

THE NONPROFIT SECTOR IN ORANGE COUNTY, CALIFORNIA

1997 Economic Scope and Characteristics

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As our nation has turned its focus to our growing and robust economy, many of us have looked to Wall Street as the barometer of this new economy. Yet, the fact remains that one of the fastest growing sectors of our new economy cannot be found among the Dow Jones, NASDAQ, or S&P indexes. This sector is known as the nonprofit sector and it does not have symbols on Wall Street.

Still, as each day and month passes, this sector, in addition to meeting the nation's critical social, cultural, educational and research needs, is producing an economic impact of enormous proportion. Indeed, although its services and purposes may differ from those of the government and business sectors, this emerging sector is rapidly producing jobs, services and materials that are contributing powerfully to our national and local economy.

Even more important, unlike the business sector, which largely focuses upon already employed individuals, the nonprofit sector helps to focus upon creating the next generation of employment. Whether dealing with the education of our nation's youth, or the retraining of out-of work adults, or the assistance needed to employ previously disabled individuals, the nonprofit sector offers two substantial products -- economic growth, and the development of individuals who will contribute to our future economic growth.

Because of the substantial impact that the nonprofit sector is creating in Orange County, as well as in our state and nation, Cal State Fullerton created the Center for Nonprofit Sector Research. The center was designed to be both a repository and a generator of information about our county's philanthropic, charitable and volunteer activity.

In the report that follows, the Center presents the most current and comprehensive data ever compiled about the number, characteristics and economic scope of Orange County's nonprofit organizations. The report is unprecedented in its detail of this important sector and the organizations that compose it.

What the Center's research makes clear is that most members of this community are, in fact, engaged in the nonprofit sector to some degree. Whether as direct participants or supporters of nonprofit activities, or as indirect participants such as employees of firms that include corporate philanthropy in their business strategies, chances are that nonprofits touch all of our lives.

For that reason I am pleased to acknowledge and thank all those who have helped to make this report possible. On behalf of the University I congratulate the many individuals who seek to improve this community by participating -- directly and indirectly -- in the vast array of worthy goals pursued by our nonprofit organizations.

Harry R. Gianneschi
Vice President for University Advancement
California State University, Fullerton

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Section I. Executive Summary

Nearly 10,000 separate organizations with Orange County addresses have been identified by the Center for Nonprofit Sector Research since its database was established in 1995. These entities operate under thirty sub-sections of the 501(c) exemption rules established by the Internal Revenue Service. Of these, 8,177 submitted an annual information return indicating their active status for 1997. Among these were nearly 6,000 organizations classified under sub-section 501(c)(3) as religious, educational, or charitable organizations. Some organizations are not required to submit annual information returns: these include churches, non-reporting affiliates of regional or national organizations, sub-organizations operating under an umbrella agency, and non-incorporated voluntary organizations. Among the population of religious, educational and charitable organizations were 1,626 who reported gross receipts of \$25,000 or more for the 1997 fiscal year. This report provides details about the characteristics and economic scope of these 1,626 organizations.

Religious, educational and charitable organizations can be classified into ten major activity category codes such as arts and culture, health, and education. The distribution of Orange County's organizations across the categories differs from the distribution for California and U.S. organizations. Orange County has nearly three times the proportion of organizations in the Public and Societal Benefit category than in the state or nation, and a greater proportion in the Education category than in the state or nation. The largest category for Orange County organizations is Human Services with 444, but its proportion is smaller than in the state and nation. Education is second largest with 357 organizations, and Health is third largest with 191. The smallest category is International Foreign Affairs. **Section V** of this report contains snapshots for each of the ten service categories, including each group's geographic distribution throughout Orange County and a summary of financial details.

More than \$4.7 billion in gross receipts was reported by the 1,626 organizations for 1997. Financial details are broken out for 1,434 organizations we refer to as service providers, and 192 termed grantmakers. Service providers refers to charitable organizations, reporting churches and religious organizations, and Private Operating Foundations.¹ Grantmakers are Private Non-operating Foundations, whose primary function is to distribute funds to public charities or individuals; their funds typically are derived from earnings on substantial investments. The distribution of gross receipts among Orange County's nonprofits is skewed, with a large number of small organizations and a small number of large organizations. Organizations with over \$50 million in gross receipts account for one percent of the number of organizations, but report 61 percent of all gross receipts.

The ratio of gross receipts to assets is markedly different for service providers than for grantmakers. For service providers the ratio is 0.83; reflecting a tendency to rely on revenues and contributions, and to a lesser extent on earnings from assets, to fund operations on an annual basis. This tendency actually may be the opposite for grantmakers, whose median assets are ten times that of service providers, and whose ratio of gross receipts to assets, at 0.41, is half that of service providers.

Forty percent of service providers are small, reporting less than \$100,000 in gross receipts, while 15 report over \$50 million; the median is \$141,289. Organizations in the Health category account for 12 percent of the service providers but reported 61 percent of their combined gross receipts. The largest category of service

providers, Human Services, has 27 percent of the population and reported nine percent of combined gross receipts. The gross receipts of Orange County's grantmakers were \$422 million in 1997. One grantmaker reported gross receipts of over \$50 million; 37 percent reported more than \$500,000, and the median for all grantmakers is \$277,304.

The 1,626 active organizations reported assets of over \$6.2 billion in 1997. Nearly half of the assets (46 percent, or \$2.9 billion) are controlled by 19 very large organizations. Service providers reported a total of \$5.1 billion. One-third of them have less than \$25,000 in assets; the median is \$59,262. Organizations in the Health category manage 53 percent of service providers' total assets, while Public & Societal Benefit organizations account for 18 percent. A total of \$1 billion in assets was reported by 192 grantmakers. With 20 percent reporting less than \$100,000 and the 11 largest reporting over \$25 million, the median for this group is \$647,633.

An analysis of reported sources and uses of funds shows that the median revenue for service providers is \$102,858. Program revenues account for 65 percent of service providers' gross receipts. Corresponding program expenses are likely contained within the 66 percent of revenues not detailed in the available financial variables. Contributions account for 24 percent of revenues, while expenses identified with fund raising were reported at two percent.

An analysis of the sources and uses of funds among grantmakers shows that grantmakers rely on contributions and gifts for 58 percent of their revenues. Another 28 percent comes from the return on asset sales, and income-producing sources account for about 12 percent of total sources. Nearly two-thirds of grantmaker disbursements took the form of contributions, gifts, and grants paid. Compensation to officers, directors, and trustees accounted for one percent of the total. The balance of fund uses was distributed across operating and administrative expenses.

While this report does not assess the geographic distribution of services delivered by the active nonprofits, it does provide an analysis of their locations according to their filing addresses. Los Alamitos had more nonprofit organizations per 1,000 population than all other Orange County cities in 1997, and Stanton had the fewest. Ten cities in Orange County had a larger ratio of nonprofits per 1,000 population than in the state or nation. A snapshot of each city's nonprofit community is provided in **Section VI** of this report, showing their distribution and financial details across the ten major service categories.

Orange County's nonprofit sector followed the pattern of post-World War II development: the majority (97 percent) of organizations were established since 1950. Two organizations active in 1997 date from the 1910s. The decade in which the most organizations (35 percent) were founded was the 1980s, when the largest categories of new organizations were human services, public and societal benefit, education and health categories.

The nonprofit sector's share of the Orange County economy can be estimated by two measures: the number of establishments, and annual payroll. The 5,595 nonprofit organizations located in Orange County are equivalent to eight percent of Orange County's 73,959 business establishments. At \$916.4 million, nonprofit payroll in 1997 is somewhat larger than payroll for the computer and office equipment manufacturing sector, and the aircraft and parts sector.

Among 996 organizations whose financial information was analyzed in both the Center's first report and the current report, two-thirds of them experienced growth between 1994-95 and 1997. For these organizations, gross receipts increased 41 percent and assets increased 28 percent.

In conclusion, Orange County's nonprofit sector has a substantial presence in the local economy, particularly in such important sectors as health care, education, research, and social services. The report findings show that the sector is growing both in terms of the number of organizations and their financial resources. Future research can quantify other dimensions of the sector such as the distribution of services, characteristics of nonprofit clientele, and the contributions of volunteers. Additionally, nonprofit organizations make important contributions to the quality of life, to society and to culture that are not readily quantifiable. The challenge for future research is to provide additional context in the form of qualitative assessment of the results of nonprofit activity in our communities and in people's lives.

Notes

¹ Although called foundations, these organizations operate much like public charities in terms of their programs, and may not include grantmaking among their activities. In this report they are categorized with other service providers on the basis of the major purpose and/or clientele.

Section II. Introduction

Often referred to as the "Third Sector," nonprofit organizations comprise entities that belong to neither the government nor private sectors. While many nonprofits deliver services or carry out projects that are largely government supported, and while most nonprofits operate as businesses, nonprofits differ from those sectors in fundamental respects such as governance, purpose, reporting requirements, and financial management. The term "nonprofit" is often misunderstood as a restriction against an organization's ability or authorization to realize a net surplus of revenues over expenses. Rather, the term refers to the restriction against members of the organization's governance structure realizing a profit from the organization (which distinguishes nonprofits from privately held or publicly traded businesses). This is not to say that nonprofit organizations are not businesses: in fact, for these organizations whose purpose is service rather than profit, the most stringent business practices must be followed to maintain operations and manage often scarce resources. Of course, as this report demonstrates, the nonprofit sector is as diverse in the size, scope and characteristics of its organizations as are the business and government sectors, and no single description would be applied appropriately to all.

This is the second report on Orange County's nonprofit sector produced by the Center for Nonprofit Sector Research at Cal State Fullerton. The Center was established in 1996 to serve the community and the field of nonprofit sector research as the repository for data about philanthropic, charitable and volunteer activity in Orange County. The Center is a participant with other academic- and community-based research organizations throughout the country and internationally in ongoing efforts to explore the dimensions of this sector. The result is a growing field of research and training programs, a respected body of literature, and an increasingly informed and prepared corps of nonprofit practitioners. For the most part these efforts are guided by an overriding interest in strengthening the nonprofit sector so that its participants may continue to achieve the service outcomes that are their goals.

The Center

The Center for Nonprofit Sector Research adds to the scope of information that Cal State Fullerton provides on an ongoing basis about Orange County. The Center's interest in philanthropic, charitable and volunteer activity complements the efforts of many departments throughout campus that address these topics. Pervading the curriculum as well as the culture of the University is an emphasis on civic engagement, be it through direct community service, service learning, training students for nonprofit careers, or partnering with other groups to pursue community goals. The University is a participant, a resource and at times a catalyst in focusing on the needs that voluntary organizations address.

The Center serves as a participant, resource and catalyst on campus and in the community to offer programs that will strengthen the nonprofit sector. The University offers continuing education opportunities in financial planning and management for nonprofit organizations. Undergraduate students may prepare for nonprofit careers through the American Humanics certificate program and a nonprofit organization leadership track in the Student Leadership Institute. Nonprofit organizations recruit students for internships, employment, and volunteer roles through the Community-based Learning and Service Center. The recently formed Nonprofit Professionals

Alumni Association offers professional development opportunities to graduates and encourages students to consider and prepare for nonprofit careers.

The dissemination of research about Orange County is one of the ways in which the University's multiple roles as participant, resource and catalyst is most visibly expressed. This report was first presented to agency leaders and community members who participated in a town hall meeting exploring the state of philanthropy in Orange County. The Center's research about the number, characteristics and economic scope of Orange County's nonprofit sector set the stage for the dialog. Led by a panel representing agencies, funders, professionals serving nonprofit clients, and city and county offices, the participants explored the dimensions of charity in the community. The dialog is summarized in a separate report published by the Center.

Current Report

The purpose of this report is to create a census of Orange County nonprofit organizations for a single year. We identify the number of organizations that compose the overall sector, including such organizations as cemetery companies, credit unions and homeowners associations that, while nonprofit, are not typically thought of in the same context with charities. We define all of the categories of tax-exempt entities so as to focus on one sub-section of them: religious, educational and charitable organizations. For these organizations we provide details about their services, geographic location, and economic scope. The number and economic scope of non-reporting organizations, including churches, undoubtedly would increase these figures and influence the perception of the sector as a whole. These details make possible comparisons among various types of organizations and their share of nonprofit activity in Orange County, and of their role in the county's economy. Several of these characteristics are presented in context with corresponding data for California and the United States. The result is a detailed snapshot of the state of nonprofit Orange County during the year 1997 (the most recent year for which a complete year's financial activity has been reported).

Section III of this report contains text and exhibits describing the number, characteristics, financial details, age and location of active, reporting Orange County organizations. Conclusions based on these findings follow in **Section IV**. **Section V** groups organizations into ten major service categories and provides snapshots for each. In **Section VI** snapshots of the composition of the sector are provided for each city in Orange County. Details about data and methodology are discussed in the addendum, along with other references.

Section III. Characteristics of Orange County Nonprofits

A. Types of Nonprofit Status

The Internal Revenue Service recognizes organizations' nonprofit purpose and exemption status under section 501(c). There are thirty subsections of 501(c) organizations; the subsection codes are designated upon determination of such characteristics as the organization's purpose, population served, tax-exempt status, and deductibility of contributions. Subsection 3 is used to designate organizations that are nonprofit and tax-exempt in recognition of their religious, educational, charitable, scientific, literary or other purpose. These 501(c)(3) organizations are the focus of this report.

B. Number of Nonprofits

The Center for Nonprofit Sector Research maintains a database of recognized nonprofit organizations with addresses in Orange County, and adds to this database regularly as filing data becomes available. Since the Center was formed in 1996 as the repository for information about Orange County nonprofits, data has been compiled on nearly 10,000 Orange County-based organizations designated within all twenty subsections of 501(c). **Figure 1** shows the distribution of these 501(c) organizations according to their subsections. There are 6,655 religious, educational and charitable nonprofits recognized under section 501(c)(3); the remaining organizations are recognized under other subsections of 501(c). The National Center for Charitable Statistics reports that 501(c)(3) organizations comprise 54 percent of the over one million 501(c) organizations registered with the Internal Revenue Service in 1995.¹

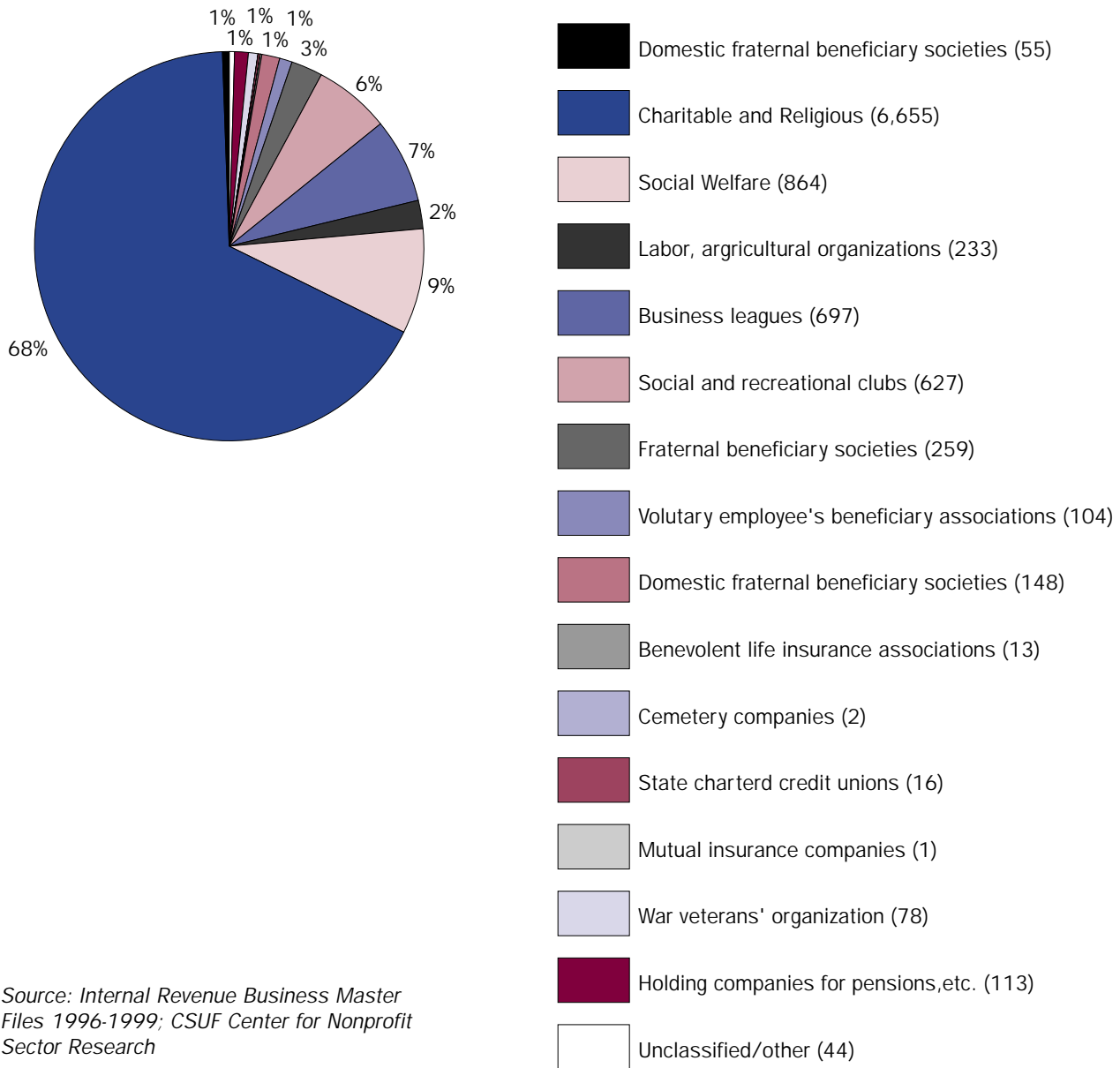
The database contains records for all organizations identified since 1994-95 regardless of their operating status; some organizations are not required to report and thus are excluded from further analysis in this report. While many of the larger nonprofits operate continuously, the operating status of smaller nonprofit organizations fluctuates over time with periods of activity followed by periods of dormancy. The CNSR maintains its ongoing database as a record of all nonprofit activity in Orange County so that it may be possible to document these fluctuations. The first set of data was collected for the 1994-95 fiscal period, and the most recent for 1999. There are 1,732 organizations in the CNSR database (17 percent) that are not included in the set of organizations reporting in 1997. These organizations may fall below the threshold for financial reporting requirements, may not be required to file, or may have relocated outside of Orange County or ceased or suspended operations.

C. Nonprofits Active in 1997

A total of 8,177 Orange County-based organizations reported with the Internal Revenue Service for the 1997 period (the most recent complete fiscal year for which data is available). **Figure 2** shows that there are 5,595 reporting religious, educational and charitable 501(c)(3) organizations, and 2,582 reporting organizations designated with other subsections.

Only those organizations with gross receipts of \$25,000 or more are required to

FIGURE 1
 Tax-Exempt Organizations located in Orange County
 (CA) included in Business Master Files 1996-1999
 Total: 9,909



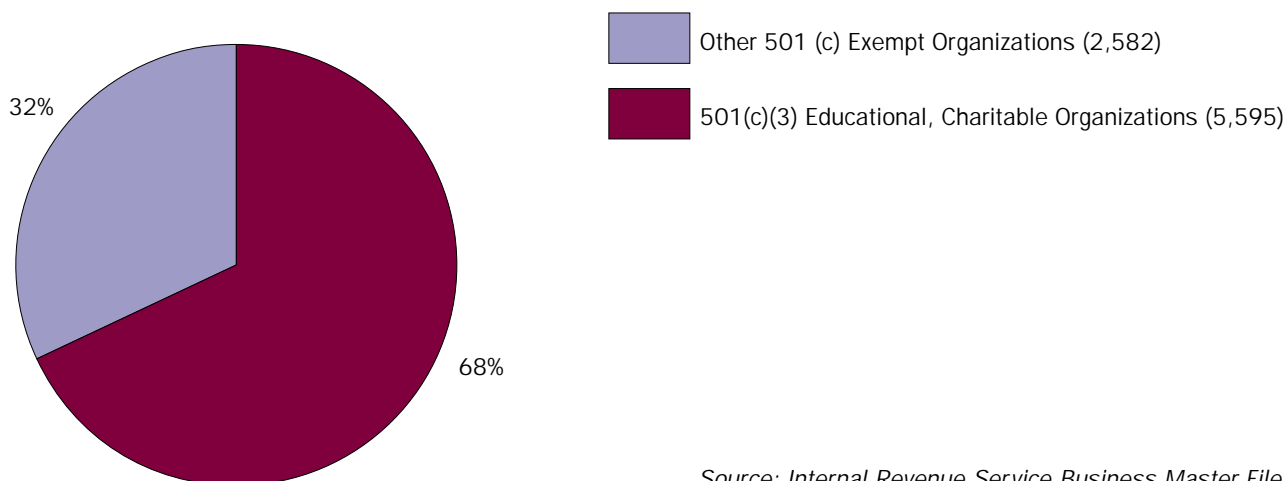
Source: Internal Revenue Business Master Files 1996-1999; CSUF Center for Nonprofit Sector Research

submit detailed information returns to the Internal Revenue Service.² **Figure 3** shows that among the 5,595 reporting 501(c)(3) organizations, 1,626 (29 percent) reported \$25,000 or more in gross receipts for the 1997 fiscal year.

This report focuses on 1,626 religious, educational and charitable organizations that were required to report and did so for activity in 1997. The National Center for Charitable Statistics reports that the number of public charities per 10,000 residents in 1992 was 6.3 throughout the United States, and 6.38 in California.³ In 1997 Orange County had 6.11 reporting charities per 10,000 residents.

In **Figure 4** the 501(c)(3) organizations with reported gross receipts of at least \$25,000 are categorized as service providers or private non-operating foundations. Service providers include reporting religious organizations,⁴ charitable organizations,

FIGURE 2
 Tax-Exempt Organizations
 Located in Orange County filing in 1997
 Total: 8,177



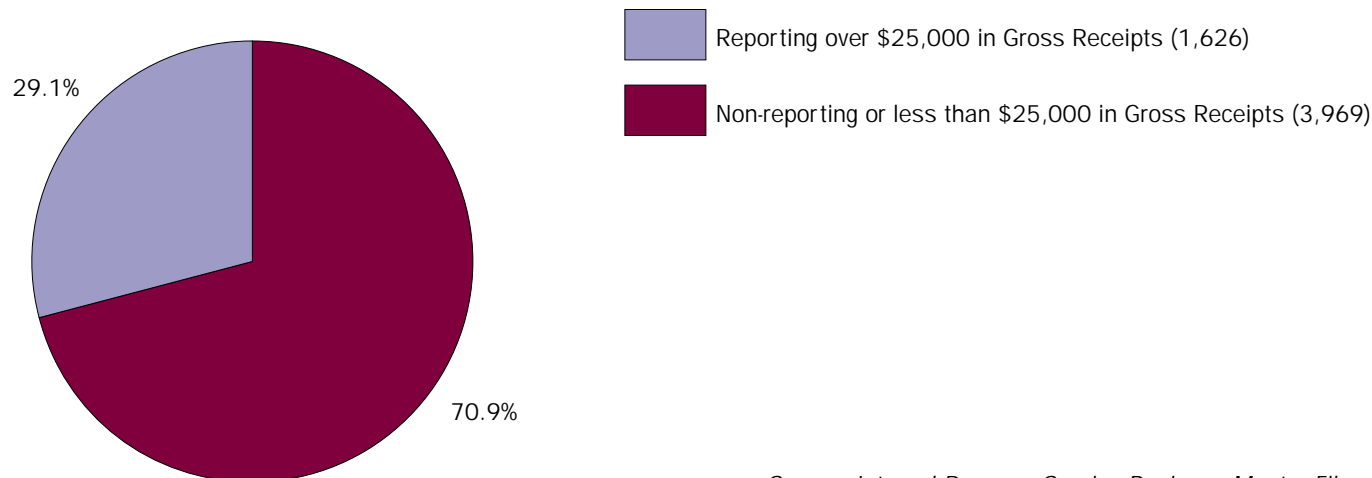
Source: Internal Revenue Service Business Master File

and private operating foundations.⁵ Private non-operating foundations are those whose primary purpose is to provide financial support rather than conducting service providing activities. Their role in the economic scope of Orange County’s nonprofit sector is indicated separately from that of service providers in the following sections.

D. Service Categories

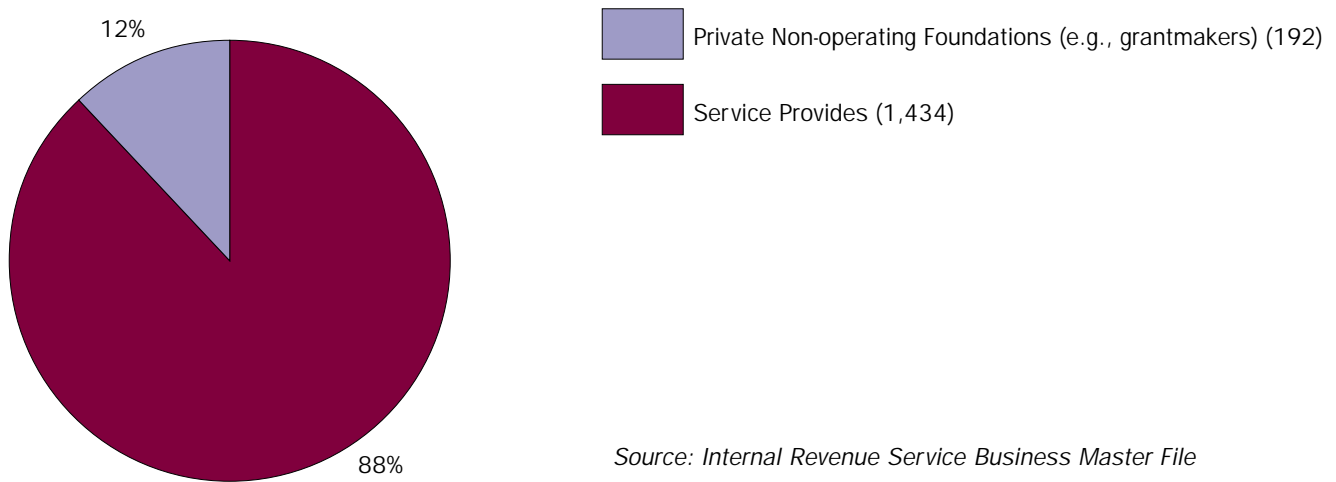
There is a wide range of services provided and audiences served by religious, educational and charitable organizations. The scope of their activities and purposes is described in a classification scheme developed by the National Center for Charitable Statistics and The Foundation Center. The *National Taxonomy of Exempt*

FIGURE 3
 Religious, Educational, Charitable Organizations
 By Filing Status
 Total: 5,595



Source: Internal Revenue Service Business Master File

FIGURE 4
 Religious, Educational, Charitable Organizations
 Reporting over \$25,000 in Gross Receipts in 1997
 by Filing Type
 Total: 1,626



Source: Internal Revenue Service Business Master File

Entities - Core Codes provides detailed classification based on organizations' primary purpose and/or clientele. This system replaces a series of up to three activity codes which organizations self-select at the time that application is made for recognition of tax-exempt status. The NTEE system groups organizations into 26 purpose codes, and groups these codes into ten major category codes. **Table 1** provides a breakdown of the purpose codes included in each of the major category codes. The CNSR verified the purposes of the 1,626 reporting 501(c)(3) organizations and assigned NTEE codes to them.

The distribution of Orange County organizations differs from California and the U.S. in several categories.⁶ The variation is most pronounced within the Public and Societal Benefit category: Orange County has nearly three times the proportion (17.5 percent) than the state (6 percent) or nation (7 percent). Educational organizations also claim a greater share of the sector in Orange County (22 percent) than in the state (16 percent) or nation (14 percent).

Figure 5 shows the distribution of organizations among the ten NTEE Major Category codes. The largest category is human services, which includes 444 organizations (27 percent) representing the broad range of human and social service agencies in the county; youth development organizations, public safety, recreation and employment related organizations also are included in this category. In California and the U.S., this category also was the largest in 1992, but by a greater margin (35.7 and 36.9 percent respectively). **Table 2** shows the comparisons among Orange County, California, and U.S. organizations by NTEE Major Category.

Section V of this report provides snapshots of each of the ten NTEE Major Categories, including each group's geographical distribution throughout Orange County, and a financial summary showing the amounts and ranges of gross receipts and assets⁷.

TABLE 1

National Taxonomy of Exempt Entities

- I. Arts, Culture, & Humanities**
 - A Arts, Culture, Humanities
- II. Education**
 - B Education, Education Related
- III. Environment & Animals**
 - C Environmental Quality, Protection, and Beautification
 - D Animal-Related
- IV. Health**
 - E Health - General, Rehabilitative (hospitals, clinics)
 - F Mental Health, Crisis Intervention
(alcohol/drug/substance abuse, mental health clinics)
 - G Diseases, Disorders, Medical Disciplines
(treatment, prevention, education, etc.)
 - H Medical Research (research only)
- V. Human Services**
 - I Crime, Legal Related (includes child abuse and delinquency prevention, justice administration)
 - J Employment, Job Related (includes vocational rehabilitation)
 - K Food, Agriculture, Nutrition (includes food banks, eateries)
 - L Housing, Shelter
 - M Public Safety, Disaster Preparedness, Relief
 - N Recreation, Sports, Leisure, Athletics (includes social clubs, hobbies, fairs)
 - O Youth Development (scouts, camping, youth clubs)
 - P Human Services - Multipurpose and Other
- VI. International Foreign Affairs**
 - Q Int'l, Foreign Affairs, National Security (includes relief efforts)
- VII. Public, Societal Benefit**
 - R Civil Rights, Social Action, Advocacy
 - S Community Improvement, Capacity Building (includes neighborhood associations, business promotion, nonprofit management, men's/women's service clubs)
 - T Philanthropy, Voluntarism, Grantmaking (includes community foundations, named trusts/foundations)
 - U Science & Technology Research Institutes/Services
 - V Social Science Research Institutes/Services
 - W Public, Society Benefit - Multipurpose (includes Veterans' assn's, leadership development, utilities)
- VIII. Religion Related**
 - X Religion Related, Spiritual Development (includes "ministry," "mission," religious publishers and broadcasters)
- IX. Mutual/Membership Benefit**
 - Y Mutual/Membership Benefit (includes fraternal beneficiary societies, retirement/pension funds)
- X. Unclassified/unknown**

Source: National Taxonomy of Exempt Entities, National Center for Charitable Statistics at The Urban Institute

E. Financial Activity

In this section organizations are characterized as either "service providers" (including 12 private operating foundations that provide services) or "grantmakers" (private non-operating foundations). This analysis of the economic scope of the 1,434 service providers and 192 grantmakers is derived from selected financial variables available in the filing data. Gross receipts and assets are reported for all 1,626 organizations. For a representative sample of 1,278 service providers, additional detail is available on selected variables describing the sources and uses of funds. An additional 3,969 organizations are out of the scope of this report because their gross receipts were below \$25,000 or they were not required to submit financial data.⁷

FIGURE 5
 Religious, Educational, Charitable Organizations
 Reporting over \$25,000 in Gross Receipts in 1997
 by NTEE Major Category
 Total: 1,626

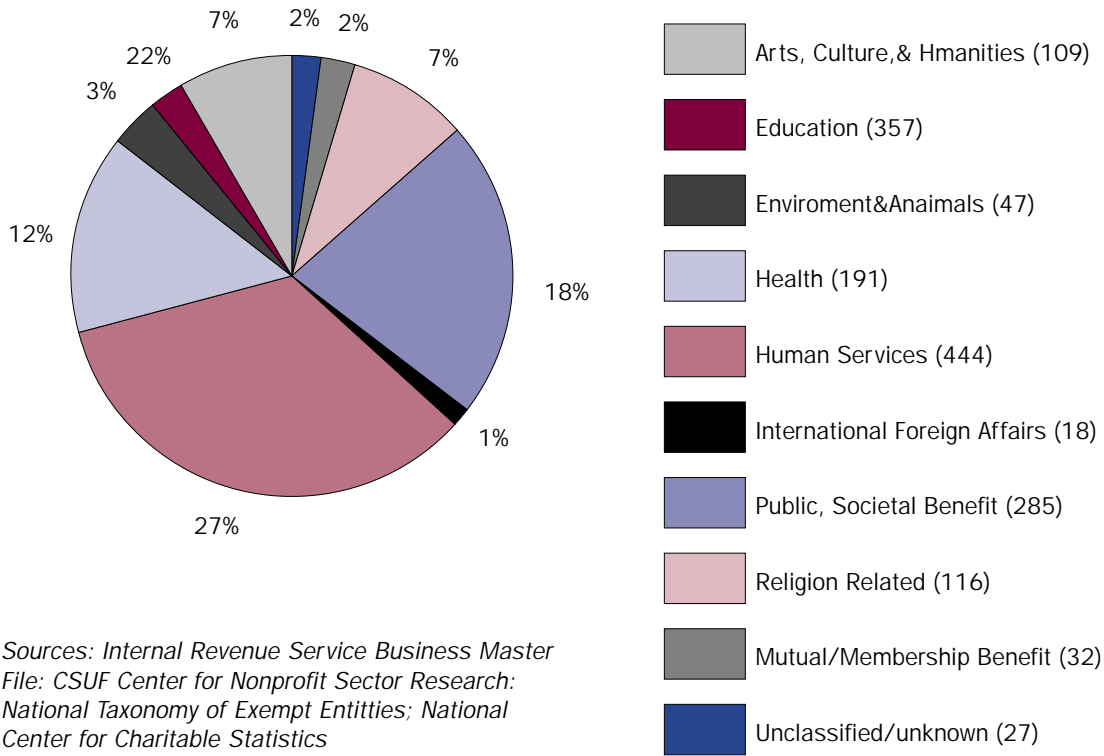


TABLE 2
 Comparison of Orange County, California and U.S.
 Organizations by NTEE Major Category

NTEE MAJOR CATEGORY	ORANGE COUNTY (1997)	CALIFORNIA (1992)	U.S. (1992)
I. Arts, Culture, & Humanities	6.7%	11.8%	11.2%
II. Education	21.9%	16.2%	14.4%
III. Environment & Animals	2.8%	3.0%	2.9%
IV. Health	11.7%	15.05	17.5%
V. Human Services	27.3%	35.7%	36.9%
VI. International Foreign Affairs	1.1%	1.2%	1.0%
VII. Public, Societal Benefit	17.5%	5.9%	6.8%
VIII. Religion Related	7.1%	4.9%	4.5%
IX. Mutual/Membership Benefit	1.9%	N/A	N/A
X. Unclassified/unknown	1.6%	6.2%	4.9%

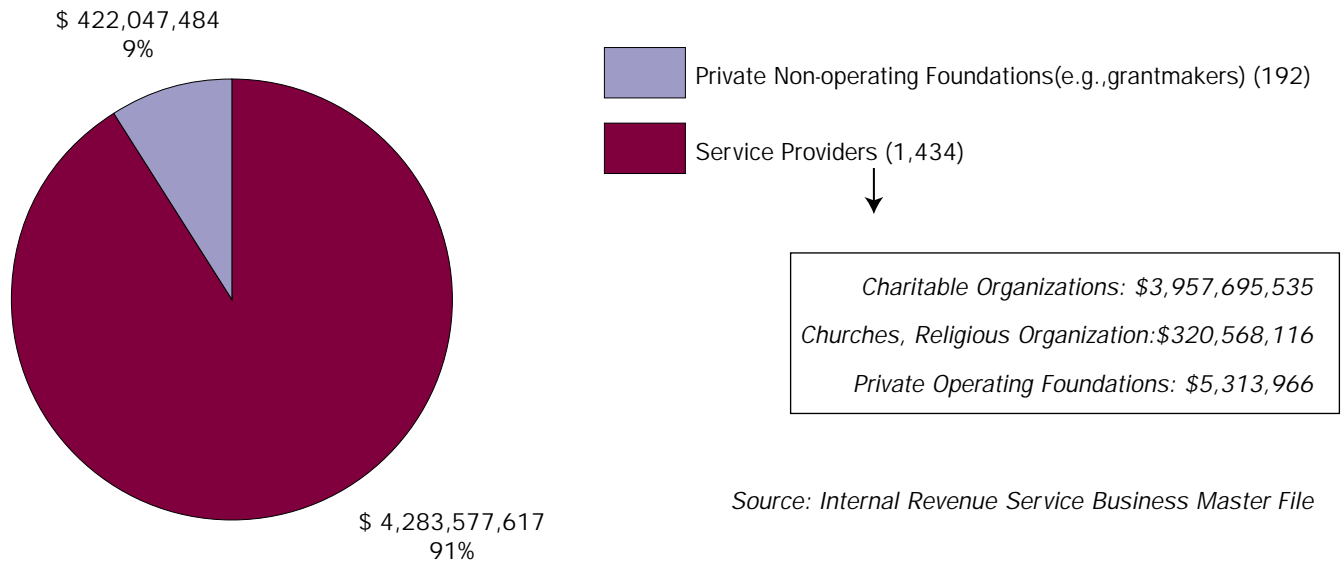
Sources: CSUF Center for Nonprofit Sector Research; National Taxonomy of Exempt Entities; National Center for Charitable Statistics at The Urban Institute

Gross Receipts

Over \$4.7 billion in gross receipts for 1997 were reported by 1,626 Orange County-based service providers and grantmakers. Their distribution is shown in **Figure 6**. Service providers accounted for \$4.3 billion (91 percent), and grantmakers \$422 million (9 percent) of gross receipts.

There are few organizations with very large gross receipts, and many organizations with very small gross receipts. The range of gross receipts for service providers and

FIGURE 6
 1997 Gross Receipts of Religious, Educational, Charitable Organizations Reporting over \$25,000 in Gross Receipts in 1997 by Filing Type
 Total: 1,626



Source: Internal Revenue Service Business Master File

grantmakers is shown in **Table 3**. Among the 1,626 organizations are 16 whose gross receipts are over \$50 million. Although they represent just under one percent of the number of organizations, they account for 61 percent (\$2.8 billion) of all gross receipts.

Among service providers, there are just 15 organizations (1 percent) that are very large, reporting over \$50 million in gross receipts. The majority of these organizations (40 percent) report less than \$100,000 in gross receipts. Three-fourths of service providers (74 percent) have gross receipts less than \$500,000. The median for service providers is \$141,289.⁸

The distribution of gross receipts among grantmakers is more evenly dispersed than among service providers. At \$277,304, the median gross receipts for grantmakers is larger than for service providers. One third (37 percent) of grantmakers reported gross receipts of more than \$500,000.

Another way to consider the distribution of gross receipts is according to service categories. **Figure 7** illustrates how gross receipts for all 1,626 service providers and grantmakers are distributed among the NTEE Major Categories. The category with the most gross receipts reported is health, which includes hospitals, clinics, mental health organizations, substance abuse clinics, organizations dedicated to treating or preventing named diseases, and medical research organizations. This

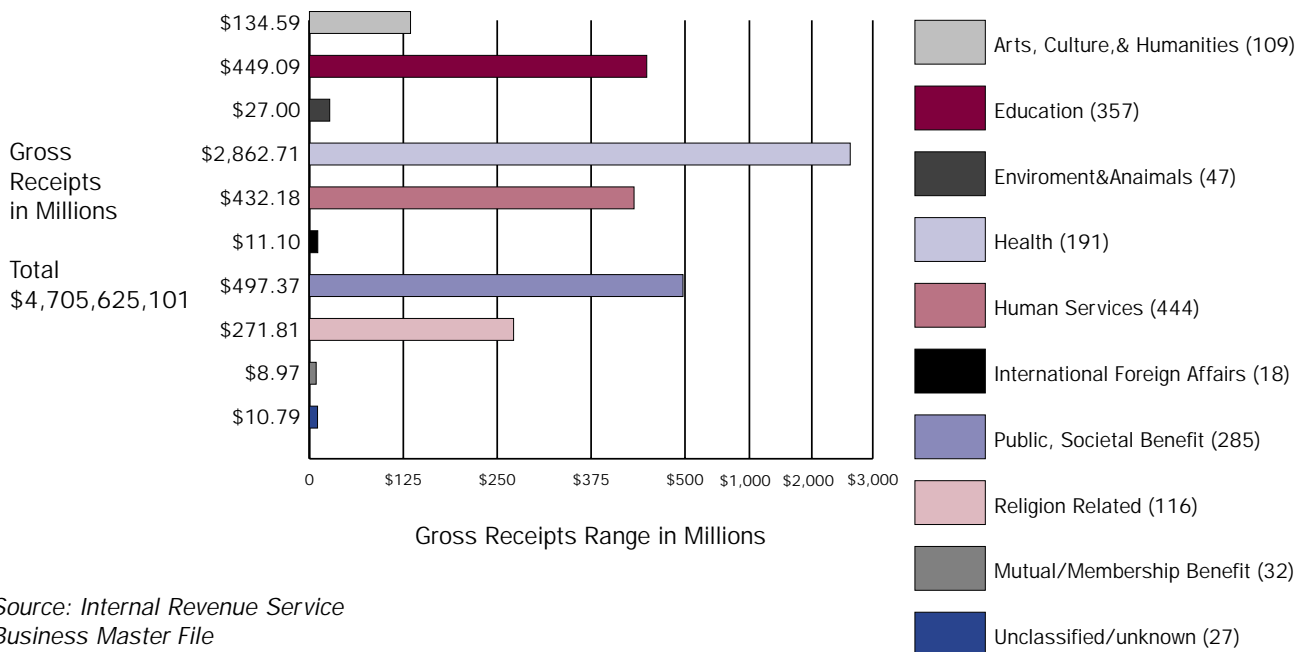
TABLE 3
Distribution of Gross Receipts

Range	Service Providers 1434		Grantmakers 192		All Organizations 1,626	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
\$ 25,000 - \$ 99,999	574	40.03%	54	28.13%	628	38.62%
\$100,000 - \$249,999	331	23.08%	40	20.83%	371	22.82%
\$250,000 - \$499,999	159	11.09%	28	14.58%	187	11.50%
\$500,000 - \$999,999	128	8.93%	17	8.85%	145	8.92%
\$1,000,000 - \$1,999,999	89	6.21%	14	7.29%	103	6.33%
\$2,000,000 - \$4,999,999	71	4.95%	19	9.90%	90	5.54%
\$5,000,000 - \$9,999,999	31	2.16%	12	6.25%	43	2.64%
\$10,000,000 - \$24,999,999	27	1.88%	5	2.60%	32	1.97%
\$25,000,000 - \$49,999,999	9	0.63%	2	1.04%	11	0.68%
Over \$50,000,000	15	1.05%	1	0.52%	16	0.98%
Total	1,434	100%	192	100%	1,626	100 %
Mean		\$2,987,153		\$2,198,164		\$2,893,988
Median		\$141,289		\$277,304		\$149,804
		\$4,283,577,617		\$422,047,484		\$4,705,625,101

Source: Internal Revenue Service Business Master File: National Center for Charitable Statistics Core File 1998

category contains 191 organizations (12 percent of the population of 1,626 reporting organizations), and reported 61 percent of all gross receipts (\$2.9 billion). While the Human Services category contains the most nonprofit organizations (444, or 27 percent), it reports nine percent of all gross receipts (\$432.18 million).

FIGURE 7
1997 Gross Receipts of Religious, Educational, Charitable Organizations Reporting over \$25,000 in Gross Receipts in 1997 by NTEE Category
Total; 1,626



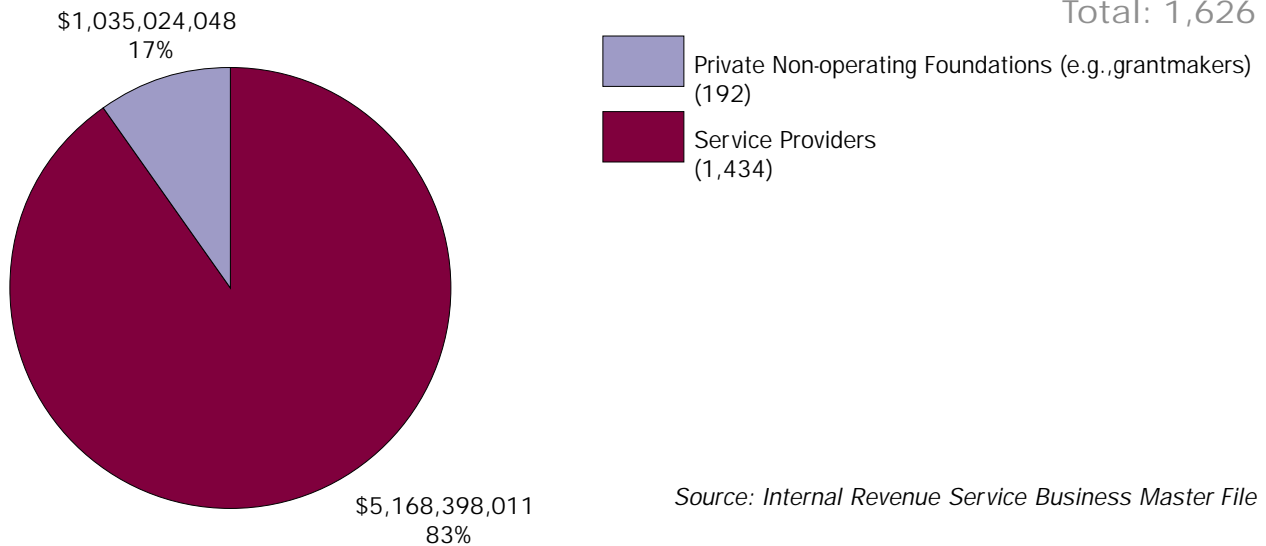
Source: Internal Revenue Service Business Master File

FIGURE 8

1997 Assets of Religious, Educational, Charitable Organizations Reporting over \$25,000 in Gross Receipts by Filing Type

\$6,203,422,059

Total: 1,626



Source: Internal Revenue Service Business Master File

Assets

Over \$6.2 billion in assets for 1997 were reported by 1,626 Orange County-based service providers and grantmakers. **Figure 8** shows their distribution. Service providers accounted for \$5.2 billion (83 percent), and grantmakers \$1 billion (17 percent) of assets.

The range of assets for service providers and grantmakers is shown in **Table 4**. As with gross receipts, large organizations manage a disproportionate share of all assets: 19 service providers and grantmakers represent just over one percent of all organizations but hold 46 percent (\$2.9 billion) of all reported assets.

Among service providers, one-third (34 percent) have less than \$25,000 in assets, and nearly two-thirds (59 percent) have less than \$100,000 in assets. The median

TABLE 4
Distribution of Assets

Range	Service Providers 1434		Grantmakers 192		All Organizations 1,626	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Under 25,000	491	34.24%	22	11.46%	513	31.55%
\$ 25,000 - \$ 99,999	355	24.76%	16	8.33%	371	22.82%
\$100,000 - \$249,999	153	10.67%	20	10.42%	173	10.64%
\$250,000 - \$499,999	110	7.67%	24	12.50%	134	8.24%
\$500,000 - \$999,999	80	5.58%	35	18.23%	115	7.07%
\$1,000,000 - \$1,999,999	80	5.58%	23	11.98%	103	6.33%
\$2,000,000 - \$4,999,999	72	5.02%	18	9.38%	90	5.54%
\$5,000,000 - \$9,999,999	33	2.30%	11	5.73%	44	2.71%
\$10,000,000 - \$24,999,999	27	1.88%	12	6.25%	39	2.40%
\$25,000,000 - \$49,999,999	17	1.19%	8	4.17%	25	1.54%
Over \$50,000,000	16	1.12%	3	1.56%	19	1.17%
Total	1,434	100%	192	100%	1,626	100.00%
Mean		\$3,604,183		\$5,390,750		\$3,815,143
Median		\$59,262		\$647,633		\$75,820
Sum		\$5,168,398,011		\$1,035,024,048		\$6,203,422,059

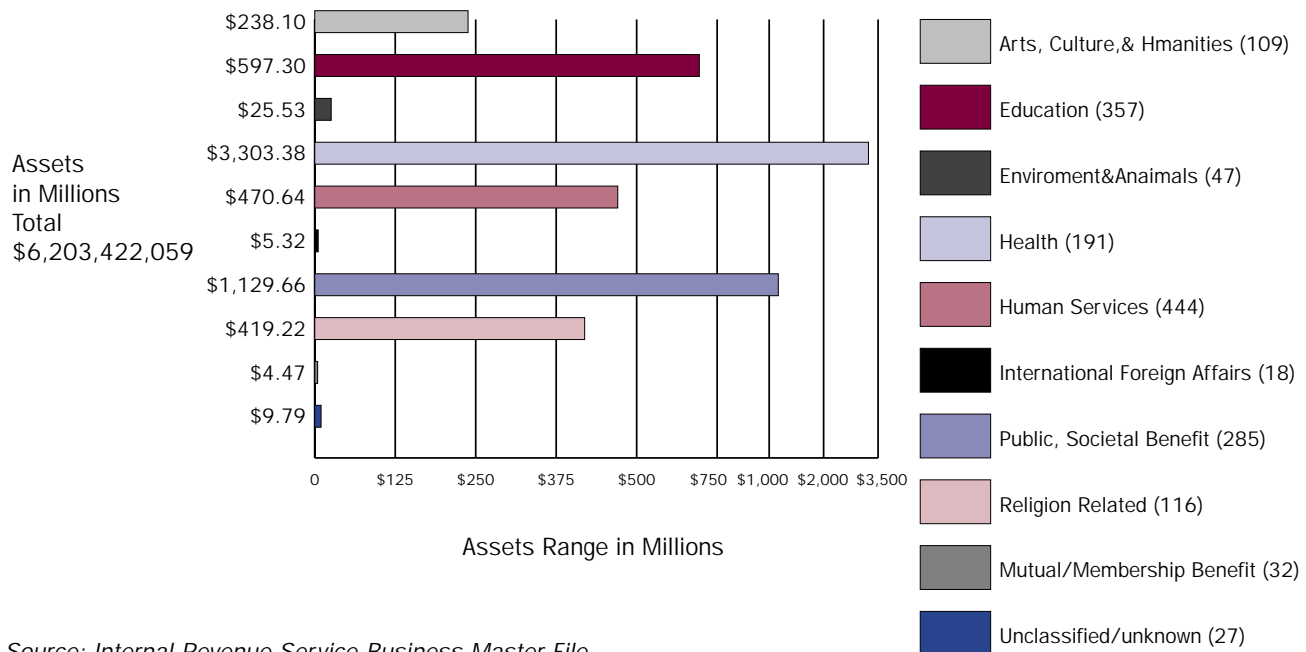
Source: Internal Revenue Service Business Master File: National Center for Charitable Statistics Core File 1998

asset amount is \$59,262. Sixteen service providers (one percent) manage assets in the over-\$50 million range.

The table shows less variation in the range of grantmakers' assets. With the exception of the 11 largest organizations with assets of over \$25 million, the distribution of assets among grantmakers is more proportionate. One fifth (20 percent) have less than \$100,000 in assets. The median asset amount for grantmakers is \$647,633.

The dispersion of assets across the various service categories is shown in **Figure 9**. Health-related organizations account for 12 percent of the population of 1,626 reporting organizations, and manage over \$3 billion (53 percent) in assets. Organizations in the Public & Societal Benefit category account for 18 percent of the population, manage \$1.1 billion (18 percent) in assets.

FIGURE 9
 1997 Assets of Religious, Educational, Charitable Organizations Reporting over \$25,000 in Gross Receipts in 1997 by NTEE Major Category
 Total: 1,626



Source: Internal Revenue Service Business Master File

There is a marked difference in the ratio of gross receipts to assets among service providers and grantmakers. For service providers the ratio is 0.83; reflecting a tendency to rely on revenues and contributions, and to a lesser extent on earnings from assets, to fund operations on an annual basis. This tendency actually may be the opposite for grantmakers, whose median assets are ten times that of service providers, and whose ratio of gross receipts to assets, at 0.41, is half that of service providers.

Sources and Uses of Funds

The profile of sources and uses of funds is illustrated in **Table 5**. It is based on a representative sample of 1,278 service provider organizations in Orange County, for which more detailed financial information was available. While this data is an

TABLE 5
Sources and Uses of Funds Reported by Service Providers
Total: 1,278*

Source of Funds	Total	Percent	Mean	Median
Contributions	\$732,319,531	23.5%	\$573,020	
Program Service Revenue	\$2,039,614,464	65.3%	\$1,595,942	
Membership Dues	\$32,971,135	1.1%	\$25,799	
Sale of Assets	\$107,952,085	3.5%	\$84,470	
Special Events-Net Income	\$26,428,238	0.8%	\$20,679	
Sale of Goods-Gross Profit	\$36,548,017	1.2%	\$28,598	
Other Revenue	\$146,042,034	4.7%	\$114,274	
Total Revenue	\$3,121,875,504	100%	\$2,442,782	\$102,858
Uses of Funds	Total	Percent	Mean	
Fundraising	\$46,568,420	1.7%	\$36,439	
Rental Expenses	\$24,091,130	0.9%	\$18,851	
Compensation of Officers, Directors	\$36,083,467	1.3%	\$28,234	
Other Salaries & Wages	\$779,859,921	28.1%	\$610,219	
Payroll Taxes	\$59,202,029	2.1%	\$46,324	
Professional Fundraising Fees	\$1,342,549	0.0%	\$1,051	
Other Expenses Not Detailed in IRS Data	\$1,828,357,581	65.9%	\$1,430,640	
Total Expenses	\$2,775,505,097	100%	\$2,171,757	\$94,112

* Sample from NCCS Core File is representative of the population of Religious, Educational, Charitable Tax-Exempt Organizations filing in 1997 located in the Internal Revenue Service Business Master Files.

Source: Form CT-2 variables, Registry of Charitable Trusts, Office of the Attorney General, State of California

accurate reflection of the financial activity reported on information returns, it should be pointed out that there is widespread inconsistency in accounting procedures. Efforts are being made to establish a uniform chart of accounts appropriate for all nonprofits, and to standardize reporting practices in the field.

Revenues from program services accounted for the largest share (65 percent) of reported fund sources, at over \$2 billion. A corresponding figure for expenses related to program revenue is most likely contained within the expenses not detailed in the data, which account for over \$1.8 billion (66 percent) of fund uses. Contributions account for over \$732 million (24 percent) of revenues, while expenses identified with fund raising were reported at \$47 million (2 percent). The median for revenue is \$102,858. Expenses for officers' and directors' compensation and other salaries and wages for this sample set of organizations totals \$816 million (29 percent).

Table 6 shows the breakdown of sources and uses of funds for a sample of 258 grantmakers.⁹ Based on a separate data source, the available categories are somewhat different from those shown for service providers. The table also includes organizations with less than \$25,000 in gross receipts. Grantmakers rely on contributions and gifts for 58 percent of their revenues. Another 28 percent comes from the return on asset sales. Income-producing sources account for about 12 percent of total sources. Nearly two-thirds of grantmaker disbursements took the form of contributions, gifts, and grants paid. Compensation to officers, directors, and trustees accounted for one percent of the total. The balance of fund uses was distributed across operating and administrative expenses.

TABLE 6
Sources and Uses of Funds Reported by Grantmakers
Total: 258*

Source of Funds	Total	Percent	Mean	Median
Contributions, gifts, grants, etc., received	\$161,375,614	58.4%	\$625,487	
Interest on savings and temporary cash investments	\$9,201,377	3.3%	\$35,664	
Dividends and interest from securities	\$23,590,734	8.5%	\$91,437	
Gross rents	\$1,946,987	0.7%	\$7,546	
Return on sale of assets	\$76,044,526	27.5%	\$294,746	
Gross profits on sales	\$25,499	0.0%	\$99	
Other income	\$4,342,767	1.6%	\$16,832	
Total Revenue	\$276,527,504	100.0%	\$1,071,812	\$46,124
Uses of Funds	Total	Percent	Mean	Median
Compensation of officers, directors, trustees, etc.	\$849,862	1.1%	\$3,294	
Operating & administrative expenses:				
investment income	\$6,116,422	8.0%	\$23,707	
charitable disbursements	\$5,047,579	6.6%	\$19,564	
other	\$15,149,829	19.9%	\$58,720	
Contributions, gifts, grants paid	\$48,989,970	64.3%	189,884	
Total expenses and disbursements	\$76,153,662	100.0%	\$293,861	\$20,673
Excess of revenue over expenses and disbursements	\$200,711,436		\$777,951	

* Sample from NCCS Core File is representative of the population of Private Non-operating Foundations filing in 1997 located in the Internal Revenue Service Business Master Files.

Source: Form CT-2 variables, Registry of Charitable Trusts, Office of the Attorney General, State of California.

F. Location of Nonprofits

Many nonprofits can claim a broad geographic impact throughout Orange County or intersecting multiple neighborhoods or cities. This report shows the distribution of nonprofits by the location of their filing address.¹⁰ **Table 7** lists the number and percent of nonprofit organizations located in the 31 cities and the unincorporated areas of Orange County.¹¹ This table is arranged in rank order according to the cities with the greatest ratio of nonprofit organizations to population. Los Alamitos had 2.4 nonprofit organizations per 1,000 people in 1997, and Stanton had 0.18 nonprofits per 1,000 people. In 1997 there were 0.72 nonprofit organizations per 1,000 people in the United States, and 0.71 nonprofits per 1,000 people in California. Ten cities in Orange County had greater than the United States and California share of nonprofits per 1,000 population.

Section VI of this report provides snapshots of each Orange County city’s nonprofit population, including the service categories, gross receipts and assets.

G. Age of Nonprofits

Based on information contained in a separate data source,¹² it was possible to determine the year established for a sample of 843 of the 1,626 organizations in the dataset. The distribution by organization age is shown in **Figure 10**. Following the pattern of post-World War II development of Orange County, the majority of organizations (97 percent) were established since 1950. Only two organizations active in 1997 date from the first decade of this century; a total of 27 organizations (three percent) were established between 1900 and 1949. The age distribution is shown by NTEE Major Categories in **Table 8**. A third of the sample organizations (35 percent) date from the 1980s, with the most growth among organizations in the human services, public and societal benefit, education and health categories.

TABLE 7
Location of Religious, Educational, Charitable
Organizations by City

City	1997 population	Charitable Organizations reporting over \$25,000 in Gross Receipts		Number of Organizations Per 1000 Population
		Number	Percent	
Los Alamitos	11,661	28	1.72%	2.40
Laguna Beach	24,083	50	3.08%	2.08
Newport Beach	70,030	136	8.36%	1.94
Villa Park	6,439	12	0.74%	1.86
Irvine	129,294	182	11.19%	1.41
Orange	122,282	122	7.50%	1.00
Costa Mesa	102,574	93	5.72%	0.91
San Juan Capistrano	29,635	23	1.41%	0.78
Tustin	65,287	50	3.08%	0.77
Seal Beach	26,360	20	1.23%	0.76
Dana Point	36,211	25	1.54%	0.69
San Clemente	47,305	31	1.91%	0.66
Brea	35,254	23	1.41%	0.65
La Habra	54,351	35	2.15%	0.64
Laguna Hills	29,954	19	1.17%	0.63
Fountain Valley	54,797	34	2.09%	0.62
Mission Viejo	91,922	56	3.44%	0.61
Fullerton	122,804	74	4.55%	0.60
Placentia	45,550	23	1.41%	0.50
Santa Ana	306,961	150	9.23%	0.49
Anaheim	295,452	140	8.61%	0.47
Huntington Beach	188,518	84	5.17%	0.45
Cypress	47,028	20	1.23%	0.43
Laguna Niguel	56,353	23	1.41%	0.41
Garden Grove	152,041	58	3.57%	0.38
La Palma	15,761	5	0.31%	0.32
Yorba Linda	58,533	18	1.11%	0.31
Lake Forest	57,828	16	0.98%	0.28
Buena Park	73,072	16	0.98%	0.22
Westminster	83,141	18	1.11%	0.22
Unincorporated	185,851	36	2.21%	0.19
Stanton	32,984	6	0.37%	0.18
Total	2,659,316	1,626	100%	0.61

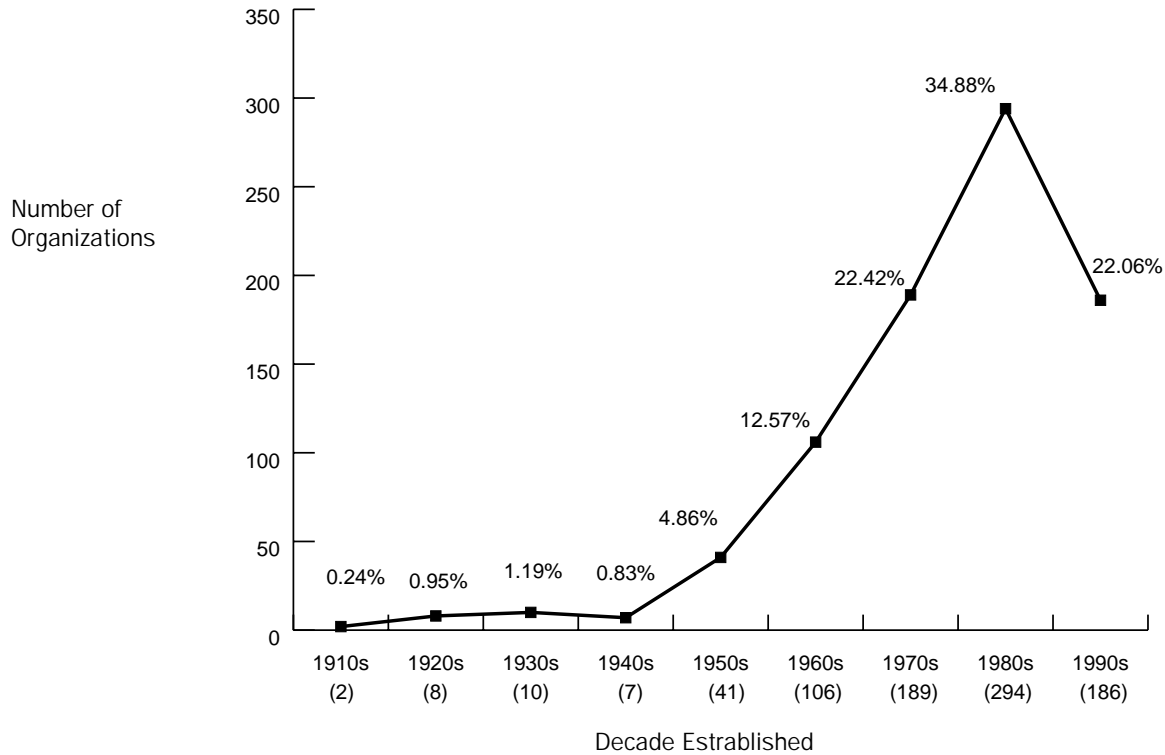
Sources: Internal Revenue Service Business Master File: CSUF Center for Demographic Research
Orange County Progress Report 1997

H. Size of the Charitable Sector

Given the available data on the nonprofit sector, it is possible to offer estimates of its size relative to the Orange County economy. One such comparison may be made in terms of the number of establishments. There were 73,959 business establishments in Orange County in 1997.¹³ By comparison, there were 5,595 charitable organizations, equivalent to eight percent of total establishments. The 1,626 charitable organizations with gross receipts of at least \$25,000 are equivalent to two percent of total establishments.

Annual payroll may also be used to measure the relative size of the sector. Annual payroll for the county and selected sectors appears in **Table 9**. The charitable sector had an estimated annual payroll of \$916.4 million in 1997, making the sector comparable in size of payroll to the electronics components and accessories sector (SIC 367), the insurance sector (SIC 63), and the real estate sector (SIC 65). The nonprofit sector is somewhat larger than such highly visible sectors as computer and office equipment manufacturing (SIC 366) and aircraft and parts (SIC 372).

FIGURE 10
 Religious, Educational, Charitable Organizations by Decade Established
 Total: 843



Source: Form CT-2 variables, Registry of Charitable Trusts, Office of the Attorney General, State of California

TABLE 8
 Age of Organizations by NTEE Major Category
 Total: 843

NTEE Major Category	1910s	1920s	1930s	1940s	1950s	1960s	1970s	1980s	1990s	Total	Percent
I. Arts, Culture, & Humanities		2	1		3	9	18	32	11	76	9.02%
II. Education	1		1	1	6	14	19	51	30	123	14.59%
III. Environment & Animals		1		1			9	11	8	30	3.56%
IV. Health			2	2	6	15	40	50	16	131	15.54%
V. Human Services		4	4	2	14	41	77	84	49	275	32.62%
VI. International Foreign Affairs						3	4	3	2	12	1.42%
VII. Public, Societal Benefit		1	2	1	11	23	15	58	63	174	20.64%
VIII. Religion Related	1				1		6	4	2	14	1.66%
IX. Mutual/Membership Benefit									2	2	0.24%
X. Unclassified/unknown						1	1	1	3	6	0.71%
Total	2	8	10	7	41	106	189	294	186	843	100%
Percent	0.24%	0.95%	1.19%	0.83%	4.86%	12.57%	22.42%	34.88%	22.06%		

Source: Form CT-2 variables, Registry of Charitable Trusts, Office of the Attorney General, State of California

TABLE 9
Payroll of Orange County, Charitable Sector, and Selected Industry Sectors

Sector	Annual Payroll (in millions)	Percent of Orange County Payroll
Orange County	\$38,747	100.0%
Charitable Sector	\$916.4	2.4%
Electronic components & accessories (SIC 367)	\$883.8	2.3%
Insurance carriers (SIC 63)	\$840.0	2.2%
Real estate (SIC 65)	\$907.6	2.3%
Computer and office equipment manufacturing (SIC 366)	\$353.8	0.9%
Aircraft & parts (SIC 372)	\$220.7	0.5%

Sources: Form CT-2 variables, Registry of Charitable Trusts, Office of the Attorney General, State of California

The payroll of charitable organizations spans many individual sectors, including health care, educational organizations, religious organizations, and social services.

I. Comparison with The First Report

A comparison was made of organizations whose 1994-95 financial activities were summarized in *The First Report* and that also reported for 1997. There are 996 organizations (99 percent of which are service providers) that occur in both datasets. Two-thirds of these experienced growth from 1994-95 to 1997, resulting in a 41 percent increase in gross receipts and a 28 percent increase in assets from 1994-95 to 1997. Because of inconsistencies in data collection between *The First Report* and this one, a direct comparison of differences among all measures is not possible.¹⁴

Notes

¹ *National Center for Charitable Statistics and Independent Sector, Nonprofit Almanac 1997*

² *Certain formulae are applied to determine filing requirements if gross receipts fall at or near this threshold over a series of years.*

³ *National Center for Charitable Statistics and Independent Sector, Nonprofit Almanac 1997*

⁴ *Churches may apply for and receive recognition of their exempt status, but are not required to file annual information returns reporting financial activity; although not required to do so, some churches did file to report activity in 1997.*

⁵ *Some service providers are classified as private operating foundations based on the number or type of contributions received or other considerations; their primary purpose is to conduct service providing activities.*

⁶ *Comparisons are based on 1997 for Orange County and 1992 for California and the U.S. Source for California and the U.S.: National Center for Charitable Statistics and Independent Sector, Nonprofit Almanac 1997.*

⁷ All private foundations are required to submit annual information returns without regard to the \$25,000 gross receipts threshold that applies to other 501(c)(3) organizations.

⁸ The distribution of charitable organizations in terms of gross receipts and assets is quite skewed, with a large number of small organizations and a small number of large organizations. As such, the median, which is the midpoint of the distribution, is a better indicator of the average nonprofit than is the mean.

⁹ This table summarizes findings from a separate data source that expands the population of grantmakers from 192 to 258 to include those with gross receipts less than \$25,000.

¹⁰ Organizations may have multiple operating sites. In some cases the filing address reflects a business office rather than an operating site.

¹¹ As of 1997, and based on 1997 boundaries (source: CSUF Center for Demographic Research Orange County Progress Report 1997).

¹² Form CT-2 variables from the Registry of Charitable Trusts, Office of the Attorney General, State of California.

¹³ County Business Patterns 1997

¹⁴ Due to severe limitations on the availability and accessibility of data while research was being performed for The First Report, it was subsequently determined that Orange County organizations whose data were incorporated into another jurisdiction's filings were omitted.

Section IV. Conclusions and Future Research

In conclusion, Orange County's nonprofit sector has a substantial presence in the local economy, particularly in such important sectors as health care, education, human services and social services. The report findings show that the sector is growing both in terms of the number of organizations and their financial resources. Other quantifiable measures such as the characteristics of audiences and the services delivered to them, as well as the scope of volunteers' involvement with the sector, would be excellent subjects for future research. More difficult to achieve but of similar interest and usefulness to the field would be a qualitative assessment of the results of nonprofit activity in our communities and in people's lives. Such an assessment would be well informed by a compilation of outcomes measures which are the focus of much current evaluative analysis by nonprofits and funders.

This report measures which are Although its most dynamic dimensions of the nonprofit sector arguably may be the range of services provided, the outcomes achieved through them, and the people who serve and are served, such data are elusive in their complexity, lack of aggregatability, or unavailability. More readily available and suitable for an aggregated analysis are such measures as numbers of organizations and their finances, which we present in this report. These data also make possible comparisons of nonprofit organizations with other sectors in the economy and with other regions.

An analysis of the sources and uses of funds allows for some interpretation of the manner in which nonprofit organizations allocate their finances. This analysis is constrained by the limited financial variables available and by the inconsistencies in accounting methods across the sector. There are major efforts underway by nonprofits and the professionals who counsel them to standardize financial reporting methods so as to improve accuracy and comparability. As a result of similar cross-sector efforts to improve the public's access to nonprofit organizations' public filing data, websites such as *GuideStar*¹ now contain scanned images of agencies' annual information returns with complete financial information. The best source of detailed financial information is nonprofit organizations themselves, most of which are eager to improve the public's understanding of their operations.

Notes

¹ *Philanthropic Research, Inc. (www.guidestar.org)*

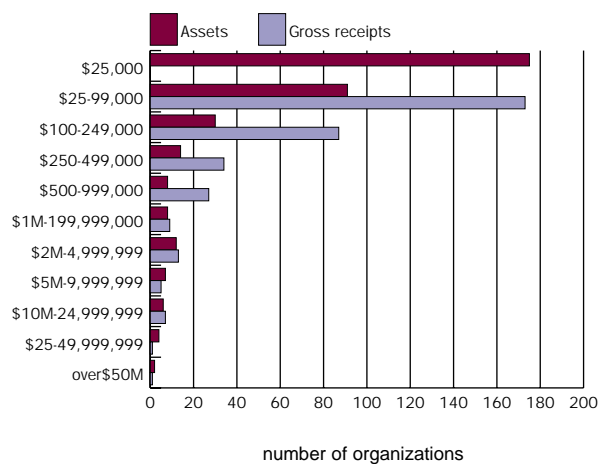
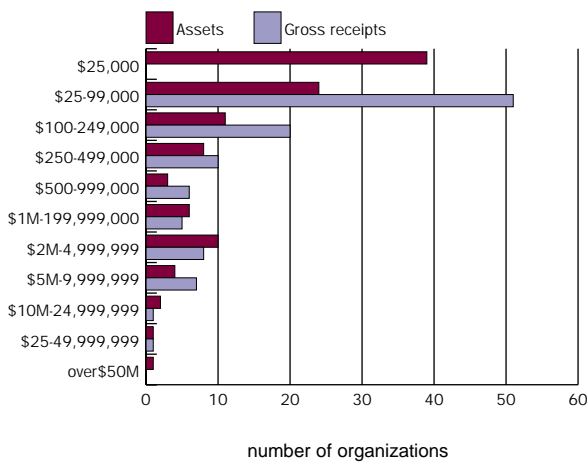
Section V. Snapshots by NTEE Major Category

NTEE Major Category I: Arts, Culture, & Humanities* Distribution by City Total: 109

City	Number of Category I organizations
Anaheim	4
Brea	2
Buena Park	2
Costa Mesa	10
Cypress	3
Dana Point	1
Fountain Valley	3
Fullerton	6
Garden Grove	4
Huntington Beach	8
Irvine	15
La Habra	4
La Palma	0
Laguna Beach	4
Laguna Hills	2
Laguna Niguel	1
Lake Forest	0
Los Alamitos	0
Mission Viejo	6
Newport Beach	7
Orange	6
Placentia	1
San Clemente	1
San Juan Capistrano	1
Santa Ana	15
Seal Beach	2
Stanton	0
Tustin	0
unincorporated	1
Villa Park	0
Westminster	0
Yorba Linda	0
Total Category I Organizations	109

NTEE Major Category II: Education* Distribution by City Total: 357

City	Number of Category II organizations
Anaheim	30
Brea	3
Buena Park	4
Costa Mesa	14
Cypress	10
Dana Point	3
Fountain Valley	17
Fullerton	23
Garden Grove	12
Huntington Beach	30
Irvine	41
La Habra	8
La Palma	4
Laguna Beach	9
Laguna Hills	2
Laguna Niguel	10
Lake Forest	5
Los Alamitos	9
Mission Viejo	21
Newport Beach	16
Orange	10
Placentia	6
San Clemente	5
San Juan Capistrano	6
Santa Ana	16
Seal Beach	7
Stanton	1
Tustin	6
unincorporated	14
Villa Park	5
Westminster	3
Yorba Linda	7
Total Category II Organizations	357



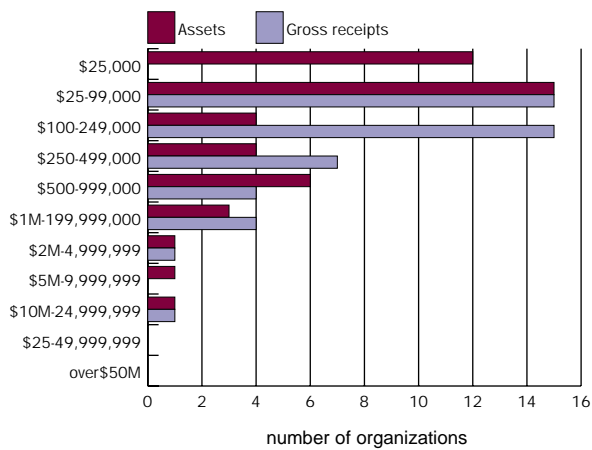
* Includes multi-purpose arts & cultural organizations, media & communications, historical societies, arts service organizations and related organizations.

* Includes education (K-postgraduate, professional, technical), libraries, student & alumni organizations, parent/teacher organizations, reading encouragement; and related organizations.

Sources: Internal Revenue Service Business Master Files; CSUF Center for Nonprofit Sector Research; National Taxonomy of Exempt Entities; National Center for Charitable Statistics

NTEE Major Category III: Environment & Animals* Distribution by City Total: 47

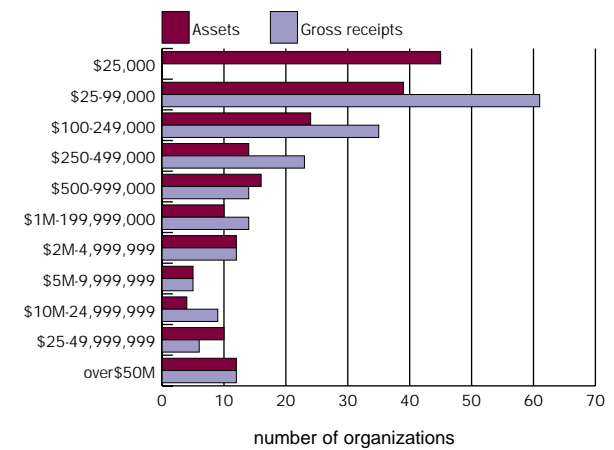
City	Number of Category III organizations
Anaheim	4
Brea	0
Buena Park	0
Costa Mesa	1
Cypress	0
Dana Point	4
Fountain Valley	1
Fullerton	3
Garden Grove	1
Huntington Beach	5
Irvine	5
La Habra	0
La Palma	0
Laguna Beach	5
Laguna Hills	0
Laguna Niguel	0
Lake Forest	0
Los Alamitos	2
Mission Viejo	0
Newport Beach	7
Orange	1
Placentia	0
San Clemente	2
San Juan Capistrano	1
Santa Ana	2
Seal Beach	1
Stanton	0
Tustin	0
unincorporated	2
Villa Park	0
Westminster	0
Yorba Linda	0
Total Category III Organizations	47



* Includes environmental quality, protection and beautification, natural resources conservation and protection, botanical, horticultural and lanscape service, animal-related, wildlife preservation, zoos, and related organizations.

NTEE Major Category IV: Health* Distribution by City Total: 191

City	Number of Category IV organizations
Anaheim	22
Brea	2
Buena Park	3
Costa Mesa	5
Cypress	1
Dana Point	1
Fountain Valley	2
Fullerton	9
Garden Grove	5
Huntington Beach	5
Irvine	26
La Habra	2
La Palma	1
Laguna Beach	7
Laguna Hills	2
Laguna Niguel	1
Lake Forest	0
Los Alamitos	9
Mission Viejo	5
Newport Beach	12
Orange	32
Placentia	2
San Clemente	2
San Juan Capistrano	4
Santa Ana	19
Seal Beach	0
Stanton	0
Tustin	5
unincorporated	2
Villa Park	1
Westminster	1
Yorba Linda	3
Total Category IV Organizations	191



* Includes hospitals, clinics, mental health, crisis intervention, alcohol/drug/substance abuse, diseases, disorders, medical disciplines, treatment, prevention, education, medical research, and related organizations.

NTEE Major Category V: Human Services*

Distribution by City

Total: 444

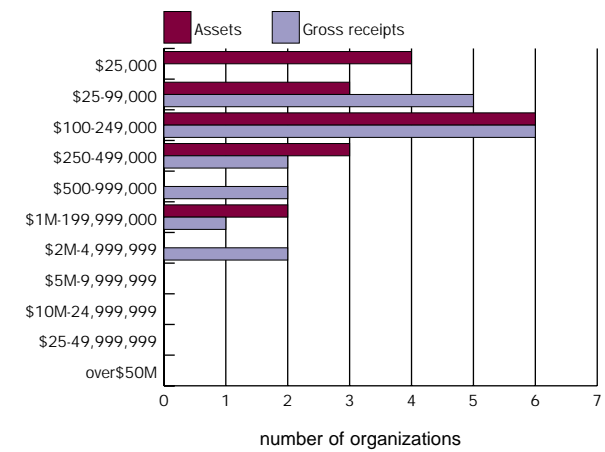
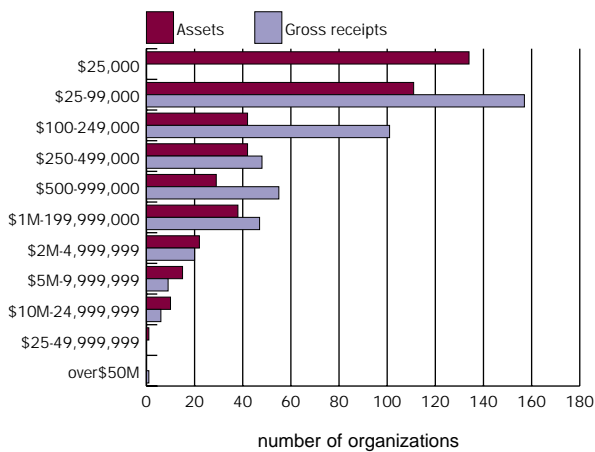
City	Number of Category V organizations
Anaheim	35
Brea	8
Buena Park	2
Costa Mesa	38
Cypress	5
Dana Point	9
Fountain Valley	7
Fullerton	19
Garden Grove	22
Huntington Beach	22
Irvine	35
La Habra	10
La Palma	0
Laguna Beach	11
Laguna Hills	8
Laguna Niguel	3
Lake Forest	8
Los Alamitos	5
Mission Viejo	14
Newport Beach	22
Orange	37
Placentia	10
San Clemente	7
San Juan Capistrano	8
Santa Ana	48
Seal Beach	6
Stanton	3
Tustin	19
unincorporated	10
Villa Park	3
Westminster	6
Yorba Linda	4
Total Category V Organizations	444

NTEE Major Category VI: International, Foreign Affairs*

Distribution by City

Total: 18

City	Number of Category VI organizations
Anaheim	1
Brea	0
Buena Park	0
Costa Mesa	2
Cypress	0
Dana Point	1
Fountain Valley	0
Fullerton	0
Garden Grove	2
Huntington Beach	0
Irvine	1
La Habra	0
La Palma	0
Laguna Beach	1
Laguna Hills	1
Laguna Niguel	1
Lake Forest	0
Los Alamitos	0
Mission Viejo	0
Newport Beach	0
Orange	2
Placentia	0
San Clemente	1
San Juan Capistrano	0
Santa Ana	5
Seal Beach	0
Stanton	0
Tustin	0
unincorporated	0
Villa Park	0
Westminster	0
Yorba Linda	0
Total Category VI Organizations	18



* Includes crime/legal, child abuse and delinquency prevention, employment, vocational rehabilitation, food, food banks, eateries, housing, shelter, public safety, disaster preparedness, recreation, sports, leisure, youth development, multi-purpose human services agencies, and related organizations.

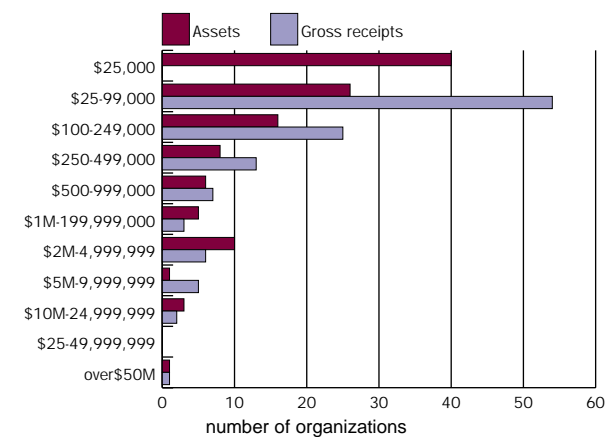
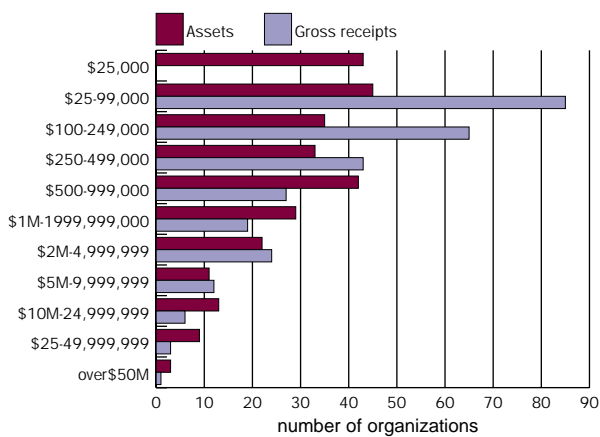
* Includes promotion of international understanding, international development and relief services, peace and security, human rights, foreign affairs, national security, and related organizations.

NTEE Major Category VII: Public, Societal Benefit* Distribution by City Total: 285

City	Number of Category VII organizations
Anaheim	26
Brea	4
Buena Park	2
Costa Mesa	15
Cypress	1
Dana Point	5
Fountain Valley	2
Fullerton	9
Garden Grove	2
Huntington Beach	7
Irvine	51
La Habra	3
La Palma	0
Laguna Beach	11
Laguna Hills	2
Laguna Niguel	2
Lake Forest	1
Los Alamitos	3
Mission Viejo	3
Newport Beach	62
Orange	12
Placentia	3
San Clemente	3
San Juan Capistrano	2
Santa Ana	29
Seal Beach	4
Stanton	1
Tustin	6
unincorporated	4
Villa Park	3
Westminster	4
Yorba Linda	3
Total Category VII Organizations	285

NTEE Major Category VIII: Religion Related* Distribution by City Total: 116

City	Number of Category VIII organizations
Anaheim	12
Brea	1
Buena Park	3
Costa Mesa	5
Cypress	0
Dana Point	1
Fountain Valley	2
Fullerton	3
Garden Grove	10
Huntington Beach	2
Irvine	5
La Habra	2
La Palma	0
Laguna Beach	0
Laguna Hills	1
Laguna Niguel	4
Lake Forest	2
Los Alamitos	0
Mission Viejo	7
Newport Beach	4
Orange	18
Placentia	1
San Clemente	4
San Juan Capistrano	0
Santa Ana	12
Seal Beach	0
Stanton	0
Tustin	11
unincorporated	2
Villa Park	0
Westminster	4
Yorba Linda	0
Total Category VIII Organizations	116



* Includes civil rights, social action, business promotion, nonprofit management, mens/womens service clubs, philanthropy, grantmaking, named trusts, science/ technology/social science research, and related organizations.

* Includes religion related, spiritual development, ministries, missions, religious publishers and broadcasters, and related organizations (excludes churches that are not required to file and do not file)

NTEE Major Category IX:
Mutual/Membership Benefit*
Distribution by City

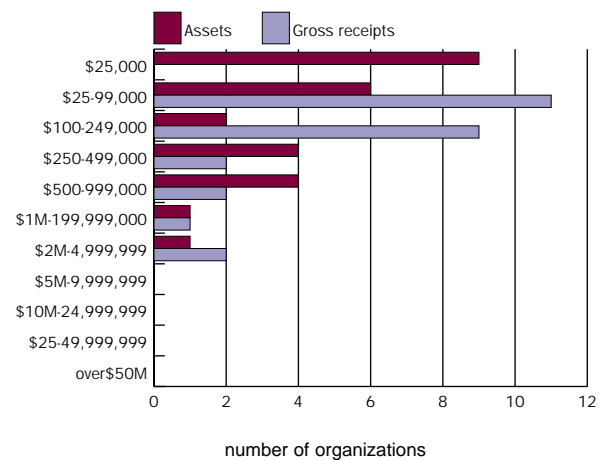
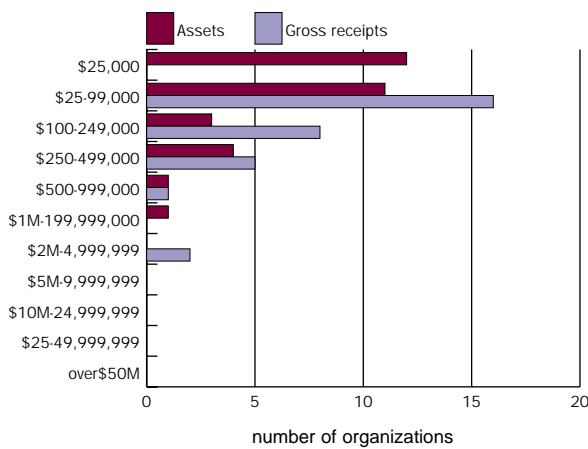
Total: 32

City	Number of Category IX organizations
Anaheim	5
Brea	3
Buena Park	0
Costa Mesa	2
Cypress	0
Dana Point	0
Fountain Valley	0
Fullerton	0
Garden Grove	0
Huntington Beach	4
Irvine	1
La Habra	3
La Palma	0
Laguna Beach	1
Laguna Hills	0
Laguna Niguel	0
Lake Forest	0
Los Alamitos	0
Mission Viejo	0
Newport Beach	3
Orange	2
Placentia	0
San Clemente	5
San Juan Capistrano	0
Santa Ana	1
Seal Beach	0
Stanton	0
Tustin	2
unincorporated	0
Villa Park	0
Westminster	0
Yorba Linda	0
Total Category IX Organizations	32

NTEE Major Category X:
Unclassified/unknown
Distribution by City

Total: 27

City	Number of Category X organizations
Anaheim	1
Brea	0
Buena Park	0
Costa Mesa	1
Cypress	0
Dana Point	0
Fountain Valley	0
Fullerton	2
Garden Grove	0
Huntington Beach	1
Irvine	2
La Habra	3
La Palma	0
Laguna Beach	1
Laguna Hills	1
Laguna Niguel	1
Lake Forest	0
Los Alamitos	0
Mission Viejo	0
Newport Beach	3
Orange	2
Placentia	0
San Clemente	1
San Juan Capistrano	1
Santa Ana	3
Seal Beach	0
Stanton	1
Tustin	1
unincorporated	1
Villa Park	0
Westminster	0
Yorba Linda	1
Total Category X Organizations	27



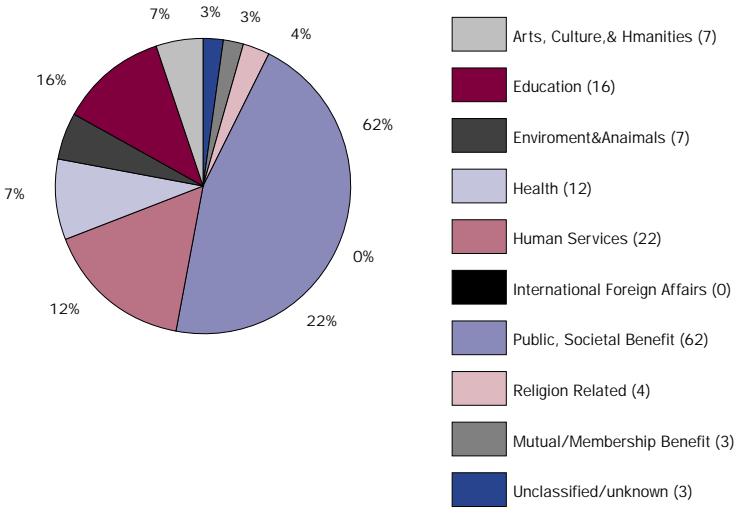
* Includes fraternal beneficiary societies, retirement/pension funds, and related organizations.

Section VI. Snapshots by City

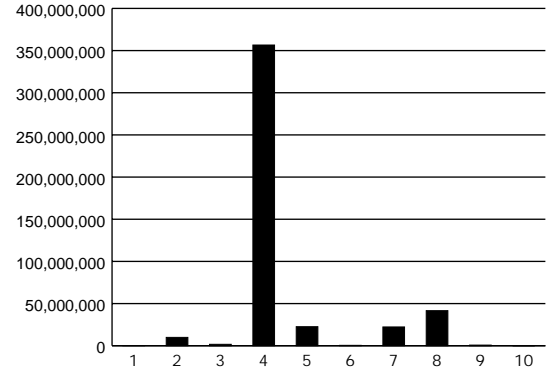
Anaheim

Total: 40

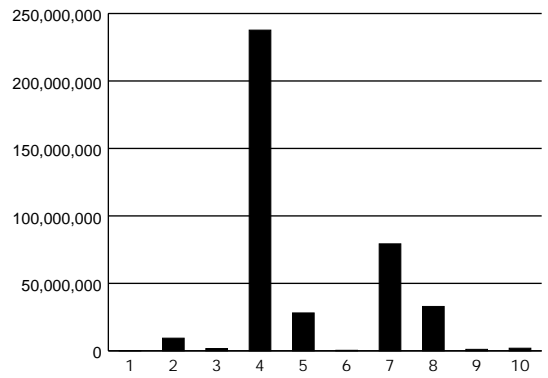
1997 population 295,452



Distribution of Gross Receipts by NTEE Major Category



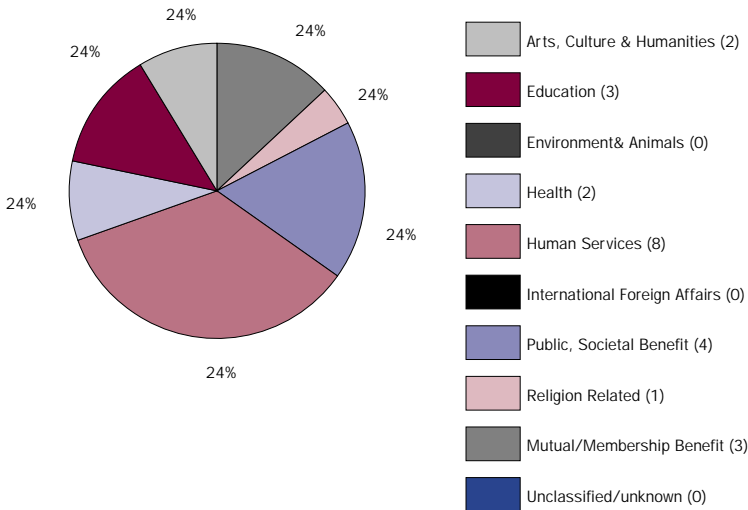
Distribution of Assets by NTEE Major Category



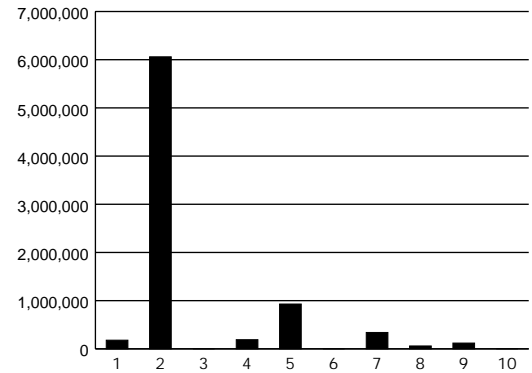
Brea

Total: 23

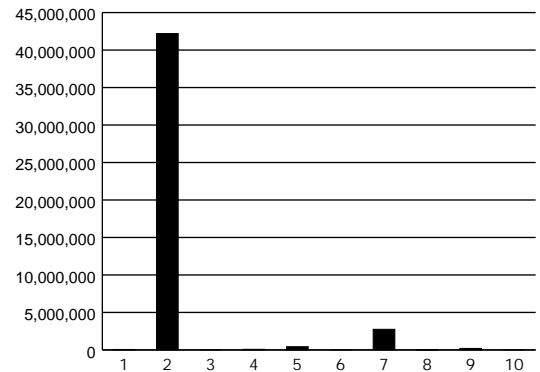
1997 population 35,254



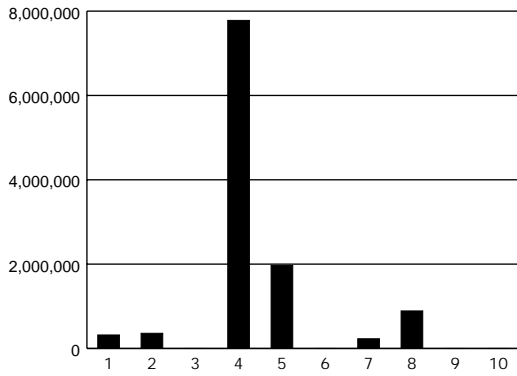
Distribution of Gross Receipts by NTEE Major Category



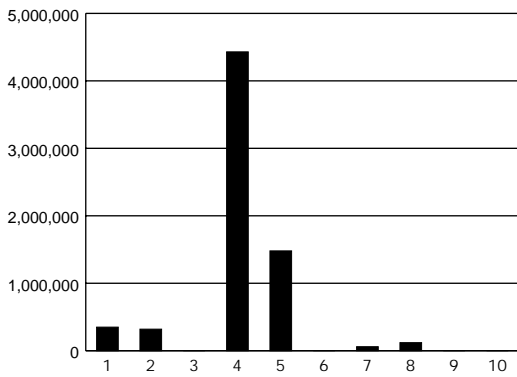
Distribution of Assets by NTEE Major Category



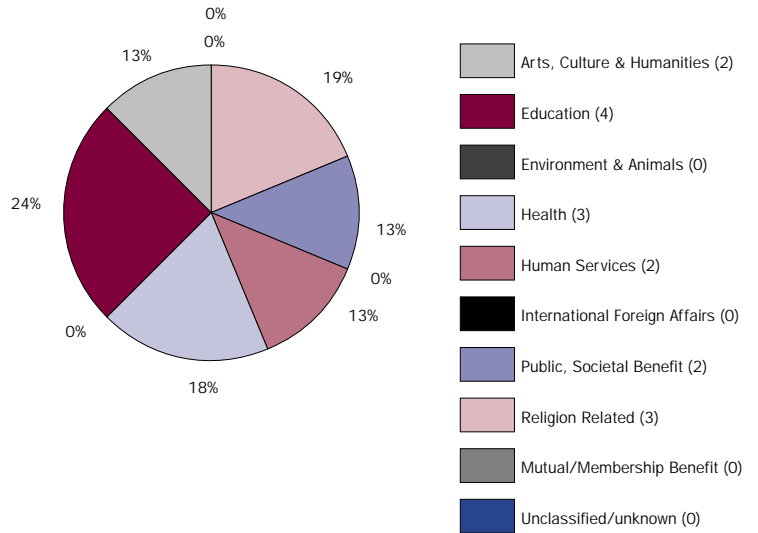
Distribution of Gross Receipts by NTEE Major Category



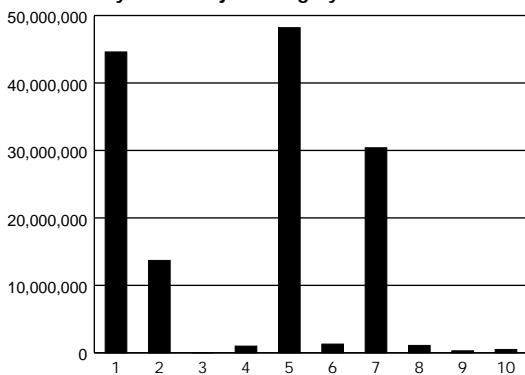
Distribution of Assets by NTEE Major Category



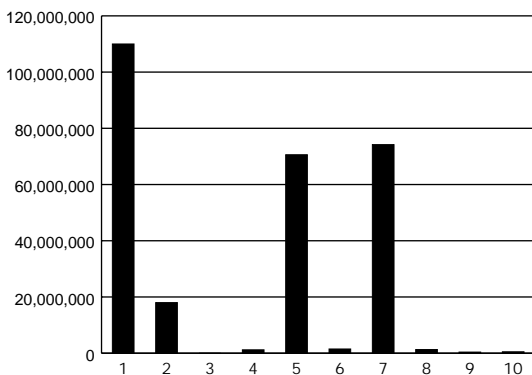
Buena Park
Total: 16
1997 population 73,072



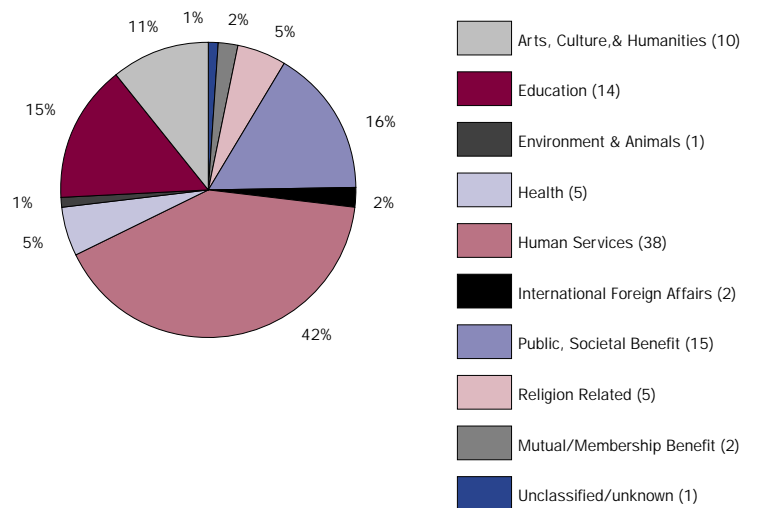
Distribution of Gross Receipts by NTEE Major Category



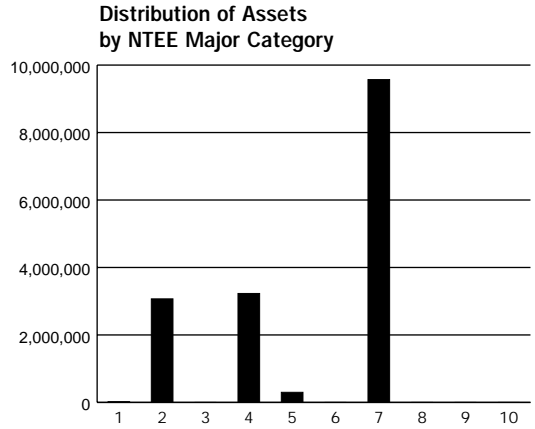
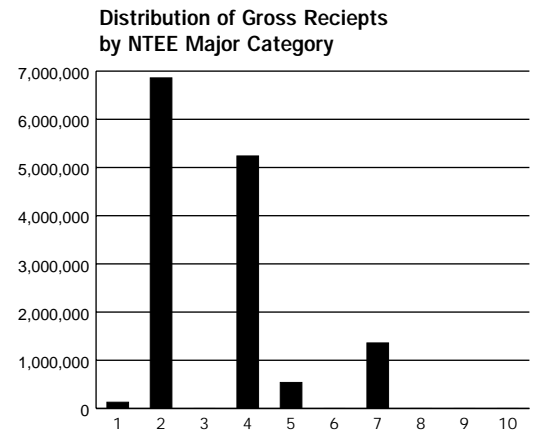
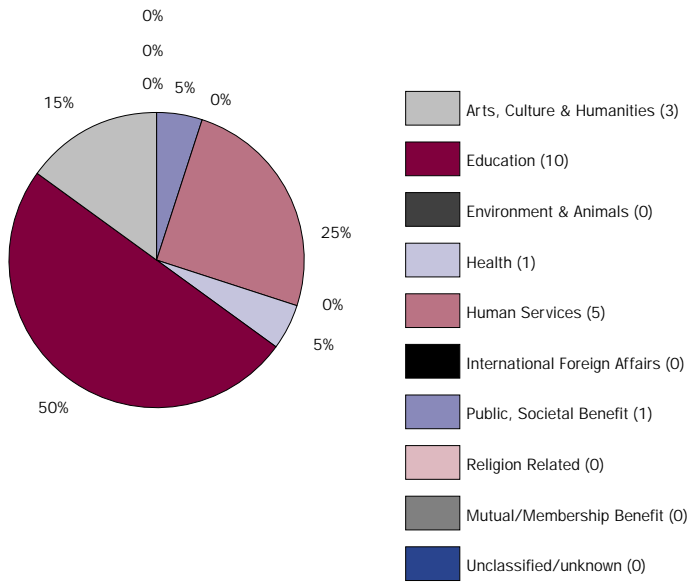
Distribution of Assets by NTEE Major Category



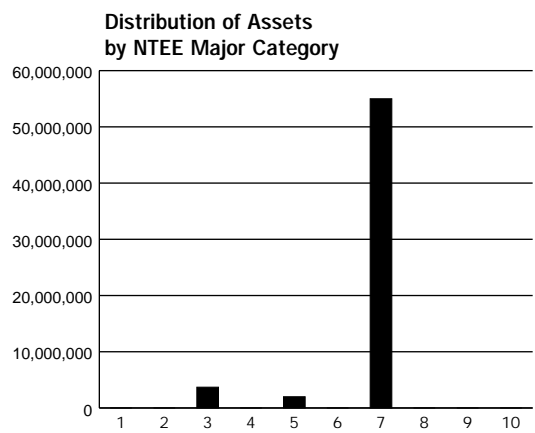
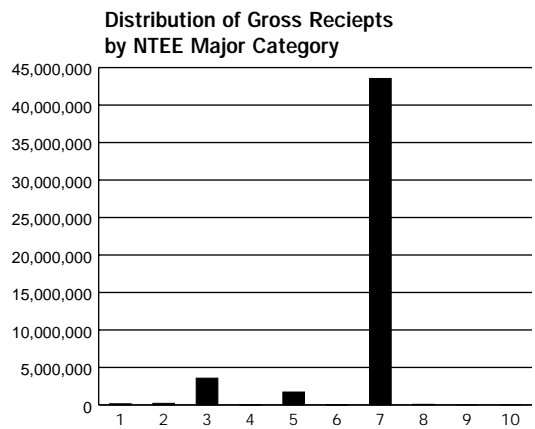
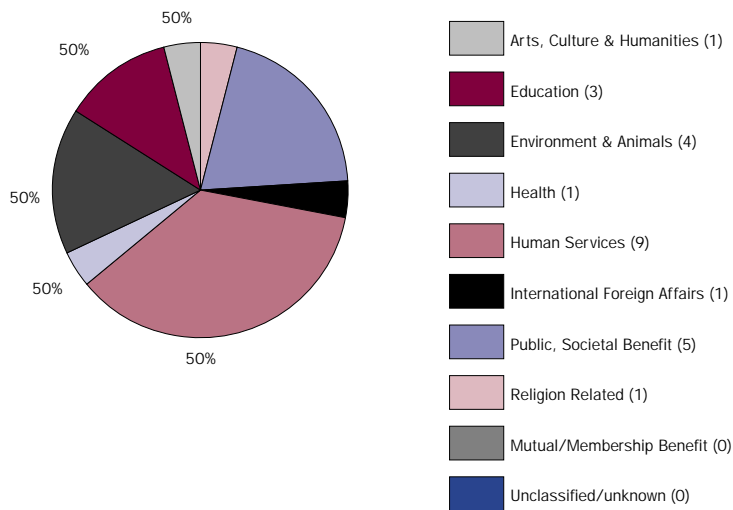
Costa Mesa
Total: 93
1997 population 102,574



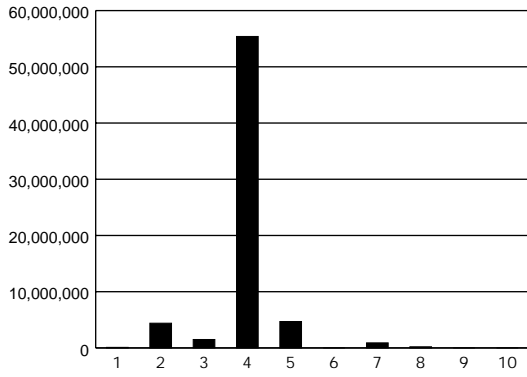
Cypress
 Total: 20
 1997 population 47,028



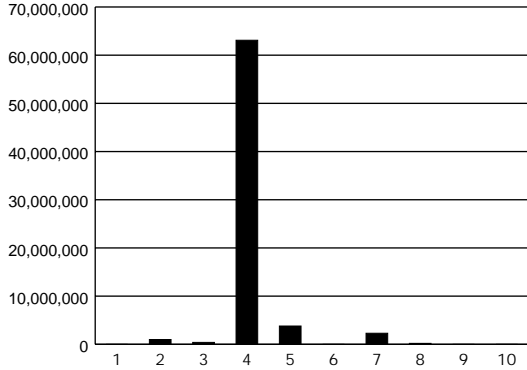
Dana Point
 Total: 25
 1997 population 36,211



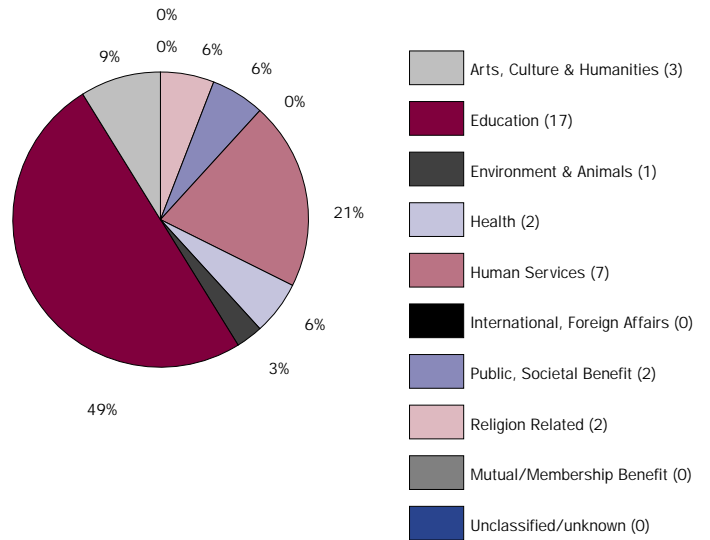
**Distribution of Gross Receipts
by NTEE Major Category**



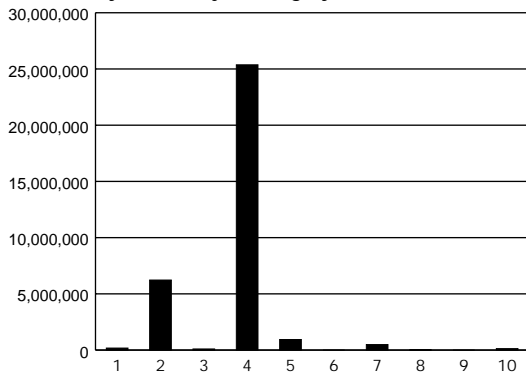
**Distribution of Assets
by NTEE Major Category**



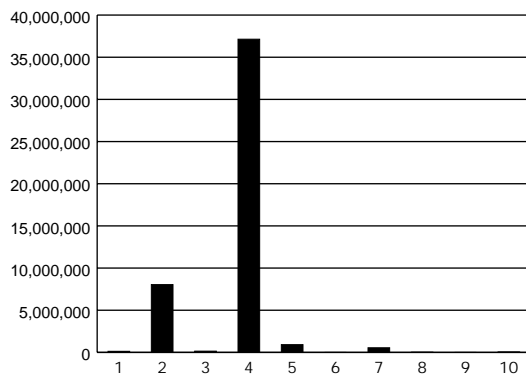
Fountain Valley
Total: 34
1997 population 54,797



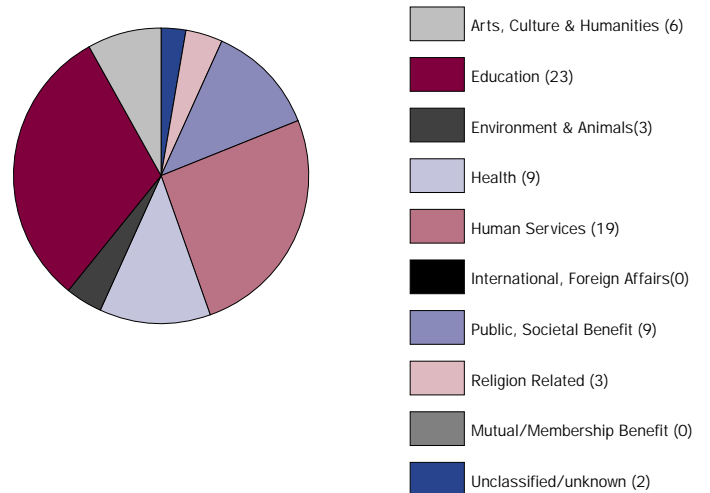
**Distribution of Gross Receipts
by NTEE Major Category**



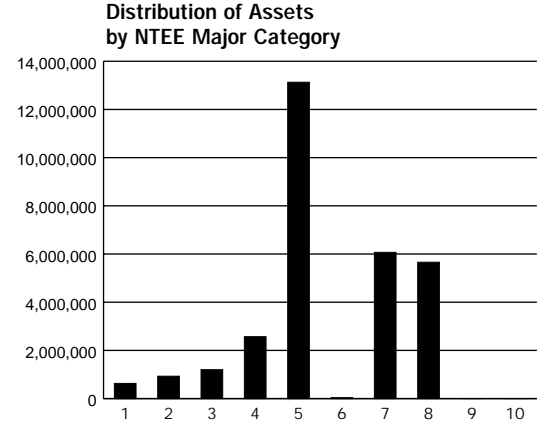
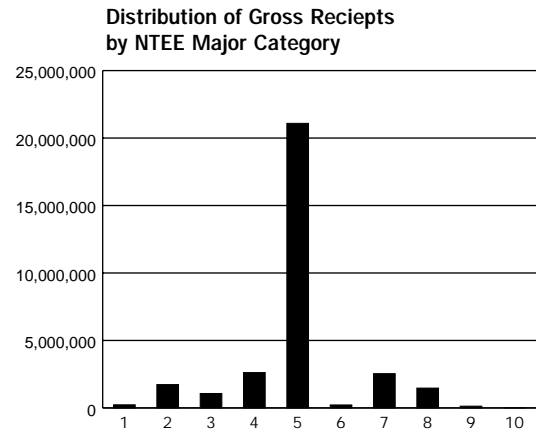
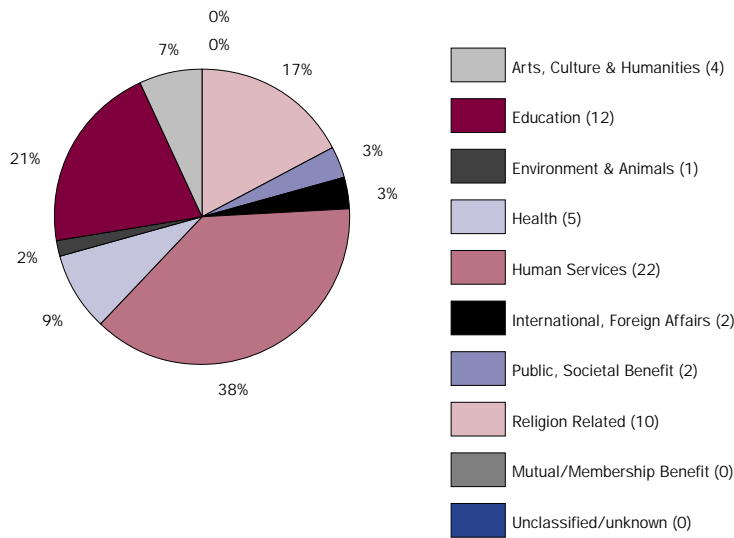
**Distribution of Assets
by NTEE Major Category**



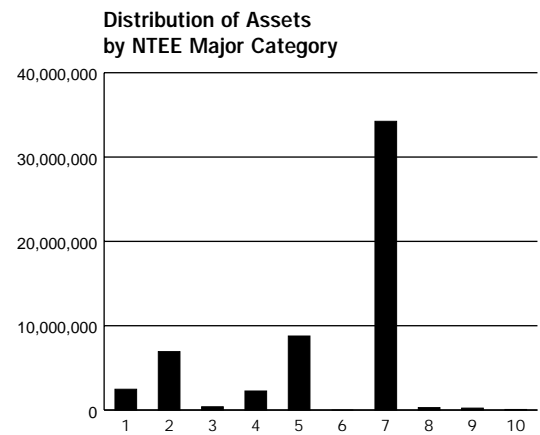
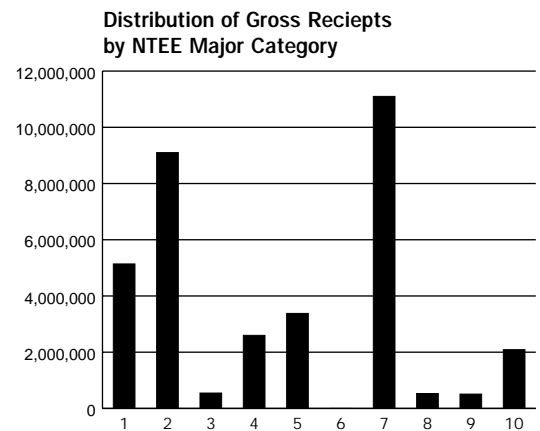
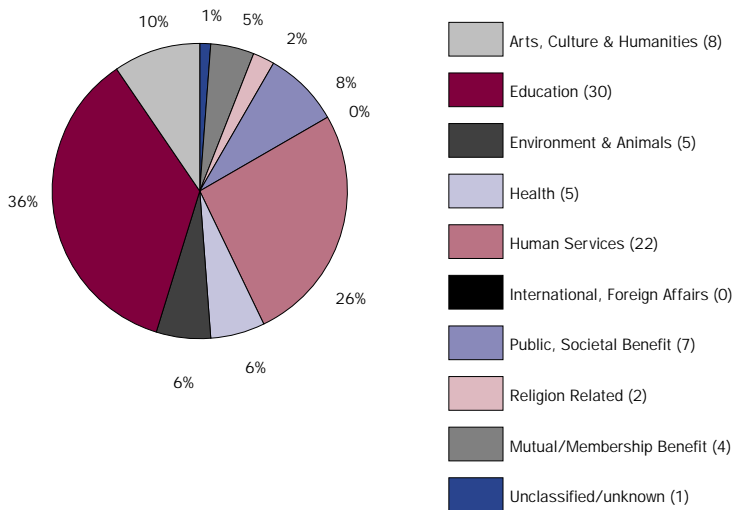
Fullerton
Total: 74
1997 population 122,804

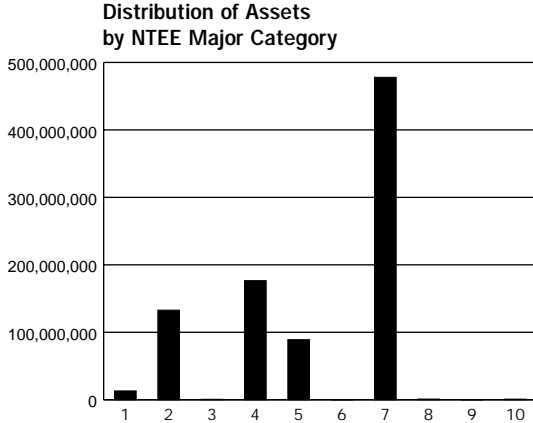
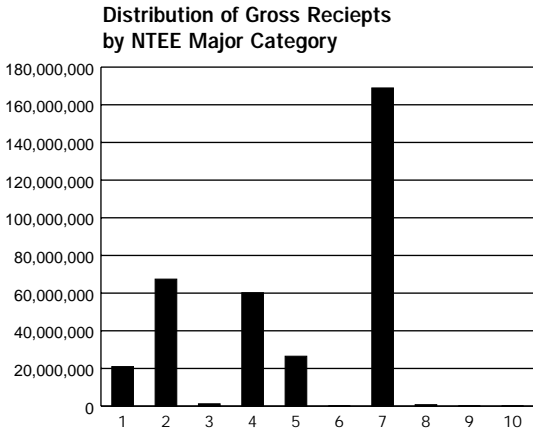


Garden Grove
 Total: 58
 1997 population 152,041

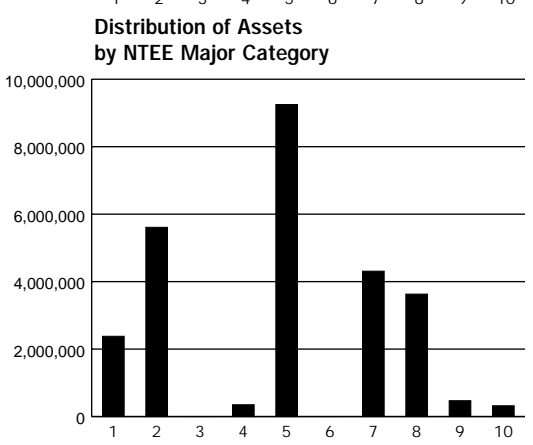
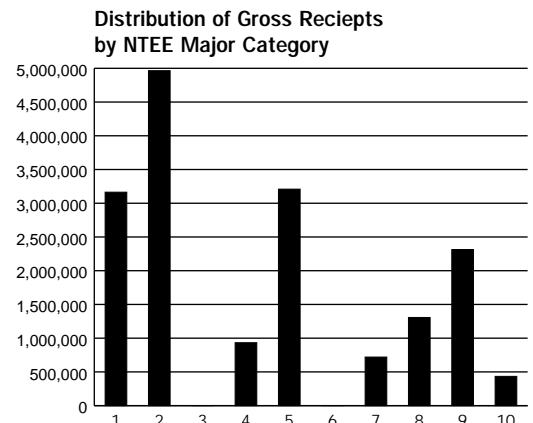
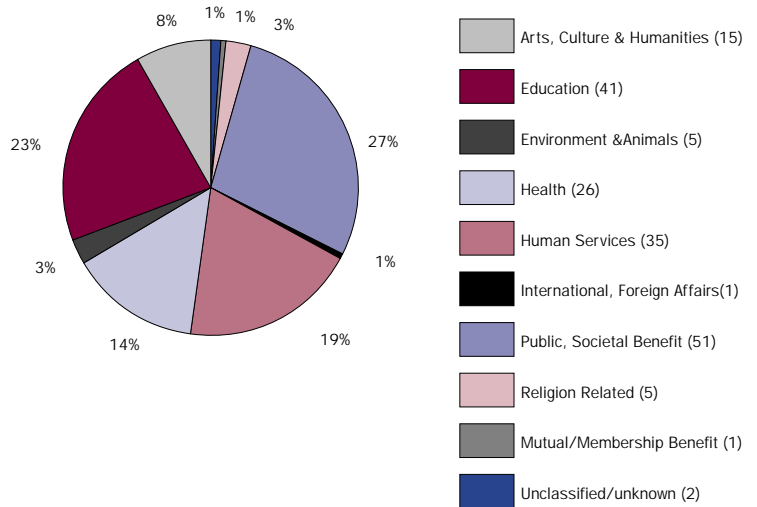


Huntington Beach
 Total: 84
 1997 population 188,518

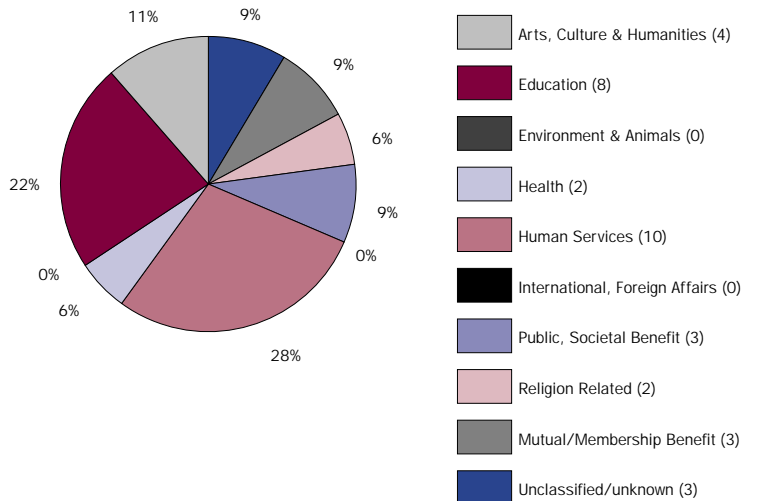




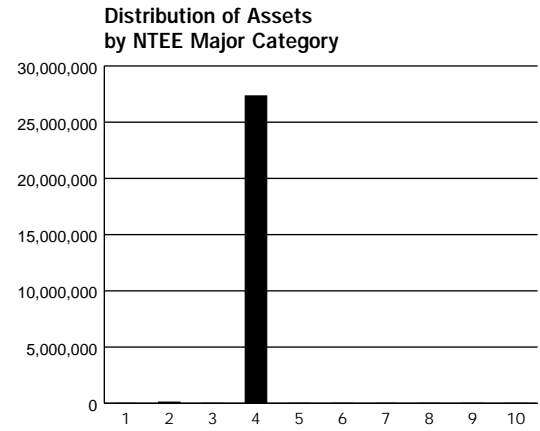
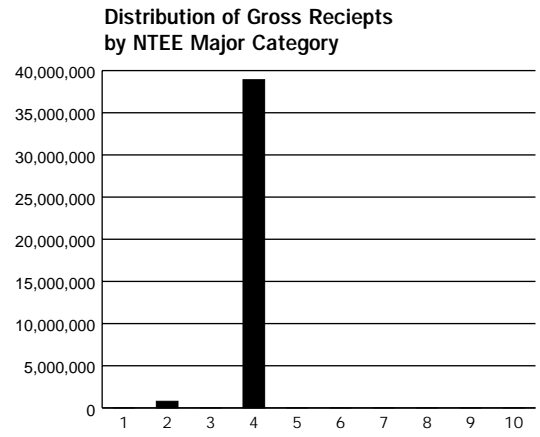
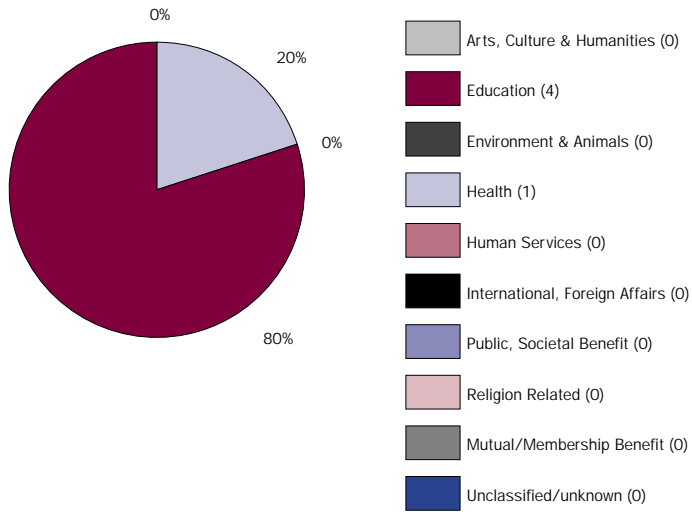
Irvine
Total: 182
1997 population 129,294



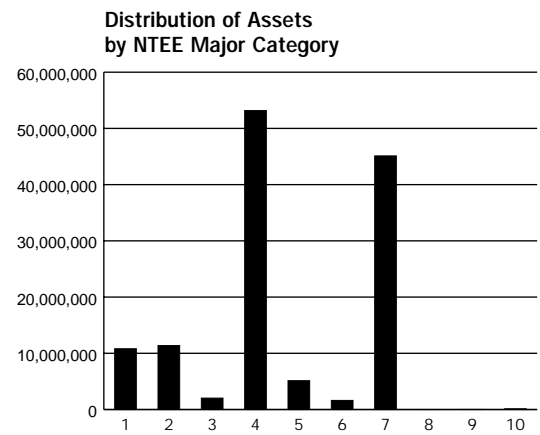
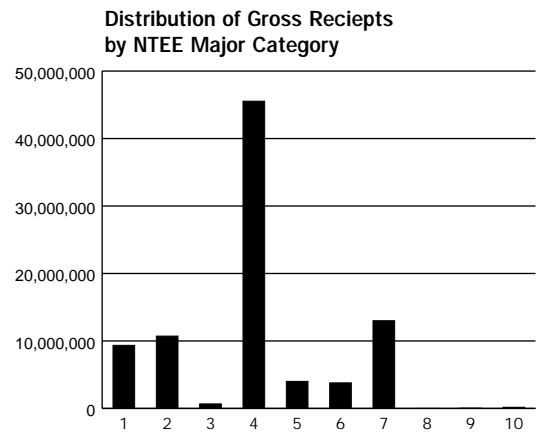
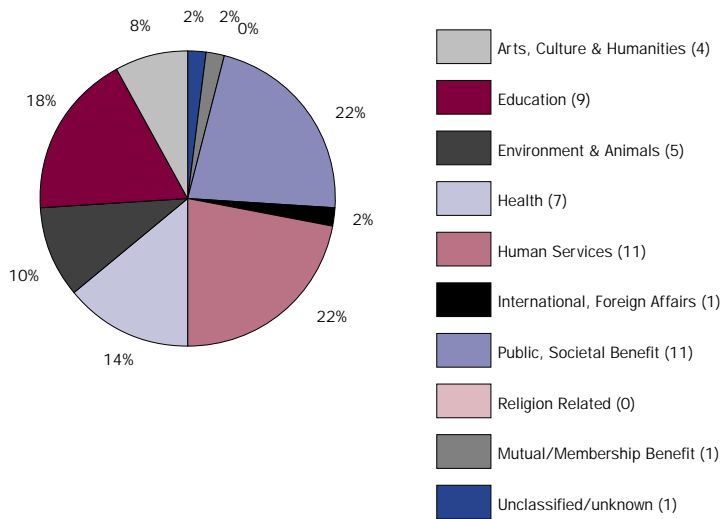
La Habra
Total: 35
1997 population 57,828



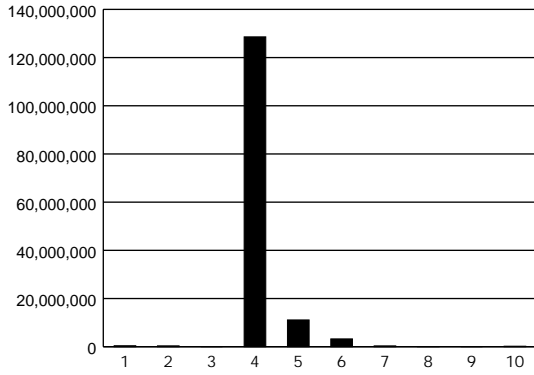
La Palma
 Total: 5
 1997 population 15,761



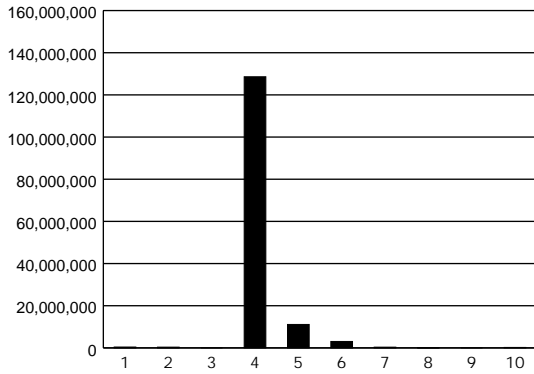
Laguna Beach
 Total: 50
 1997 population 24,083



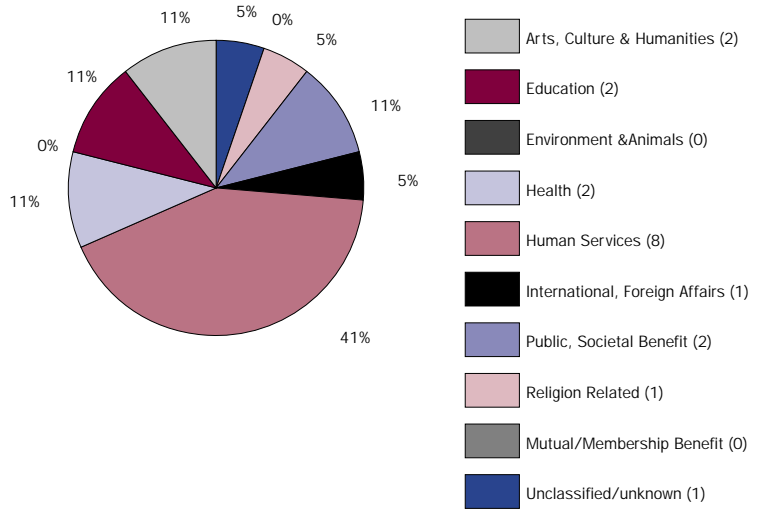
**Distribution of Gross Receipts
by NTEE Major Category**



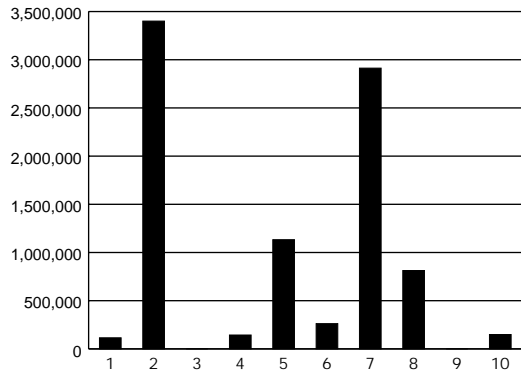
**Distribution of Assets
by NTEE Major Category**



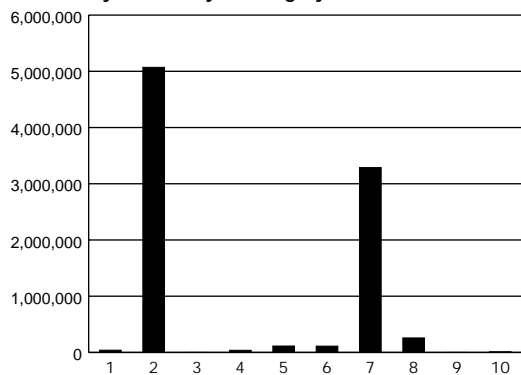
Lagna Hills
Total: 19
1997 population 29,954



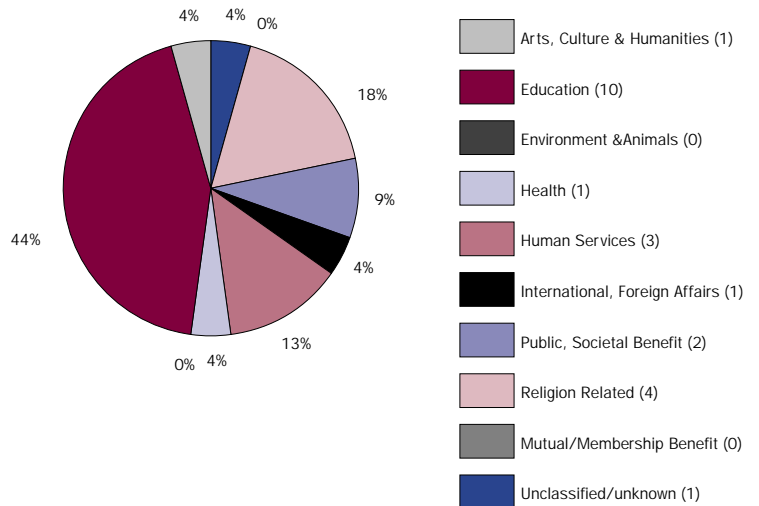
**Distribution of Gross Receipts
by NTEE Major Category**



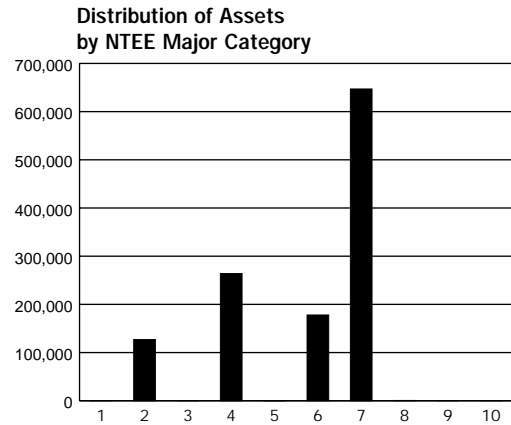
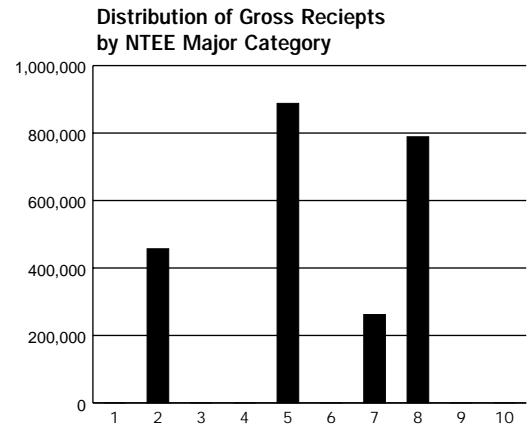
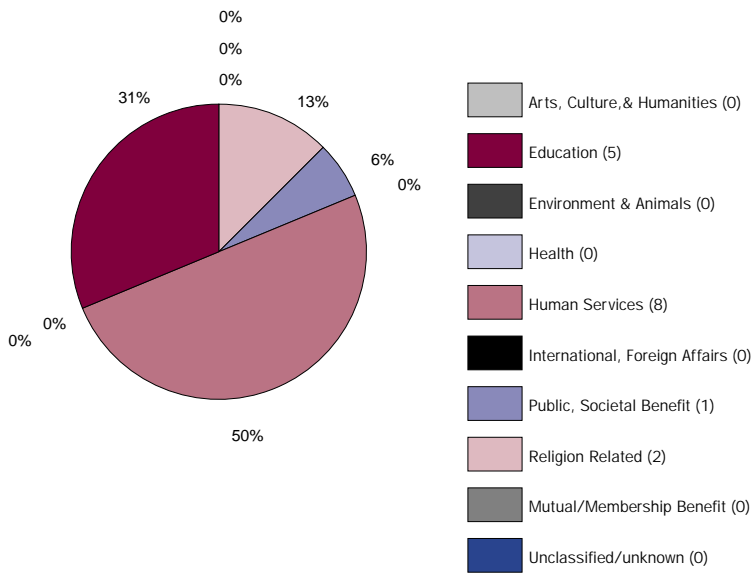
**Distribution of Assets
by NTEE Major Category**



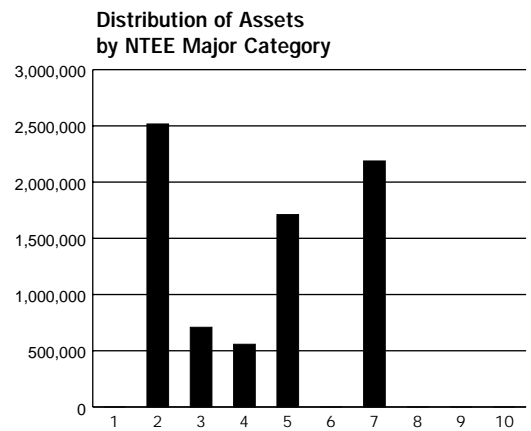
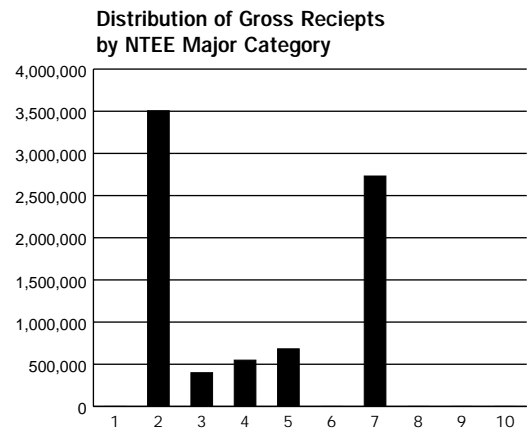
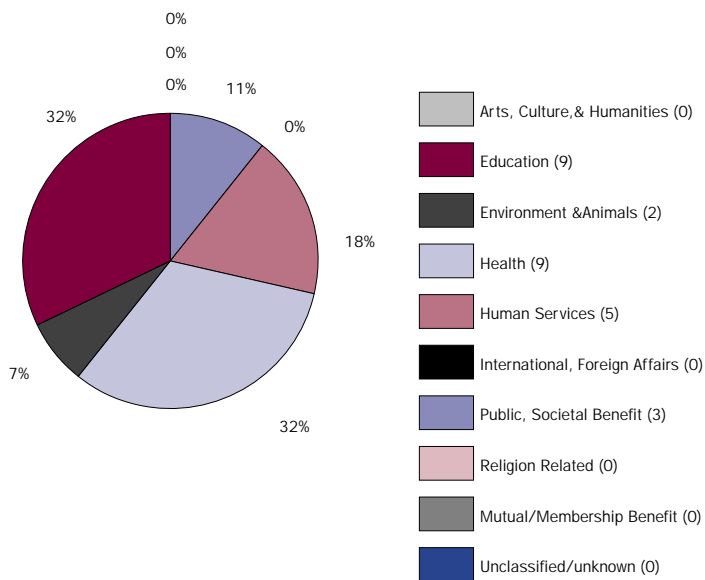
Lagna Niguel
Total: 23
1997 population 56,353



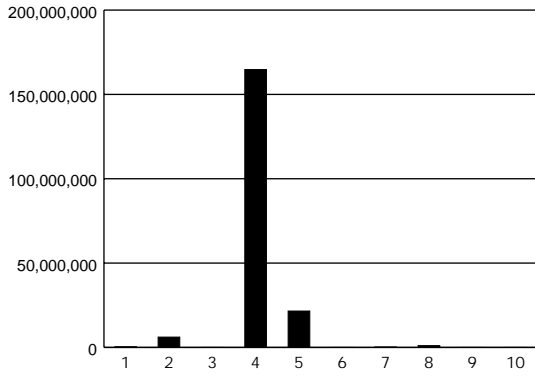
Lake Forest
 Total: 16
 1997 population 54,351



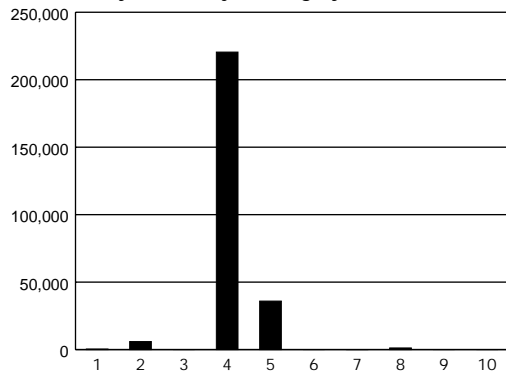
Los Alamitos
 Total: 28
 1997 population 11,661



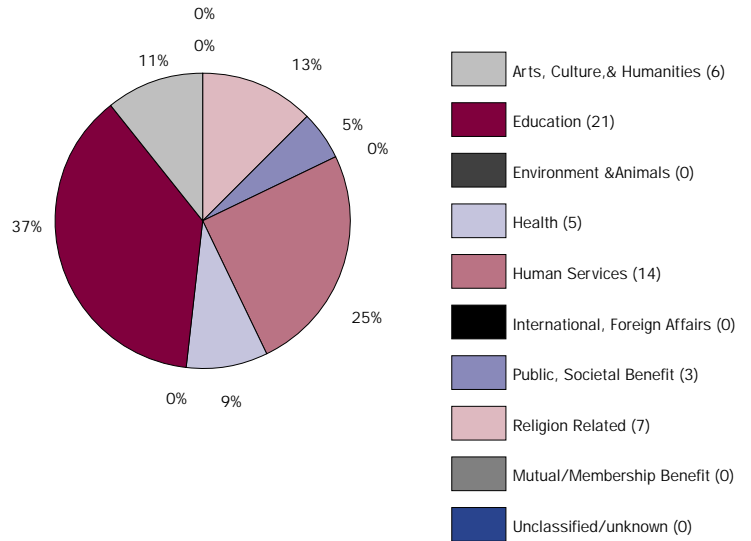
Distribution of Gross Receipts by NTEE Major Category



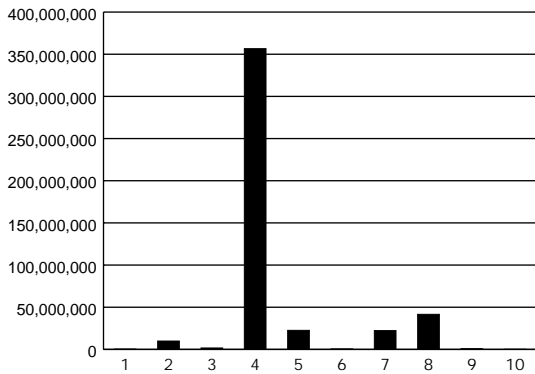
Distribution of Assets by NTEE Major Category



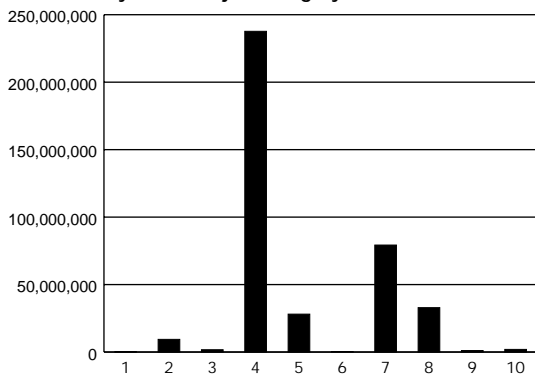
Mission Viejo
Total: 56
1997 population 91,922



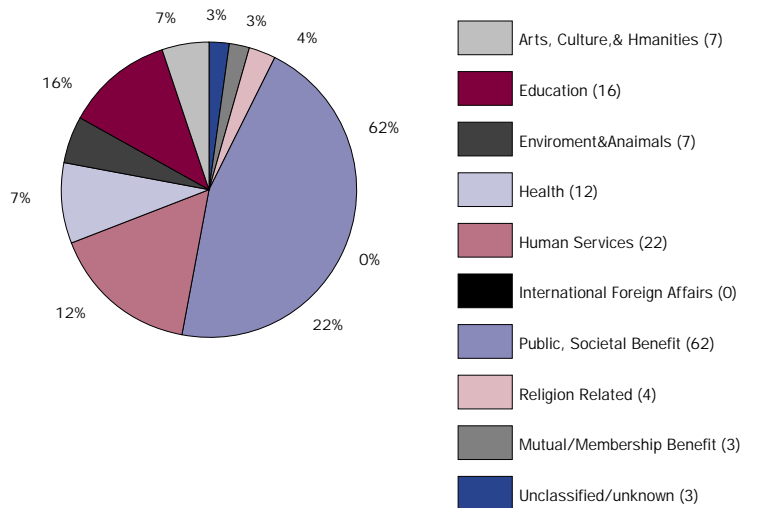
Distribution of Gross Receipts by NTEE Major Category



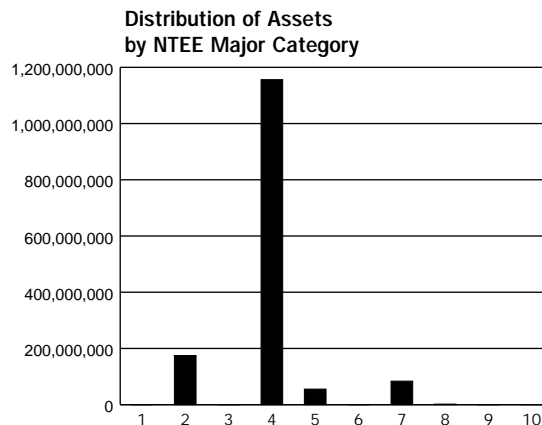
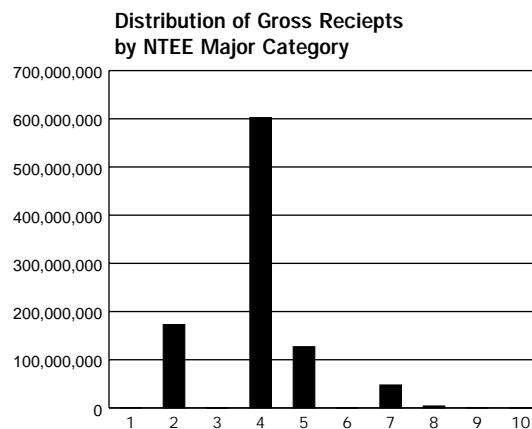
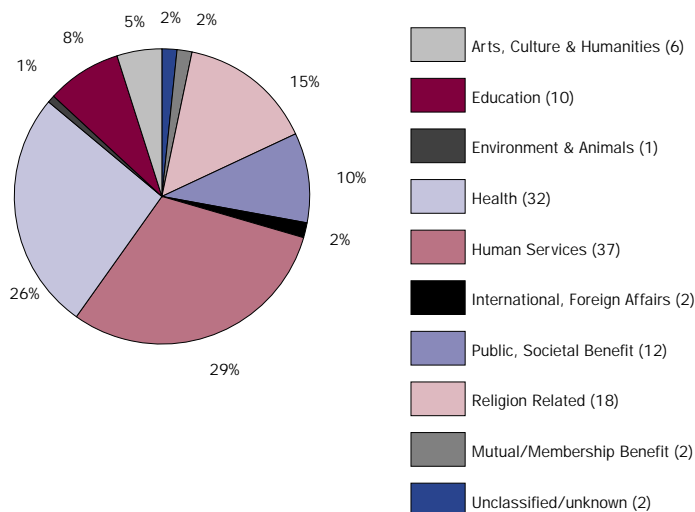
Distribution of Assets by NTEE Major Category



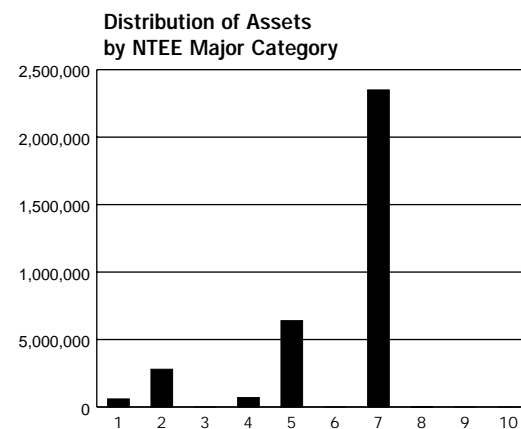
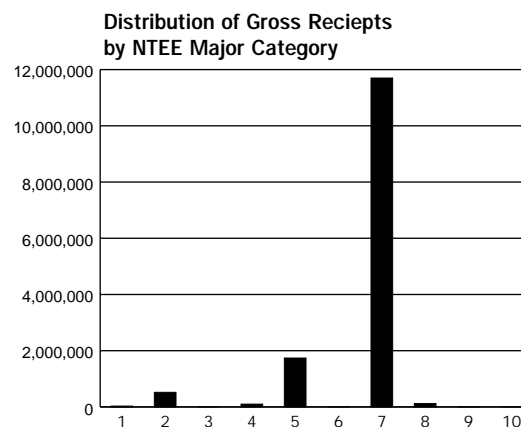
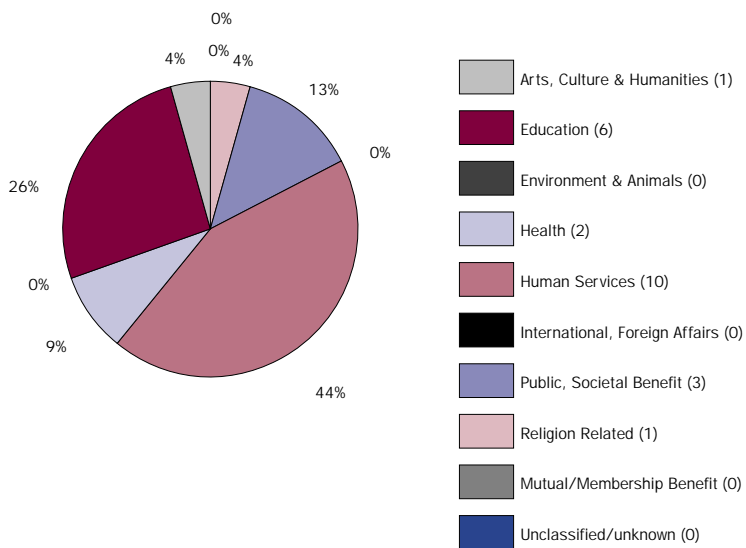
Newport Beach
Total: 136
1997 population 70,030



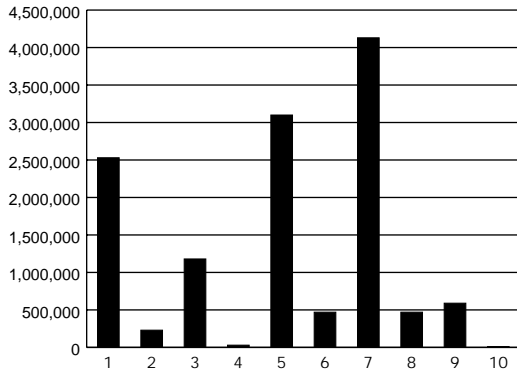
Orange
 Total: 122
 1997 population 122,282



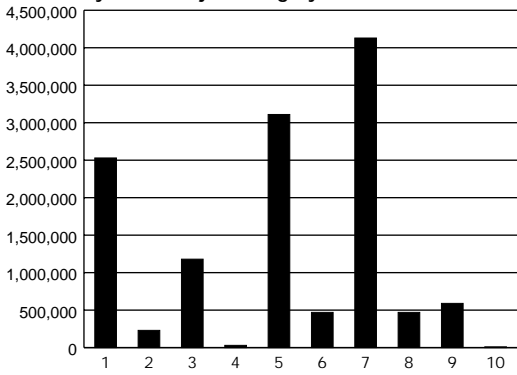
Placentia
 Total: 23
 1997 population 45,550



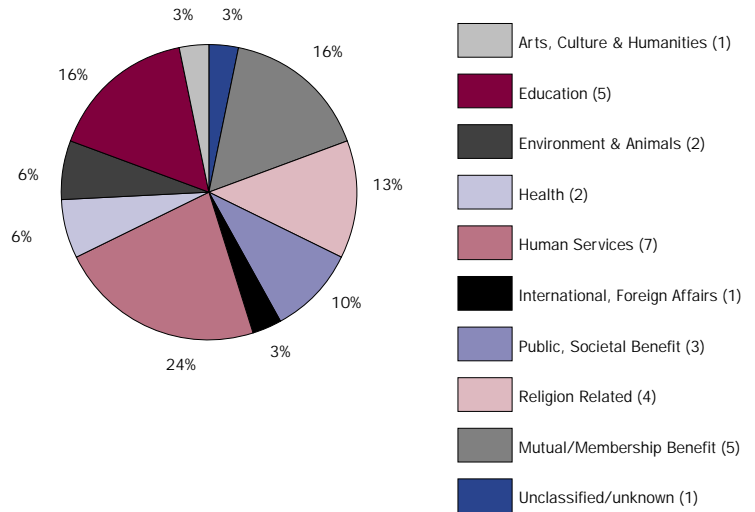
**Distribution of Gross Receipts
by NTEE Major Category**



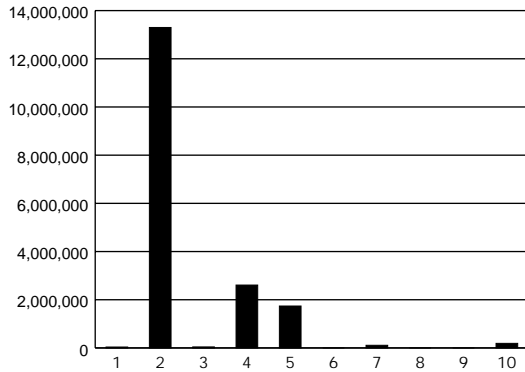
**Distribution of Assets
by NTEE Major Category**



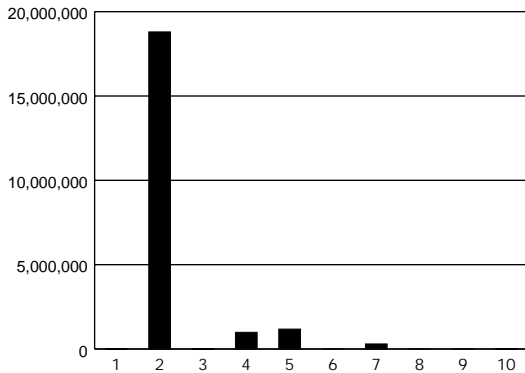
San Clemente
Total: 31
1997 population 47,305



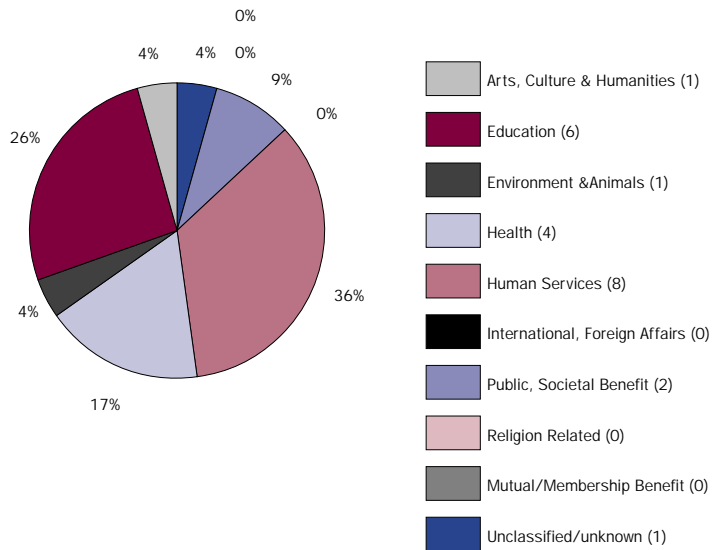
**Distribution of Gross Receipts
by NTEE Major Category**



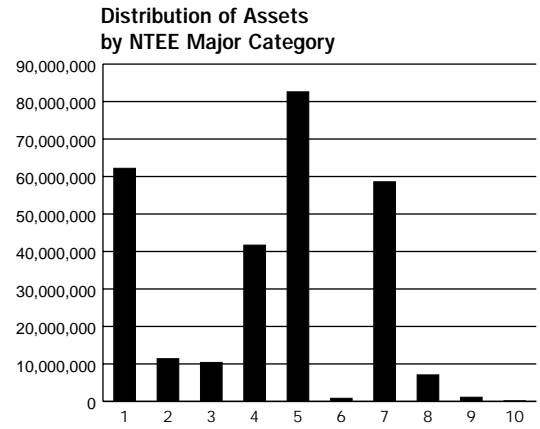
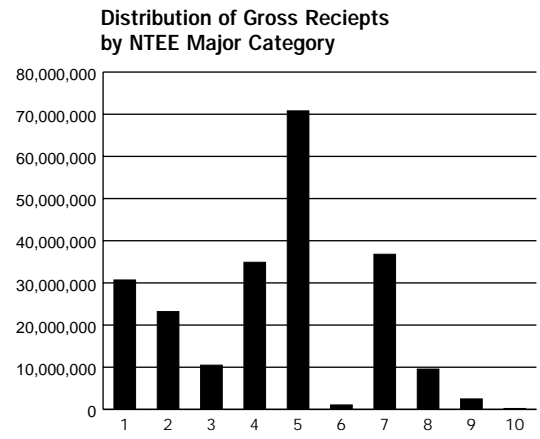
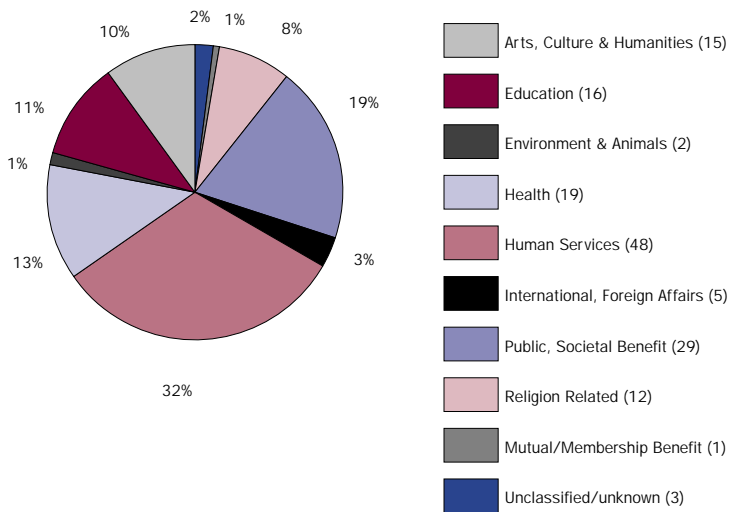
**Distribution of Assets
by NTEE Major Category**



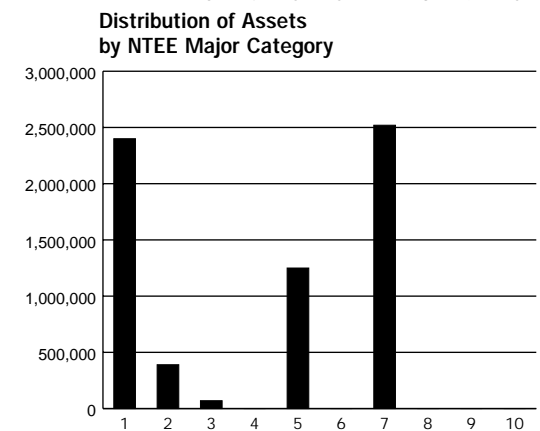
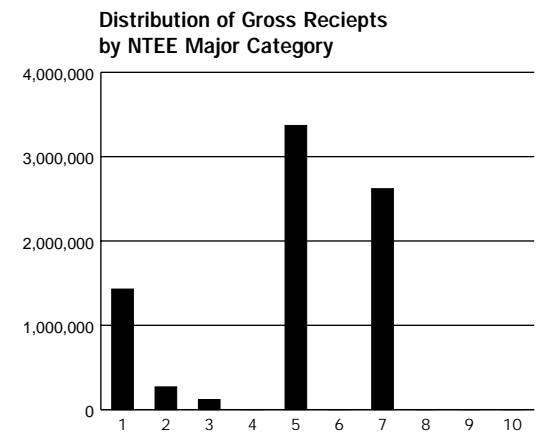
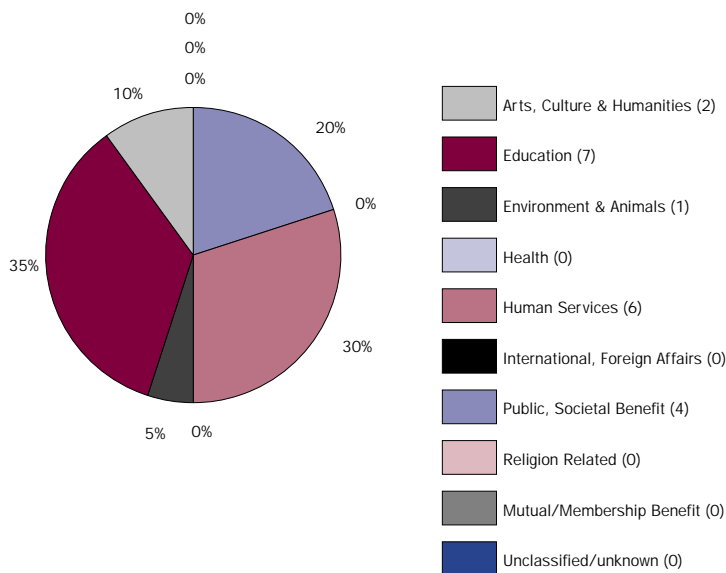
San Juan Capistrano
Total: 23
1997 population 29,635

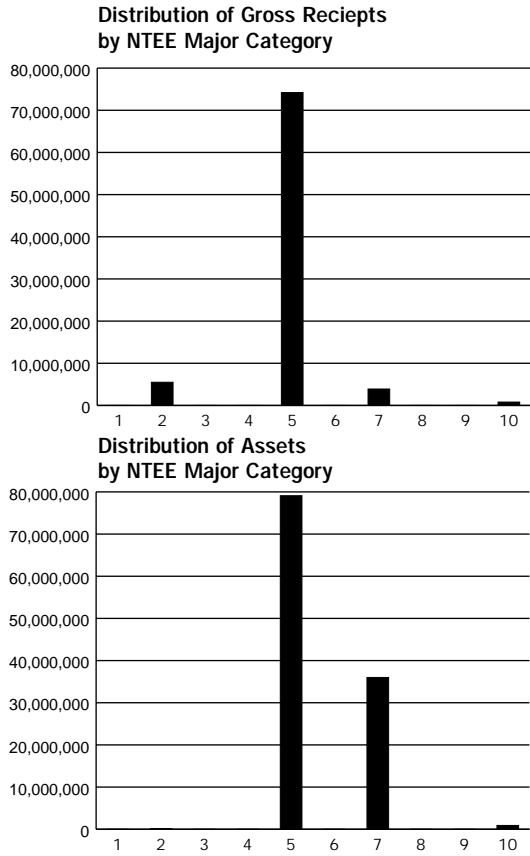


Santa Ana
 Total: 150
 1997 population 306,961

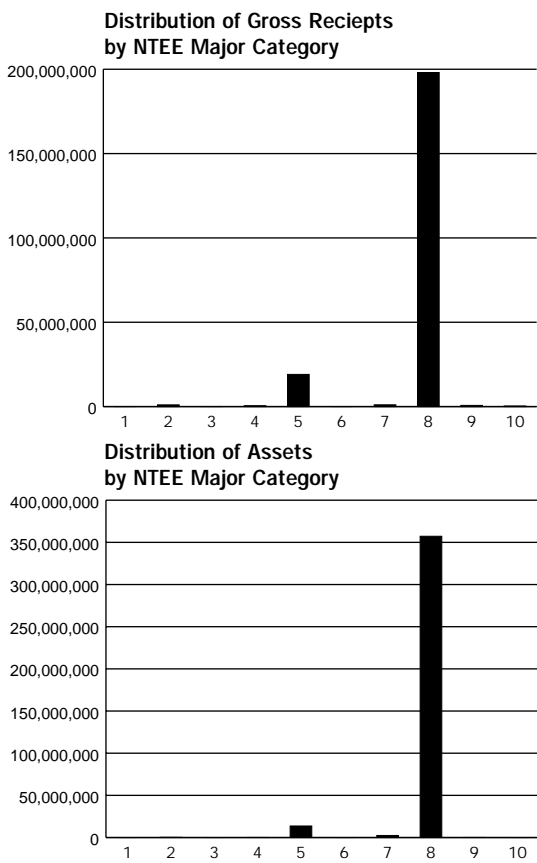
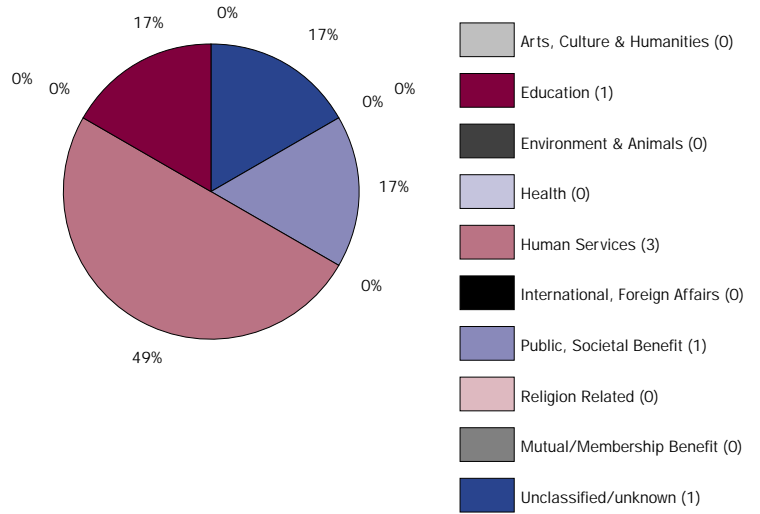


Seal Beach
 Total: 20
 1997 population 26,360

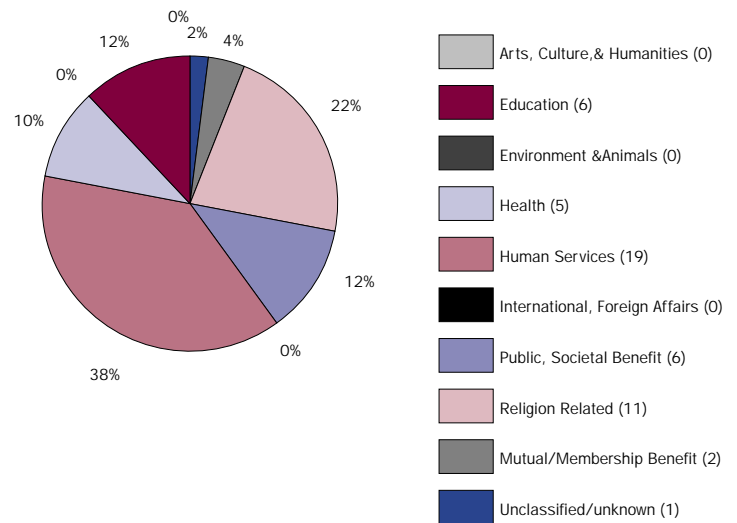




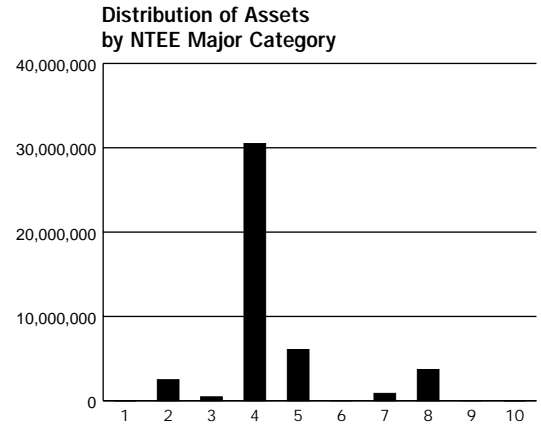
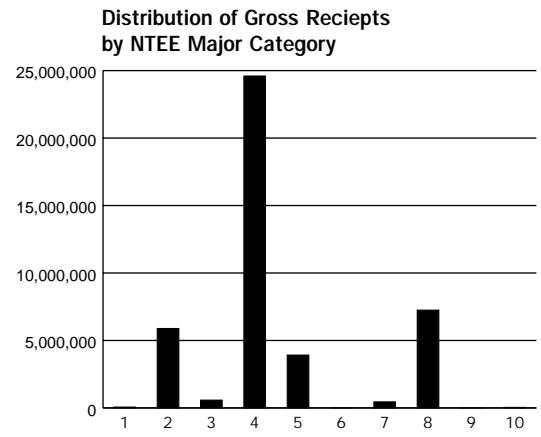
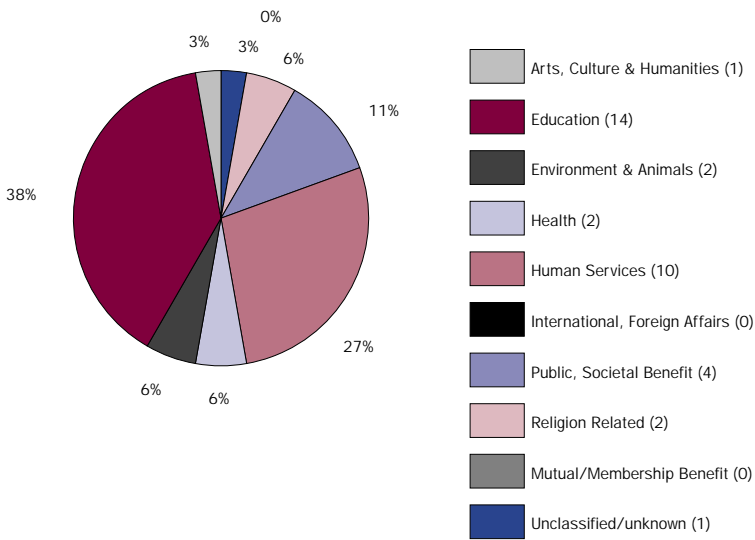
Stanton
Total: 6
1997 population 32,984



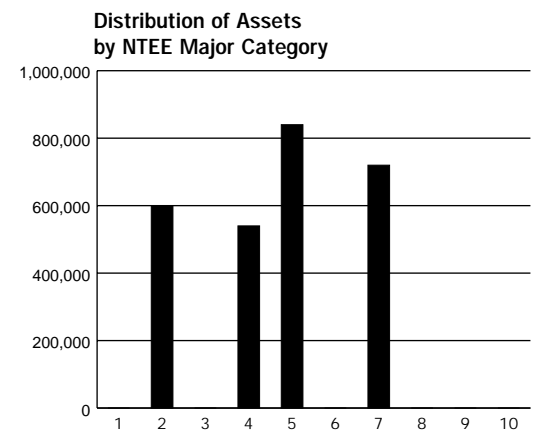
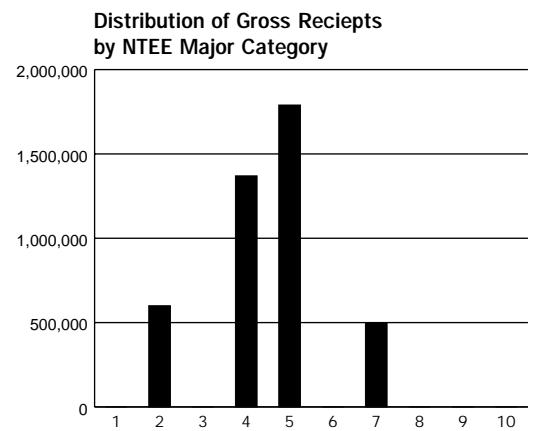
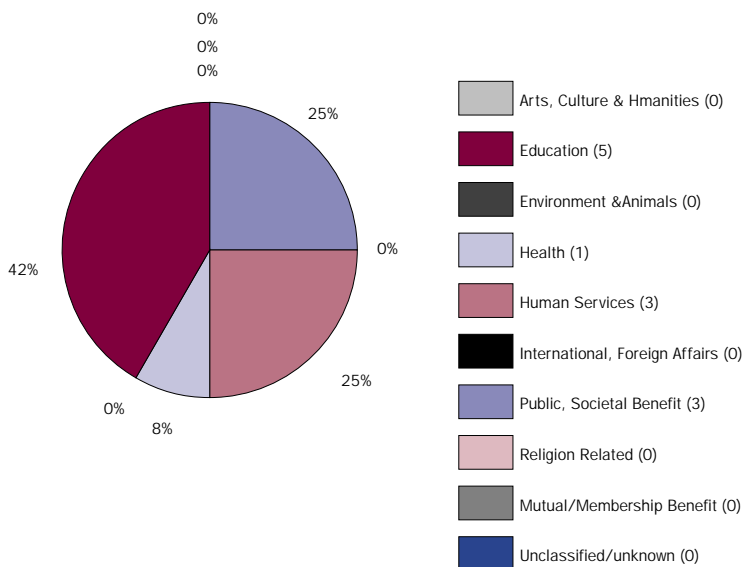
Tustin
Total: 50
1997 population 65,287



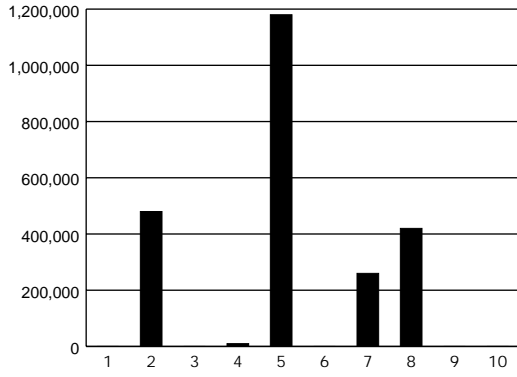
Unincorporated Areas
 Total: 36
 1997 population 185,851



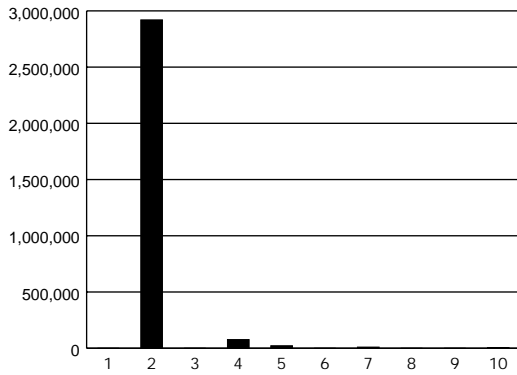
Villa Park
 Total: 12
 1997 population 6,439



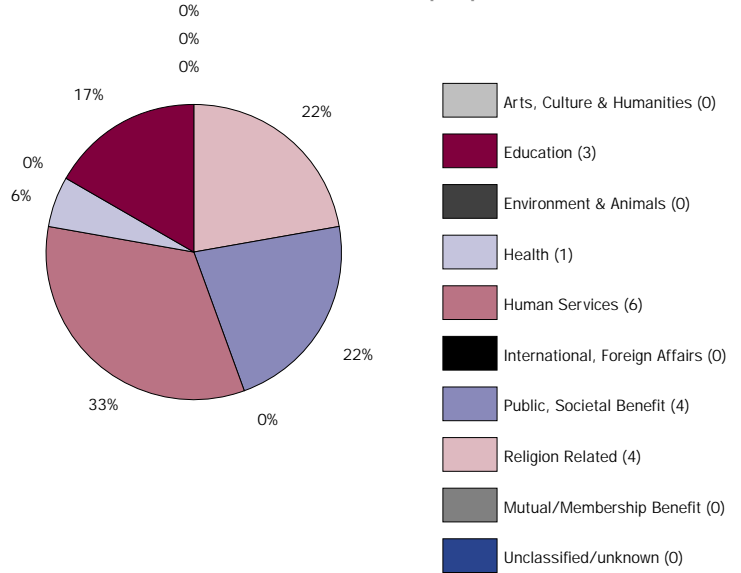
Distribution of Gross Receipts by NTEE Major Category



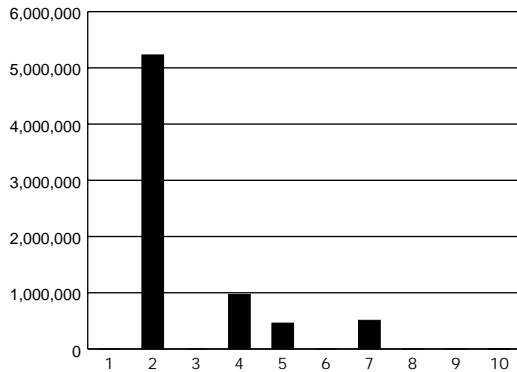
Distribution by Assets by NTEE Major Category



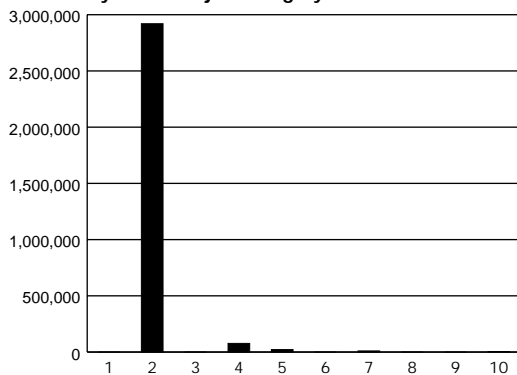
Westminster
Total: 18
1997 population 83,141



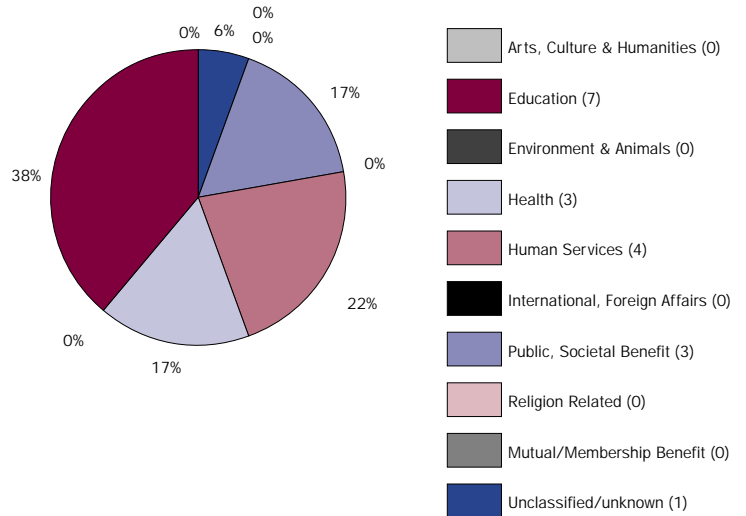
Distribution of Gross Receipts by NTEE Major Category



Distribution by Assets by NTEE Major Category



Yorba Linda
Total: 18
1997 population 58,533



Addendum 1: Data and Methodology

Data on nonprofits in this study generally come from the Internal Revenue Service, Statistics of Income Division. The population of nonprofits is based on data assembled by the Center for Nonprofit Sector Research from the IRS Business Master Files (BMF), which are released monthly on the Internet. Purpose categories are based on the Center's efforts to verify and classify all 1,626 organizations according to the *National Taxonomy of Exempt Entities*. For this study, Orange County records were extracted from the monthly BMF releases for IRS districts 33 and 95.

Basic financial details including gross receipts and assets were obtained from the BMF. Service providers with \$25,000 or more in gross receipts are required to submit an annual information return. All Private Operating Foundations and Private Non-operating Foundations are required to submit an annual information return without regard to the gross receipts threshold. Certain organizations such as churches are not required to report financial data, although some do. Since the AAFRC Trust for Philanthropy estimates that gifts to religion accounted for between 46.5 and 48.6 percent of giving from 1987 to 1997, the financial reporting of the religious sector alone is clearly underreported.¹ Moreover, the financial data of Orange County-based non-reporting affiliates of regional or national organizations, sub-organizations operating under an umbrella agency, and non-incorporated voluntary organizations also are not readily obtainable. Thus, this report presents a conservative picture of the sector's economic scope in Orange County.

Detailed financial data for Orange County nonprofits were obtained from the National Center for Charitable Statistics (NCCS). The NCCS compiles core information files for a sample of nonprofits in a given geographic region. There were two core files for Orange County, one for Form 990 filers (most service providers), the other for Form 990PF filers (private foundations, most of which were grantmakers). In addition to many BMF fields, the core files contain more detailed data from Form 990/990PF returns. The core files were used to produce Sources and Uses of Funds for the service providers. Still, the core files do not contain all data fields from the IRS returns. As a rule, the fields are those found in the Return Transaction File, which the IRS uses to perform quality checks on data entered.

The lines of distinction among nonprofit, business and government sectors continue to blur. While government agencies would not be included in a report of nonprofit sector activity, many nonprofit organizations receive government funding, or are the agents through which the government procures services delivered to the public with both government and private assistance. Likewise, public educational institutions are not included in this report but the number and activities of their related nonprofit organizations, such as Booster Clubs, PTAs, and auxiliary foundations, are reported.

This study makes no effort to assess the value of time donated, which if measured in dollar value undoubtedly would increase the economic scope of the sector.

The Center's initial research during 1995 was conducted in a distinctly different logistical environment than today's. Along with a growing number of researchers pursuing database development and data improvement projects, there have been significant improvements in the delivery mechanisms and accessibility of data about the sector. Much more is now known about the idiosyncrasies and limitations of

nonprofit sector data thanks to the work of the National Center for Charitable Statistics at The Urban Institute to compile, document, interpret and disseminate data. As a result, the Center is better able to identify and learn from some of our past mistakes. These include some errors that were incorporated into *The First Report*, and some omissions that still cannot be addressed with available data.

We now know that *The First Report* failed to include some Orange County organizations whose data were incorporated into another jurisdiction's filings. However, an analysis comparing these omitted organizations with those that composed *The First Report's* dataset concluded that the dataset is statistically representative of the population.

The National Taxonomy of Exempt Entities (NTEE) developed by The Urban Institute and The Foundation Center provides a far more detailed and accurate representation of the types of nonprofit activities and clientele than was available previously. Thus, the distribution of organizations by major purpose category as presented in *The First Report* differs from that created here. The Center for Nonprofit Sector Research verified the purpose categories of all 1,626 organizations included in the current report and designated NTEE codes for each.²

Notes

¹ Giving USA 1998

² *Verification sources: OC Metro, Orange County Business Journal, Orange County Register, Times Orange County, and agency representatives*

Addendum 2: References

- Arts Orange County, *Directory of Orange County Cultural Resources* (1997)
- Center for Demographic Research, *Orange County Progress Report 1997*; California State University, Fullerton (1997)
- Center for Nonprofit Sector Research, *Master Database of Orange County Nonprofit Organizations, 1996-1999*, California State University, Fullerton
- Kaplan, Ann E. (editor), *Giving USA: The Annual Report on Philanthropy for the Year 1997*; AAFRC Trust for Philanthropy (1998)
- National Center for Charitable Statistics, *Core File 1998*; The Urban Institute
- National Center for Charitable Statistics, *National Taxonomy of Exempt Entities-Core Codes*, The Urban Institute and The Foundation Center (1998)
- Philanthropic Research, Inc., *GuideStar* (www.guidestar.org)
- Registry of Charitable Trusts, Office of the Attorney General, State of California: Data files containing Form CT-2 variables
- Riddick, Glenda, *1997 Orange County Social Service Resource Directory* (1997)
- Stevenson, David R., Pollak, Thomas H., and Lampkin, Linda M., *State Nonprofit Almanac 1997*; The Urban Institute Press (1997)
- U.S. Department of Commerce, Bureau of the Census, *County Business Patterns 1997* (1999)
- U.S. Department of Treasury, Internal Revenue Service, *Business Master Files 1996-1999* (http://www.irs.ustreas.gov/prod/bus_info/eo/)

Addendum 3: List of 501(c) Sub-Sections

- 501(c)(1) Corporations originated under Act of Congress, including Federal Credit Unions. These are considered instrumentalities of the United States.
- 501(c)(2) Title holding corporation for a tax-exempt organization.
- 501(c)(3) Religious, educational, charitable, scientific, and literary organizations, and those resting for public safety, fostering certain national or international sports competitions, or working to prevent cruelty to children or animals. Includes private foundations.
- 501(c)(4) Social welfare
- 501(c)(5) Labor, agricultural, horticultural organizations. These are educational or instructive groups whose purposes include improving conditions of work, products, and efficiency.
- 501(c)(6) Business leagues, chambers of commerce, real estate boards, etc. formed to improve conditions in one or more lines of business.
- 501(c)(7) Social and recreational clubs which provide pleasure, recreation, and social activities.
- 501(c)(8) Fraternal beneficiary societies and associations, with lodges providing for payment of life, sickness, accident, or other benefits to members.
- 501(c)(9) Voluntary employees' beneficiary associations (including federal employees' voluntary beneficiary associations formerly covered by section 501(c)(10)), providing payments of life, sickness, accident, or other benefit to members.
- 501(c)(10) Domestic fraternal societies and associations-lodges devoting their net earnings to charitable, fraternal, and other specified purposes. No life, sickness, or accident benefits to members.
- 501(c)(11) Teachers' retirement fund associations.
- 501(c)(12) Benevolent life insurance associations, mutual ditch or irrigation companies, mutual or cooperative telephone companies, etc. These groups with activities similar to those implied by the descriptions of class of organization beneficial to members.
- 501(c)(13) Cemetery companies, providing burial and incidental activities for members.
- 501(c)(14) State-chartered credit unions, mutual reserve funds, offering loans to members. (Exemption for building and loan associations and cooperative banks repealed by Revenue Act of 1951, affecting all years thereafter.)
- 501(c)(15) Mutual insurance companies or associations, providing insurance to members substantially at cost (limited to organizations with gross income of \$150,000 or less.)
- 501(c)(16) Cooperative organizations to finance crop operations, in conjunction with activities of marketing or purchasing associations.

- 501(c)(17) Supplemental unemployment benefit trusts, providing payments of supplemental unemployment compensation benefits.
- 501(c)(18) Employee funded pension trusts, providing benefits under a pension plan funded by employees, created before June 25, 1959.
- 501(c)(19) Post or organization of war veterans.
- 501(c)(20) Trusts for prepaid group legal services, as part of a qualified group legal service plan or plans. Applicable to taxable years beginning after December 31, 1977.
- 501(c)(21) Black lung trusts, satisfying claims for compensation under Black Lung Acts.
- 501(c)(22) Multi-employer Pension Plan
- 501(c)(23) Veterans Association formed prior to 1880
- 501(c)(24) Trust described in Section 4049 of ERISA
- 501(c)(25) Title Holding Company for Pensions, etc.
- 501(c)(26) State-sponsored high risk health insurance organizations
- 501(c)(27) State-sponsored Workers' Compensation Reinsurance
- 501(d) Apostolic and religious organizations
- 501(e) Cooperative hospital organizations
- 501(f) Cooperative service organizations of operating educational organizations
- 501(c)(71) Charitable Risk Pool
- 501(c)(22) Qualified State-sponsored tuition program

