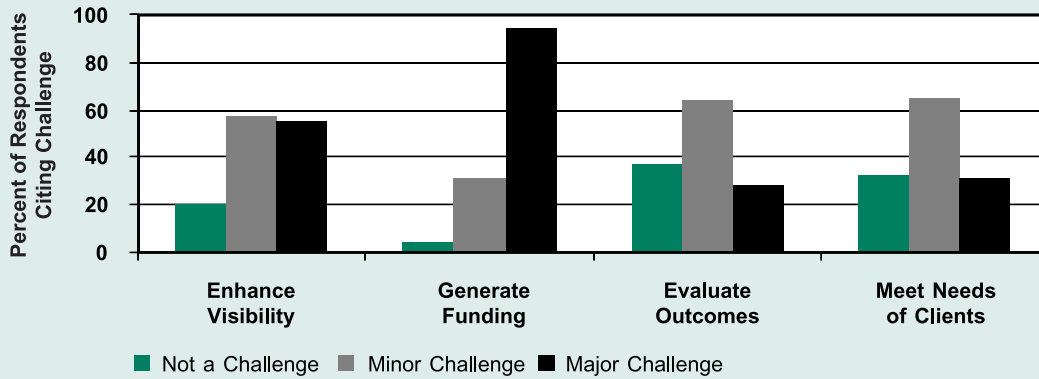
### Managerial Challenges:

The Utah Nonprofit Survey also sought to identify the challenges Utah's nonprofit managers face now and in the near future, and the results are reflected in Graph 12 (on page 15). When asked to assess the major challenges they are facing, not surprisingly, the most frequently cited challenge was obtaining funding or other financial resources.

- Funding was seen as a major challenge by 71.3% of respondents and as a minor challenge by an additional 24.8% of groups.
  - This issue is seen as particularly challenging among Human Services and Arts and Culture activity areas.
  - Only 3.9% of groups did not see funding as a challenge.



**GRAPH 12: Current Challenges Facing Utah Nonprofits**



■ Another significant challenge for respondents is enhancing the visibility and reputation of their organization; over 80% of responding organizations saw visibility and reputation as either a major or a minor challenge.

- This concern was most commonly reported by Public Benefit (42%) and Arts and Culture (50%) groups. In addition, nearly 70% of organizations reported that attracting members is either a major or a minor challenge.

■ Operational tasks, such as recruiting staff and volunteers, and managing financial and human resources, were more frequently seen as minor challenges by nearly 50% of responding organizations.

■ Managerial tasks such as strategic planning, developing high quality client services, evaluating outcomes and meeting the needs of clients were seen as major challenges by nearly 25% of the responding organizations.

- Approximately 43% of the groups in the Arts and Culture activity area reported that strategic planning is a major challenge.
- Nearly half of the nonprofits in the Education activity area see striving to provide high quality services to clients as a major challenge as did 19% of groups

in the Human Service activity area.

- Evaluating program outcomes was seen as a major challenge by 33.3% of groups in the Environmental and Animal-related activity area and nearly 30% of those in the Education activity area.
- Meeting the needs of clients is seen as a major challenge by 26% of groups in the Human Services activity area as well as 35.3% of groups in the Education activity area.

*Competition:*

Although Utah nonprofits are frequently in collaboration with other organizations, they are also facing competition for resources from other organizations.

- Sixty percent of respondents reported they face competition to obtain financial resources from other nonprofits, government agencies, for-profit businesses, or some combination of these three types of entities.
- The largest source of competition reported by respondents for financial resources (26% of respondents), and for human resources in the form of paid staff and volunteers (17.5% of respondents) is other nonprofit organizations.

## Conclusions

Overall, the organizations that make up Utah’s charitable nonprofit sector are making contributions to the state in many areas – employment, economic, civic, social, and through direct service to the citizens of the state.

The charitable nonprofits are clearly well positioned for the future. These organizations will need to depend on the strong foundations they have built, as well as the generosity of Utah donors in order to meet future challenges.



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The National Center for Charitable Statistics at the Urban Institute supplied data from Internal Revenue Service filings (2002 Core Files) and data from some of the filings are available at their web site: <http://nccsdataweb.urban.org>. All foundation-related statistics were taken from published reports by the Foundation Center and are available in the "FC Stats" section of the Foundation Center web site: <http://fdncenter.org/>.

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