

JOURNEY THROUGH THE Charitable Landscape

What Is A Nonprofit?



A nonprofit is an organization that benefits the public rather than the financial interests of an individual, private shareholder, or group of people. Nonprofits exist all around us.

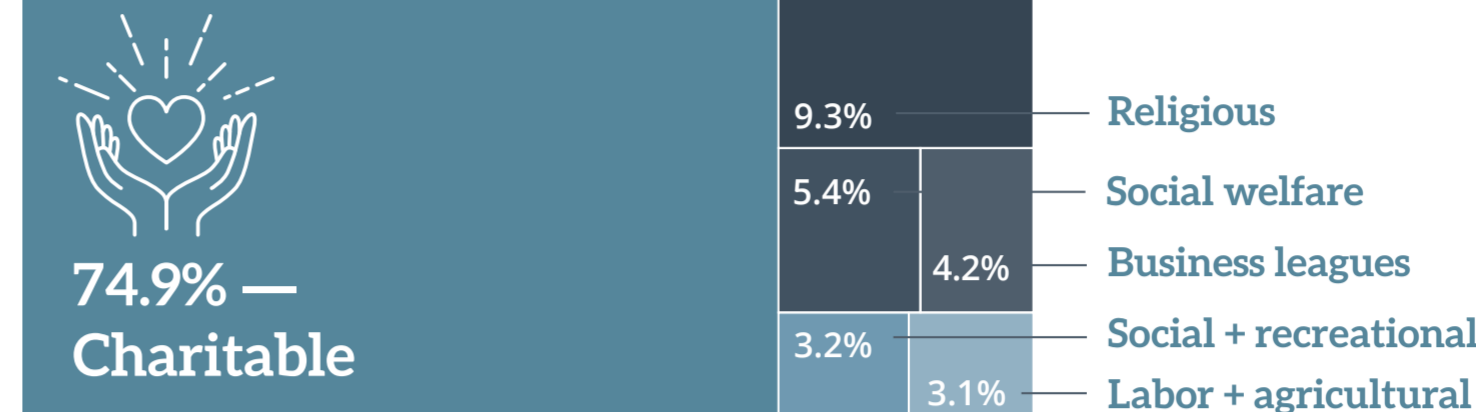


1.79 million nonprofits operate in the U.S. alone.

27 different types of nonprofits

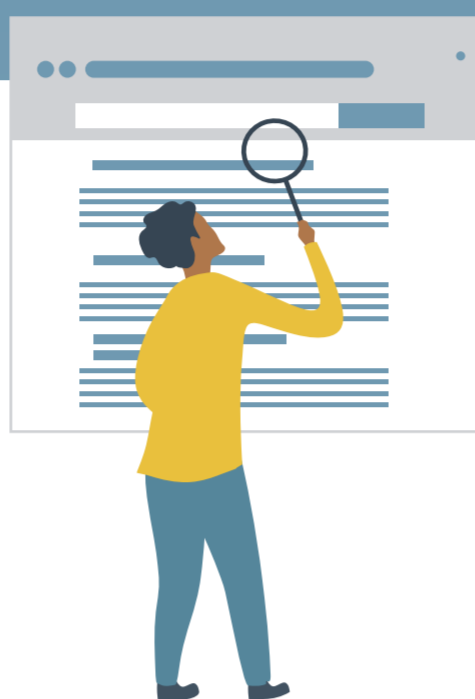
in the U.S. are recognized by the Internal Revenue Service (IRS) and eligible for tax exemption because of their valuable contributions to the community, including chambers of commerce, business leagues, credit unions, and more.

6 Most Common Types of Nonprofits in the U.S.



501(c)(3)

is the IRS code used to designate U.S. charitable organizations. Chances are you have probably seen this code somewhere or even looked for it—because 501(c)(3) organizations will provide donors with a tax deduction in exchange for a contribution.



Did you know too much lobbying to influence legislation could jeopardize a nonprofit's tax-exempt status? However, a nonprofit can advocate on legislative issues related to its mission up to a certain dollar amount and distribute educational information about public policies.

8 purposes for 501(c)(3) organizations are permissible by the IRS:

- Charitable
- Religious
- Educational
- Scientific
- Literary
- Public safety testing
- Fostering sports competition
- Preventing child and animal cruelty

2

IRS categories exist for 501(c)(3) organizations: public charities and private foundations. What is the difference?



Public charities typically fundraise from many sources, including individuals, governmental agencies, corporations, private foundations, or other charities.



Private foundations typically have a single major source of funding—usually gifts from one family or corporation—and make grants to other charities or individuals.

How Are Nonprofits Governed?

Because charitable organizations serve the common good, receive public funding, and are tax exempt, they are subject to special oversight.



State + Federal Requirements

In the U.S., most tax-exempt nonprofits must:

File a return with IRS

Returns, usually filed via a Form 990, are open to the public and contain information about:

- Activities and governance
- Expenses
- Number of employees
- Net assets
- Revenue



Have a board of directors

In most states, boards must have at least three to five members and meet annually. The board provides financial, legal, and administrative oversight, ensuring all decisions align with the organization's mission.



Did you know some charitable organizations do not have to file an IRS return? Churches, state institutions, and political organizations do not. In total, 15 organization types are exempt from this requirement.

The General Public

The charitable landscape is complex. But lots of tools make it easy for you to explore whether a nonprofit meets your standards:



Annual Reports

Most nonprofits produce annual reports that contain information about their programs, financial health, and more. Look for these indicators of transparency, including easy-to-find Form 990s and independent financial audits or statements, on a nonprofit's website.



Charity Information Hubs

Organizations like Candid, Charity Navigator, and GlobalGiving offer a way to quickly assess a nonprofit's legitimacy. Look for their signals of approval on a nonprofit's website—or go straight to their websites to find the information you need.



Independent Evaluations

The Better Business Bureau offers an accreditation for accountability. CharityWatch assigns A-F grades. GiveWell and GlobalGiving publish annual lists of high-impact nonprofits. Check out what independent evaluators say about a nonprofit before you give.

What Is My Role?

Now that you know your way around the charitable landscape, here is a look at your starring role.



An Essential Resource

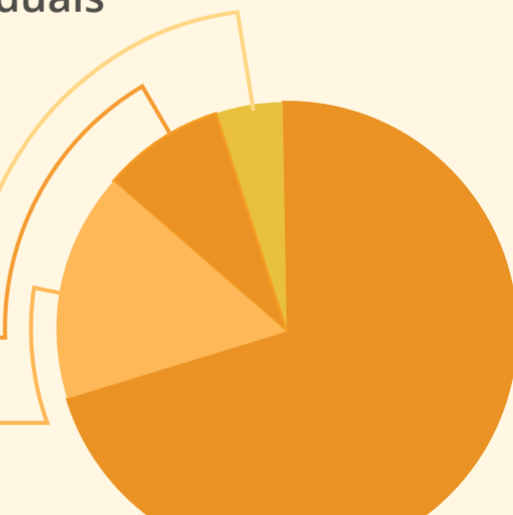
Your charitable donations are essential to the survival of nonprofits in your community.

Small nonprofits outnumber large nonprofits, yet they represent a mere 13% of the sector's overall financial activity in the U.S. Nonprofits without a steady stream of program revenue—such as patient or tuition fees—rely fully on your charitable donations to thrive.

\$286 billion

Amount of charitable donations individuals like you made in the U.S. in 2017. That is 70% of total giving.

- 4.9% Corporations
- 8.6% Bequest
- 16.2% Foundations
- 70.3% — Individuals**



The Gift Of Time

Your time as a nonprofit volunteer makes a big impact.

30%

of Americans volunteered in 2018. Altogether, their donated hours were worth an estimated \$167 billion in economic value.



5 Most Common Volunteer Activities in the U.S.

- Preparing food donations and meals
- Tutoring young people
- Serving as a mentor
- Providing transportation and labor support
- Sharing professional experience

The Power Of Your Voice

Your voice raises awareness of the vital social issues nonprofits were created to tackle.

On average, people spend 116 minutes per day on social media. That is a lot of room for influence when harnessed for good.



Did you know the infamous Ice Bucket Challenge raised \$115 million for ALS research in eight weeks? The viral social media challenge tripled the ALS Association's annual budget, sparking new partnerships between scientists and drug companies and leading to the identification of a likely genetic culprit for the devastating disease.



NEVER UNDERESTIMATE YOUR ABILITY TO change the world.

