

**Community Improvement and
Capacity Building Nonprofit
Organizations in Mecklenburg
County 2009-2010**

**Nonprofit and Voluntary Action Center
Department of Political Science
UNC Charlotte**

Purpose

The purpose of this report is to inspect the status of the non-profit sector for Community Improvement and Capacity Building Organizations in Mecklenburg County from 2009 to 2010. The report looks at the quantity of each type of organization in this sector as well as how, if at all, these numbers changed from 2009 to 2010. Additionally, the report examines how the Community Improvement and Capacity Building organizations in Mecklenburg County have reacted to the economic recession. To do this, we will observe the revenues reported to the IRS by these organizations in 2009 and 2010 and analyze any significant changes.

Table 1: Number of Community Improvement and Capacity Building Organizations in Mecklenburg County, 2009 and 2010				
Organization Type	Reported 2009	Reported 2010	Percent Change	Reported in 2009 and 2010
Advocacy and Support	12	11	-8%	9
Community and Neighborhood Development	44	53	20%	43
Coalitions and Associations	13	18	38%	12
Economic Development	11	11	0%	11
Business and industry	21	20	-5%	16
Community Service Clubs	28	36	29%	22
Total	129	149	16%	113

**Data obtained from the IRS's Business Master File from Mecklenburg County in April 2009 and April 2010

Key Findings

- The number of Community Improvement and Capacity Building Organizations in Mecklenburg County that reported to the IRS increased by 16% from 2009 to 2010.
- All growth came in Community & Neighborhood Development, Coalitions & Associations, and Community Service Clubs.
- The number of Economic Development organizations remained perfectly stable from 2009 to 2010.
- The number of Advocacy and Support organizations and Business and Industry organizations declined from 2009 to 2010.

Growth of Community Improvement and Capacity Building Nonprofit Organizations

Despite the challenges posed by the economic recession, the number of Community Improvement and Capacity Building Organizations in Mecklenburg County has had modest growth from 2009 to 2010. Some of this may be attributed to a change in tax-reporting laws between 2009 and 2010 that makes the growth in this sector seem larger than it actually is. In any case, it seems there are still modest gains in this sector. However, to fully comprehend the spectrum of organizations dedicated to Community Improvement and Capacity Building in Mecklen-

burg County, it is important to note where the growth is, and where it is not, taking place.

Where is the growth occurring?

In this sector, three organizational types grew in the number of organizations reporting to the IRS. These were Coalitions & Associations, Community Service Clubs, and Community & Neighborhood Development, with 38, 29, and 20 percent growth respectively. Another trend in this sector was that two types of organizations, Advocacy & Support and Business & Industry, each had one less organization file

Form-990 with the IRS in 2010 than the year before. Meanwhile, Economic Development organizations remained constant with the same 11 organizations filing in 2009 and 2010. These data are surprising, as we would not expect to see any growth in the sector during such challenging economic times.

The growth in the number of organizations in this sector is exaggerated by the new tax-reporting laws. In reality, there were 36 organizations that reported in 2010 but not in 2009. Of these, 30 organizations reported revenue of zero or less than \$25,000. This indicates that most of the growth in this sector can be attributed to the new tax law. However, 6 of the organizations were not influenced by the tax law. As such, the new tax-reporting laws probably mitigated some of the negative changes in this sector. In any case, Community Improvement and Capacity Building Organizations in Mecklenburg County, generally, are fairly stable.

The Stability in the Community Improvement and Capacity Building Organization in Mecklenburg County

The data on the number of Community Improvement and Capacity Building Organizations in Mecklenburg County, suggests that there is a considerable amount of stability in this sector. One-hundred and thirteen organizations reported to the IRS in both 2009 and 2010. As such, only 16 organizations that reported in 2009 failed to report in 2010. This does not necessarily mean that these 16 organizations ceased to exist as they may have been late in filing their Form-990 with the IRS. In any case, more detailed analysis is necessary to clarify the fate of these organizations.

Table 2: Changes in Revenue for Mecklenburg County Community Improvement Organizations, 2009-2010*

Organization Type	2009				2010				Percent Change in Average Revenue
	Number Reporting Non-Zero Revenue	Total Reported Revenue	Average Reported Revenue	Number Reporting Non-Zero Revenue	Total Reported Revenue	Average Reported Revenue			
Advocacy and Support	4	\$7,399,934.00	\$822,214.89	3	\$10,333,910.00	\$1,148,212.22	40%		
Community and Neighborhood Development	15	\$51,350,967.00	\$1,194,208.53	16	\$52,888,426.00	\$1,229,963.40	3%		
Coalitions and Associations	5	\$2,608,831.00	\$217,402.58	5	\$4,850,319.00	\$404,193.25	86%		
Economic Development	4	\$504,804.00	\$45,891.27	3	\$615,575.00	\$55,961.36	22%		
Business and industry	9	\$5,872,904.00	\$367,056.50	8	\$5,743,368.00	\$358,960.50	-2%		
Community Service Clubs	7	\$3,016,650.00	\$137,120.45	11	\$8,584,777.00	\$390,217.14	185%		
Total	44	\$70,754,090.00	\$626,142.39	47	\$83,016,375.00	\$734,658.19	17%		

*Only includes the 113 organizations that reported revenue to the IRS in both 2009 and 2010.

**If we looked at all organizations the total revenues were \$71,185,235 in 2009 and \$84,884,037 in 2010. The change in revenue from 2009 to 2010, in this case, was 19 percent.

***Data is taken from the IRS's Business Master File for Mecklenburg County in April 2009 and April 2010

Key Findings

- Overall, Total revenue for Community Improvement organizations increased by 17% from 2009 to 2010.
- The only category to see declining revenues from 2009 to 2010 was Business and Industry and that was a very small decline of 2%.
- Particularly large revenue growth occurred in Coalitions and Associations (+86%), Community Service Clubs (+185%) and Advocacy and Support (+40%) organizations.
- Community Service Clubs had the largest increase in the number of organizations reporting nonzero revenue.
- Community and Neighborhood Development organizations have the highest number of organizations reporting nonzero revenue as well as the highest total revenue. In fact, they comprise over 2/3 of the total revenue for the entire sector.

Revenue of Community Improvement and Capacity Building Nonprofits

Table 2 seems to indicate that the economic recession has had no negative impact on Community Improvement organizations in Mecklenburg County. Revenues increased from 2009 to 2010 across all types of Community Improvement organizations except Business and Industry groups. The largest average revenue increases were in Community Service Clubs (up 185%), Coalitions and Associations (up 86%), and Advocacy and Support

organizations (up 40%). These results suggest that the funding sources for Community Improvement organizations were somehow shielded from the effects of the recession.

It is also possible that the recession was a catalyst for some of these organizations. For example, both the number of Community Service Clubs and their average revenue increased significantly from 2009 to 2010, perhaps in response to the

increased need for services created by the recession.

Also, the nature of some of these organizations as community-centered, membership-based organizations may help explain their success during this tough time. Many membership-based organizations rely on dues and member fees for revenue and this has likely helped to shield them from negative effects of the recession. In any case, it is not difficult to imagine that a neighborhood facing the challenges of increased foreclosures or high unemployment would be successful in recruiting members to organizations designed to resist those problems.

The sector is also anchored by the large category of Community and Neighborhood Development organizations. These organizations tend to be largely government funded and were prime candidates for the type of neighborhood stabilization funds that were coming from federal, state and local governments throughout the recession. While we do not know the specific sources of revenue from these data, it is possible that government money going to the largest sector of this type of organization has masked some

of the negative impact of the recession.

Much of the increase in revenue reflects the success of only a few organizations. For example, the 40% increase in average revenue for Advocacy and Support organizations is largely the result of only one organization increasing their revenue by \$3 million. Excluding the increase from this one organization, average revenue generated by Advocacy and Support organizations would have fallen by 2% between 2009 and 2010.

The 86% increase in average revenue in Coalitions and Associations is largely explained by the success of one organization increasing its revenue by \$2 million from 2009 to 2010. Excluding the revenue increase from this organization would mean a 25% increase in average revenue for Coalitions and Associations instead of an 86% increase.

And finally, the 185% increase in average revenue in Community Service Clubs mostly reflects the impact of 2 organizations increasing their revenue by a combined \$5 million. Removing the increased revenue of these two organizations would result in a smaller 6% increase in average revenue for Community Service

Clubs from 2009 to 2010. If the increased revenue from all four of these organizations was removed, the change in average revenue from 2009 to 2010 for all Community Improvement organizations would go from an increase of 17% to a 2% increase. In other words, the success of just these 4 organizations explains a large amount of the overall sector's perceived success and may even mask the fact that many organizations saw significant decreases in their revenue.

Collectively, the Community Improvement Organization sector has not been as hurt by the recession as other non-profit sectors. The number of organizations in the sector has increased along with the amount of total revenue of organizations that reported in both 2009 and

2010. However, in large part, the number of organizations increased as a consequence of new tax laws. In reality, the new tax law probably mitigated negative changes in the number of organizations in this sector.

Meanwhile, a large part of the growth in total revenue can be attributed to a group of 4 organizations. In any case, the point remains that total revenues in this sector increased 17%, even when excluding organizations that might have reported in response to the new tax law. As such, this sector has been fairly stable, despite the recession.

Data and Methodological Notes

The data used in this report are from the Business Master File obtained from the National Center for Charitable Statistics. The Business Master File reports basic organizational information reported by nonprofit organizations to the IRS. This information comes from two

sources: 1) information shared by the non-profit at the time of incorporation, such as organization's name and address, and 2) information from the organization's most recent Form 990, which includes some basic financial information as reported to the IRS. We used data from the April 2009

and April 2010 Business Master File for Mecklenburg County for this report.

It is important to recognize that since these data come from tax returns, they are reported at a one year lag from

when they occurred. For example, the revenues reported in 2009 were generated in 2008 while those reported in 2010 were generated in 2009. This is important contextual information since the economic recession started at the end of 2008 and lasted for all of 2009, so we can assume that the 2009 data is mostly pre-recession while the 2010 data are during the recession.

For this report we focused only on those organizations that were classified by the IRS as falling into the “S” category of the National Taxonomy of Exempt Entities (NTEE). [For a complete list of the NTEE organization codes, go to <http://nccs.urban.org/classification/NTEE.cfm>]

We grouped organizations in a manner very similar to the breakdowns created by the IRS. The Advocacy and Support organizations represent all S01-S19 organizations. Community and Neighborhood Development are the S20 organizations, and the

rest of the groups are comprised as follows: Coalitions and Associations (S21 & S22), Economic Development (S30-S32), Business and Industry (S40-S43), and Community Service Clubs (S50, S80-S82, and S99).

A change in IRS reporting laws occurred between 2009 and 2010. Before 2010, only nonprofit organizations that received more than \$25,000 in revenue were required to file with the IRS. Beginning in 2010, even those organizations that received less than \$25,000 were required to file. In order to limit the impact that this change had on our report, Table 1 includes information on which organizations filed in each year and which filed in both years and Table 2 only compares those organizations that filed in both 2009 and 2010.

Publication Information

Ethan Smith and Mike Masto
MPA Students, Department of Political Science
University of North Carolina at Charlotte

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About NVAC

The Nonprofit and Voluntary Action Center (NVAC) in the Political Science Department of UNC Charlotte was formed in 2008 to connect faculty members and graduate students on UNCC's campus who share research and teaching interests in nonprofit organizations, philanthropy and voluntary action. NVAC is intended to be a hub to facilitate communication across many different disciplines. NVAC is an opportunity for faculty and graduate students to network with each other, learn more about nonprofit organizations, engage in interdisciplinary research, and provide outreach to the local nonprofit community.

Mission

NVAC's mission is to promote relationships among UNC Charlotte faculty and graduate students with research and teaching interests in nonprofit organizations, philanthropy and voluntary action with the aim of increasing our knowledge of the nonprofit sector, fostering interdisciplinary research and engaging in community outreach in the Charlotte Metropolitan area.

NVAC Working Papers

As part of our mission, NVAC is sponsoring a set of working papers discussing the state of the nonprofit sector in Mecklenburg County. These papers are specifically written for community leaders and those employed in the local nonprofit sector.

For more information about NVAC and to view our working papers series, please visit our website at <http://politicalscience.uncc.edu/nvac/>

NVAC also maintains a listserv to communicate with community affiliates about upcoming events, research projects and community reports produced by NVAC (nvacnews-l@uncc.edu). To subscribe to the listserv or if you have any other questions about NVAC, you can email us at nvac-info@uncc.edu.