IRS Exempt Status Initiative: Indiana Nonprofits and Compliance with the Pension Protection Act of 2006

Indiana Nonprofits: Scope & Community Dimensions
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Indiana Nonprofit Sector Project

The Indiana Nonprofit Sector Project: Scope and Community Dimensions is a multi-year, multi-phase collaborative project designed to provide solid, baseline information about the Indiana nonprofit sector, its composition and structure, its contributions to Indiana, the challenges it is facing, and how these features vary across Indiana communities. We seek to help community leaders enhance their abilities to develop effective and collaborative solutions to community needs and to inform public policy decisions. We do so through a broad scope of research activities and dissemination efforts. For more information about the project and related research activities, see: www.indiana.edu/~nonprof.

I. Executive Summary

In early August of 2010 we launched a special initiative to contact some of the 6,950 Indiana nonprofits at risk of losing their federal tax-exempt status because of a change in federal reporting requirements.[1] They were among the more than 321,000 exempt organizations nationally that had missed a May 17, 2010 deadline for filing with the Internal Revenue Service (IRS) and still had not filed by June 30, 2010.[2] That count included 293,000 small exempt organizations that were required to file an entirely new form (990-N) for the first time and had been given a one-time extension until October 15, 2010.[3]

[1] We are grateful for assistance provided by Jacob Knight, Katherine Novakoski, and Virginia Simpson. We also thank Beth Gazley, Leslie Lenkowsky, Al Lyons, members of the Project Advisory Board (see p. 33) and several anonymous reviewers for their comments and suggestions.

[2] We use the terms "noncompliant" and "at-risk" interchangeably to refer to those that had failed to comply with the new reporting requirements by June 30, 2010, when the IRS first published a full listing of them. Both terms were used by the IRS and many other observers.

[3] Amy Blackwood and Katie L. Roeger. 2010. "Here Today, Gone Tomorrow: A Look at Organi-

On June 9, 2011, the IRS released a long-awaited list of exempt organizations that had failed to file one of the required forms by the respective deadlines.[4] Nationally 275,000 nonprofits had their tax-exempt status revoked including 6,152 Indiana nonprofits, of which 5,417 (88 percent) had been on the noncompliance list in June 2010.[5]

Our report looks at what we can learn about the revoked nonprofits by examining their characteristics as reported in the IRS Business Master File (BMF) of exempt entities published in April 2010, that is, just before the original filing deadline of May 17, 2010. In all, 9 percent of the April 2010 BMF nonprofits had their tax exempt status revoked.

As expected, the revocation rate was particularly high for small and newly recognized nonprofits. But it was also high for cemeteries (c)(13), social welfare (advocacy) nonprofits (c)(4), and business groups (c)(6); independent nonprofits; and environmental/animal and human service nonprofits.

However, only 55 percent of the revoked nonprofits were included in the April 2010 BMF; the rest had been considered administratively inactive by the IRS prior to April 2010 and removed from the published BMF. We did not include these other revoked nonprofits when we computed the percent revoked from the April 2010 BMF, because they had already been eliminated from the base. This adjustment explains why we find only 9 percent of Indiana IRS-registered nonprofits had their exempt status revoked, not 17 percent as has been reported in the press at the national level.[6] Had all 6,152 revoked Indiana nonprofits been included on the April 2010 BMF, the Indiana revocation rate would indeed have been 16 percent. These other revoked nonprofits are fairly similar in characteristics to those that were included on the April 2010 BMF, although we have less information about them.

We also take special look at 108 Indiana noncompliant, "at-risk" nonprofits, which had previously participated in one or more *Indiana Nonprofits: Scope and Community Dimensions* surveys since 2002. Because they had supported our project efforts, we sought to alert them to the new reporting requirements. We also thought we might have more up-to-date contact information than the IRS because we had sought to maintain contact with them. By late July, 2010 when we started our initiative, 19 percent had either already filed the new form or were known to us to be defunct from our prior project work. We were able to contact 30 percent of the 108 nonprofits directly and another 28 percent indirectly by the October 15 deadline, but could not reach the final 23 percent.

Based on the final June 2011 revocation list, it appears that 38 percent of our 108 nonprofits (41 organizations) maintained their tax-exempt status (notably higher than the 22 percent of all Indiana noncompliant, "at-risk" nonprofits). Another 17 percent are defunct and revoking their status is therefore appropriate. However, we believe that at least 27 percent (over half of the remain-

zations that May Have Their Tax-Exempt Status Revoked." Washington, D.C.: Urban Institute, National Center for Charitable Statistics. July 8.

[4] The national list is available at www.irs.gov/charities/article/0,,id=240099,00.html.

[5] To view the Indiana nonprofits on the IRS revocation list, see www.irs.gov/pub/irs-tege/in.xls.

[6] Stephanie Strom, "I.R.S. Ends Exemptions for 275,000 Nonprofits" *New York Times*, June 8, 2011.

ing organizations that also had their exempt status revoked), were still in existence by the end of 2010. They account for 43 percent of the 67 nonprofits on our list which had their exempt status revoked by the IRS. Some of these may still be operating without knowing that their exempt status has been revoked.

II. Key Findings

Our report reveals several key findings about the 6,152 Indiana nonprofits that had their tax-exempt status revoked by the IRS because they failed to meet the new filing requirements mandated by the 2006 Pension Protection Act:

1. Some 9 percent of Indiana nonprofits that were included on IRS published lists of tax-exempt organizations in April 2010 (before the May 17, 2010 deadline for meeting the new filing requirements) lost their tax-exempt status. Other estimates of 17 percent nationally exaggerate the loss because almost half of the revoked nonprofits had already been omitted from the published list of exempt entities by April of 2010.

2. Cemeteries, social welfare (advocacy) nonprofits, and business groups had the highest revocation rates. Losses were also disproportionately high for human service and environmental/animal nonprofits; for small nonprofits; and for those that had obtained their exempt status fairly recently. Charities had revocation rates that were slightly below the overall average.

3. Fraternal societies operating under the lodge system, veterans groups, and other nonprofits with close connections to national or regional headquarter organizations were most successful in avoiding revocation of their tax exempt status, given relatively high percentages that had been at-risk of losing their tax exempt status.

4. Many nonprofits that lost their exempt status were undoubtedly defunct. However, follow-up work with a small group of Indiana nonprofits that have participated in one or more surveys conducted as part of the Indiana Nonprofit Sector project shows that perhaps up to two-fifths of the revoked nonprofits are still alive. These nonprofits will now have to go through a cumbersome and expensive process of getting their exempt status reinstated. Otherwise, they must disband, begin to file corporate tax returns and pay relevant income taxes on net earnings, or continue to operate below the IRS radar screen.

5. Many of the nonprofits that were at risk of losing their exempt status and/or lost it appear to be confused about differences in legal status at the federal and state levels and by the complexity of nonprofit regulations.

III. Background for Initiative and Overall Indiana Findings

Until 2007, small tax-exempt organizations with revenues of $25,000 or less were not required to report to the Internal Revenue Service (IRS) once they had secured official tax-exempt status under section 501(c) of the Internal Revenue Code.[7] (See Appendix

[7] With some exceptions, entities with revenues of more than $25,000 have long been required to file financial information annually on Form 990 or variants of it (e.g., Form 990-PF for private foundations and Form 990-EZ for those with revenues of less than $100,000). The Pension

A for an overview of nonprofit legal status distinctions.)

However, the 2006 Pension Protection Act required almost all of these small exempt organizations to begin filing an annual electronic notice, Form 990-N (alias e-Postcard), for tax periods beginning January 1, 2007.[8] Most importantly, the consequences are dire for those that fail to file Form 990-N (or any other Form 990) for three consecutive years — they automatically lose their tax-exempt status. The IRS sought to notify the small exempt organizations of the new filing requirements through e-newsletters, its website, postal mailings to the organizations, national media stories, and a variety of other outreach efforts. However, based on our own work to track Indiana nonprofits, we suspect these efforts were hampered by outdated contact information.

The grace period for filing the new form within three years of the effective date of the new requirement ended on May 17, 2010, although the IRS granted a one-time extension until October 15, 2010 for those required to file Form 990-N.[9] But despite substantial outreach efforts by the IRS, the media, local United Way organizations, and many other organizations, some 292,643 small tax-exempt organizations still had not met the new filing requirement by June 30, 2010. According to the National Center for Charitable Statistics (NCCS), they accounted for 41 percent of the 714,379 small exempt nonprofits on the IRS Business Master File at the time.[10]

According to NCCS,[11] 29 percent of these small "at-risk" exempt organizations were human service nonprofits (disproportionately recreation, hobby and sports groups), 22 percent were public and societal benefit nonprofits (mainly fraternal and veterans organizations) and 15 percent were education nonprofits (student sororities and fraternities, parent-teacher groups, literary organizations, or after-school programs). If none of these filed by the final deadline of October 15, NCCS estimated that the number of registered tax-exempt organizations could drop by 18 percent, ranging from a high of a 22 percent decline among human service nonprofits to a low of 15 percent drop among international and foreign affairs organizations and 7 percent of religion-related nonprofits.

A Closer Look at Indiana Noncompliant, "At-Risk" Nonprofits

Our analysis suggests similar but less extreme patterns for the Indiana "at-risk" nonprofits for which we have information. Of the 6,950 nonprofits on the June 2010 "at-risk" file, 64 percent were also included on the April 2010 BMF, where they accounted for 12 percent of the 37,541 Indiana BMF exempt entities. We can therefore compare them to the remaining nonprofits on the BMF that were not "at-risk."

Protection Act of 2006 also mandated the IRS to undertake extensive revisions of the other Form 990s. These revisions were implemented in 2008 and are in the process of being phased in, starting with the largest nonprofit organizations. For more details, see www.irs.gov/990filing.

[8] Churches and related organizations or those included in a group return are exempt from all filing requirements.

[9] For information about the one-time extension of the deadline for filing Form 990-N, see www.irs.gov/charities/article/0,,id=225705,00.html. Organizations that were required to file more detailed financial information on Forms 990, 990-EZ, or 990-PF were not included in this one-time extension (unless their revenues had dipped to $25,000 or less since their last filing).

[10] Blackwood and Roeger, 2010, page 1.

[11] Blackwood and Roeger, 2010, pages 2-3.

We find that if all those at-risk actually lost their tax-exempt status, the number of mutual benefit nonprofits would decline by 17 percent; arts, culture and humanities, as well as environmental, nonprofits by 15 percent; and human service nonprofits by 14 percent. (See Appendix C for more information.)

Some membership associations were particularly at risk. Thus nonprofit cemeteries would decline by 25 percent, veterans groups by 20 percent, and social welfare (advocacy) organizations by 19 percent. Fraternal societies and business organizations also had notably high "at-risk" rates (respectively 17 and 16 percent). In terms of other characteristics, the "at-risk" percentages were particularly high for very small nonprofits (18 percent for those reporting revenues of less than $10,000) and for nonprofits that had obtained their exempt status in the 1990s (16 percent).

More detailed information is available for 79 of these organizations that had participated in our 2002 survey of Indiana Nonprofits. As Appendix B shows, compared to other IRS registered nonprofits that also completed our 2002 survey, they were disproportionately mutual benefit or secular nonprofits, young, and with low revenues. They also had relatively few employees or small boards, were less involved in networks or collaborations, and were more likely to lack access to key information technology. Given these latter characteristics, it is perhaps not surprising that they ended up on the non-compliant list.

A Closer Look at Indiana Nonprofits that Lost Their Tax-Exempt Status

On June 9, 2011, the IRS released its long-awaited list of nonprofits that had failed to file one of the required forms by the respective deadlines.[12] In all, 275,000 nonprofits nationally have had their tax-exempt status revoked as a result of the Pension Protection Act of 2006. That count included 6,152 Indiana nonprofits, of which 5,417 (or 78 percent) had been on the noncompliant list in June 2010.[13]

However, while 22 percent of those on the June 2010 noncompliant list appear to have filed by the deadline and maintained their exempt status, the Indiana revocation list included another 735 nonprofits that were absent from the June 2010 noncompliant file. We assume they were excluded from the noncompliant file because they were not eligible for the one-time extension, e.g., they had previously filed Form 990, 990EZ, or 990PF, but had not done so for at least three consecutive years prior to May 2010. Adding those 735 nonprofits to the count of 6,950 nonprofits on the June 2010 noncompliant file means that 7,685 Indiana nonprofits were affected by the Pension Protection Act of 2006 and that 80 percent of them lost their tax-exempt status. The 7,685 count includes 1,533 "at-risk" nonprofits that filed in time and 5,417 nonprofits that were "at-risk" and had their status revoked.

Of the 6,152 Indiana nonprofits that lost their tax-exempt status, 3,381 (55 percent) had been included on the April 2010 BMF, just prior to the original deadline for meeting the new filing requirements. The IRS had removed the rest (2,962) from the published BMF prior to April 2010, presumably because they had failed to respond to occasional IRS mailings. However, they remained in the IRS

[12] The national list is available at www.irs.gov/charities/article/0,,id=240099,00.html.

[13] To see Indiana nonprofits on the IRS revocation list, see www.irs.gov/pub/irs-tege/in.xls.

administrative records because there was no legal mechanism for the IRS to revoke their exempt status until now (under the Pension Protection Act of 2006), unless they violated specific IRS regulations.

We focus first on the 3,381 revoked Indiana nonprofits that were most recently included on the April 2010 BMF, since they are those most observers (we included) were concerned about. They accounted for 9 percent of the 37,541 Indiana nonprofits on the BMF as of that date – in other words, almost one in ten lost their tax exempt status because of the new regulations. While that is a significant decline, it is less than the 12 percent on the April 2010 BMF that were at risk of losing their exempt status. It is also less than 16 percent, as it would have been if all 6,152 revoked organizations had appeared on the April 2010 BMF.[14]

A closer look at the types of organizations that lost their tax-exempt status shows, as expected, that small nonprofits were disproportionately likely to have done so. In fact, 14 percent of nonprofits that previously had not filed financial information with the IRS had their tax exemption revoked, compared to 1 percent or less of those with revenues of $25,000 or more. (See Appendix C for more detailed analysis of Indiana revoked nonprofits). Younger nonprofits were also more likely to lose their tax-exempt status. As Figure 1 shows, 13 percent of organizations that obtained their IRS ruling in the 1990s lost their exempt status, compared to 6 percent or less of those with ruling dates prior to 1970.

Figure 1 - Percent of April 2010 Indiana IRS-Registered Nonprofits that Lost Tax-Exempt Status by Year of IRS Ruling
(n=37,541)

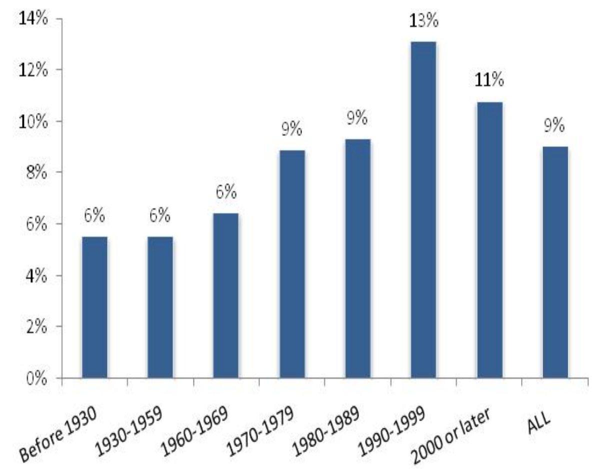


Figure 2 shows the percent that lost their tax-exempt status by primary field of activity as classified by the National Taxonomy of Exempt Entities (NTEE). The revocations occurred fairly evenly across the fields, although there were some differences. Environmental/animal and human service nonprofits had the highest revocation rates (12 percent), while religious nonprofits were much less likely to have their status revoked (3 percent vs. 9 percent overall). Surprisingly, 8 percent of the most institutionalized nonprofits also lost their tax-exempt status (7 and 8 percent respectively for hospitals and universities/colleges).

The pattern is more distinctive when we look at revocations by subsection of the IRS code. As figure 3 shows, the exemption of fully 16 percent of cemeteries was revoked, as was 15 percent of social welfare (advocacy) nonprofits and 13 percent of business groups. By contrast, charities lost only 8 percent and fraternal societies operating

[14] Published revocation rates of 17 percent nationally appear to be based on the erroneous assumption that all revoked nonprofits were included on the most recent BMF list published by the IRS. See Stephanie Strom, "I.R.S. Ends Exemptions for 275,000 Nonprofits" *New York Times*, June 8, 2011.

under the lodge system lost a surprisingly low 5 percent.[15]

Figure 2 - Percent of April 2010 Indiana IRS-Registered Nonprofits that Lost Tax-Exempt Status by Primary Field of Activity under the National Taxonomy of Exempt Entities (n=37,541)

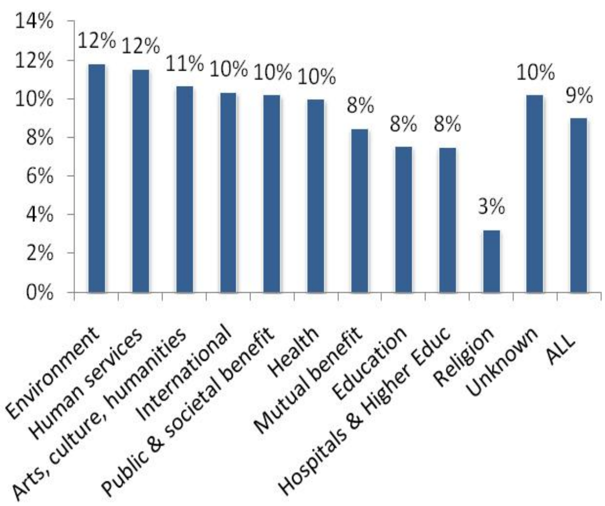
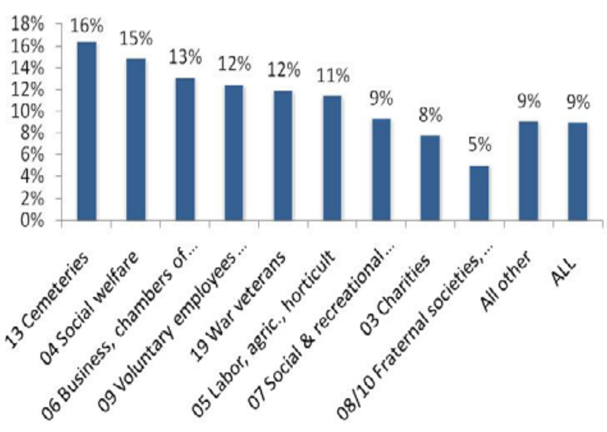
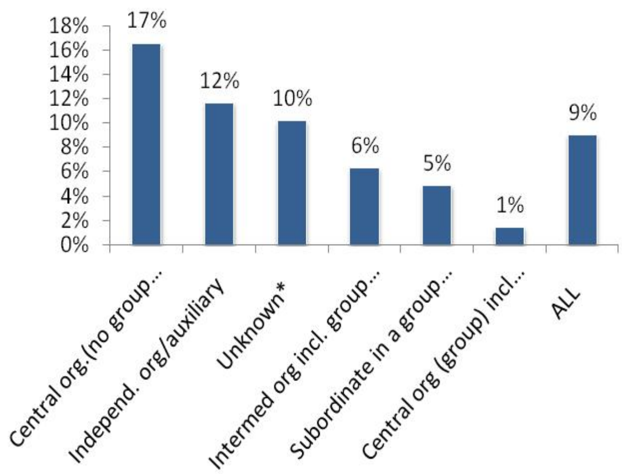


Figure 3 - Percent of 2010 Indiana IRS-Registered Nonprofits that Lost Tax-Exempt Status by IRS Sub-Section Code (n=37,541)



In general, these revocation rates are smaller but otherwise roughly comparable to the "at-risk" rates, except for fraternal societies, 17 percent of which had been at risk of losing their tax-exemption, as was the case for 20 percent of war veterans groups (see Appendix C for more detailed analyses). It seems some national headquarters were successful in assisting their local subsidiaries with compliance. Indeed, only 5 percent of local affiliates that were part of group exemptions had their status revoked compared to 12 percent of independent nonprofits or auxiliaries filing independently and fully 17 percent of intermediaries not part of group exemptions (see Figure 4). In short, nonprofits with strong centralized affiliation structures were notably less likely to have their exempt status revoked than others without similarly active affiliation networks.

Figure 4 - Percent of 2010 Indiana IRS-Registered Nonprofits that Lost Tax-Exempt Status by IRS Affiliation Code (n=37,541)

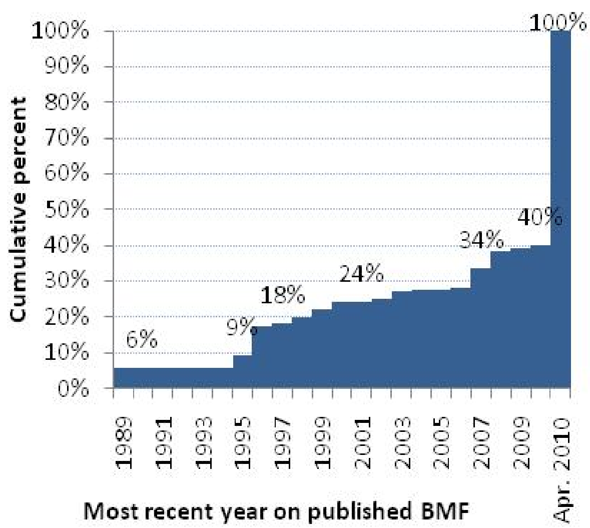


Our analysis so far has focused on the 55 percent of revoked organizations that had been included on the April 2010 BMF. However, thanks to a special effort by NCCS we are able to track when most of the remaining revoked Indiana nonprofits most recently appeared on a published BMF (some 508

[15] Student fraternities and sororities are registered under sub-section (c)(7) along with other social and recreational groups.

of the revoked exempt organizations, or 8 percent, were not included on any of the BMFs available to NCCS).[16] Figure 5 shows that for those where we have information about the BMF year, 6 percent (331 exempt organizations) most recently appeared on the BMF published in 1989 (e.g., more than 20 years ago) and almost a quarter (24 percent) predates a 2001 publication date (e.g., 10 years ago). This is an important finding, because it means that many of the revoked organizations have had no contact with the IRS for years.

Figure 5 - Cumulative Percent of Indiana IRS-Registered Nonprofits that Lost Tax-Exempt Status by Year They Most Recently Appeared on Published IRS Business Master Files (n=5,644)



For revoked nonprofits that appeared on BMFs published in 1989 or later we have information on their characteristics as reported on the respective BMFs, although the number of fields available for the 1989 cohort is quite limited.

In the analysis below we present findings on how nonprofits on the April 2010 BMF that maintained their tax-exempt status compare to revoked nonprofits from the same BMF and to other revoked nonprofits from earlier BMF publications. In general, the characteristics of nonprofits on the April 2010 BMF that maintained their tax-exempt status differ notably from their counterparts from April 2010 that lost their status. But they differ even more so from revoked nonprofits on earlier BMFs.

Figure 6 shows that 59 percent of those on the most recent BMF that maintained their exempt status had not previously filed any financial information with their IRS. However, that was the case for fully 93 percent of those from the April 2010 BMF that lost their exempt status and for 94 percent of those from earlier BFMs. Note that the income data used here may have been reported as far back as 1993 or 1994 (we have no income data for 1989) and have not been adjusted for inflation.

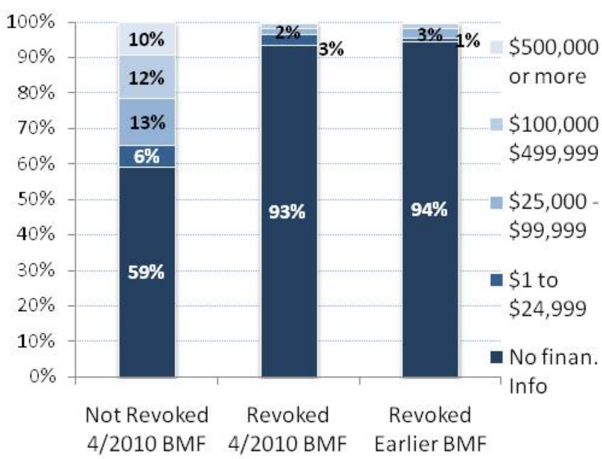
As Figure 7 shows, 40 percent of nonprofits from the April 2010 BMF that maintained their exempt status originally obtained that status in 1990 or later. However, more than half (54 percent) of their counterparts that lost their exempt status had ruling dates of 1990 or later.[17] That was the case for 62

[16] We are very grateful to the National Center for Charitable Statistics and Jon Durnford in particular for checking our list of revoked Indiana organizations against the roughly 2.6 million records of exempt organizations in the NCCS archives of BMFs. These BMFs were originally released by the IRS in 1989 and 1995 through 2010 (no other years are available) and have been archived by NCCS at least annually (and on a quarterly basis in recent years).

[17] The "ruling date" is the date on which the IRS issued its formal "ruling" letter to the organization, confirming that the organization has met the criteria for tax-exemption under one of the sub-sections to IRS code 501(c). Organizations may operate for years before seeking a formal

percent of revoked nonprofits from prior BMFs. We do not have information on ruling dates for the 331 revoked nonprofits from the 1989 BMF; however, their ruling dates would predate 1989 and would change the percentages slightly for the older cohorts.

Figure 6 - Income of Indiana IRS-Registered Nonprofits from April 2010 Business Master File (n=37,541) by Revocation Status and for Revoked Nonprofits from Earlier Business Master Files (n=5,313)



We have also information on how the two groups of revoked organizations compare to those from the April 2010 BMF that maintained their exempt status in terms of primary field of activity under the National Taxonomy of Exempt Entities (Figure 8). The analysis shows that human service and public & societal benefits nonprofits are over-represented among the two types of revoked organizations, while religion nonprofits are overrepresented among those that maintained their exempt status. We caution that the accuracy of the classification codes are suspect for earlier BMF files.

Figure 7 - Ruling Dates of Indiana IRS-Registered Nonprofits from April 2010 Business Master File (n=37,541) by Revocation Status and for Revoked Nonprofits from Earlier Business Master Files (n=5,313)

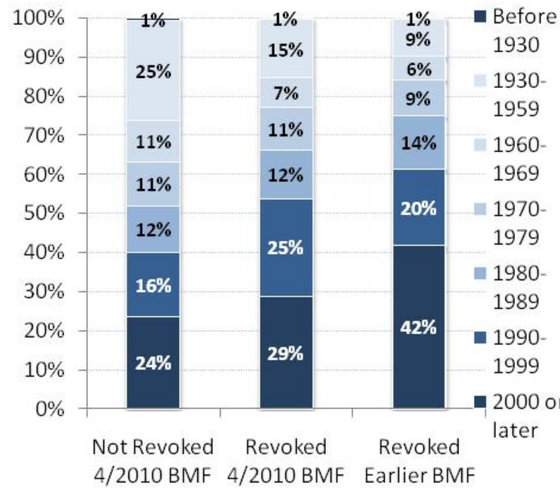


Figure 8 - Primary Field of Activity under National Taxonomy of Exempt Entities of Indiana IRS-Registered Nonprofits from April 2010 Business Master File (n=37,541) by Revocation Status and for Revoked Nonprofits from Earlier Business Master Files (n=5,644)

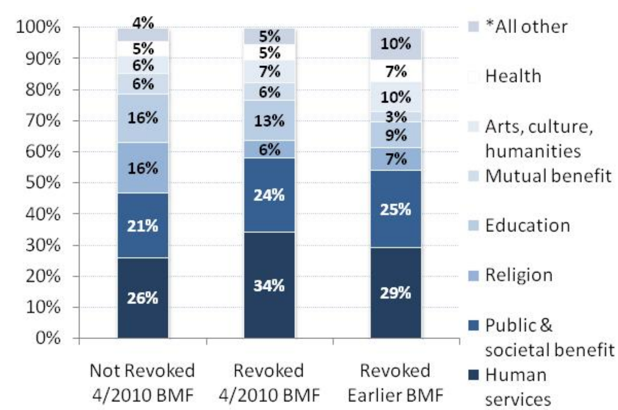
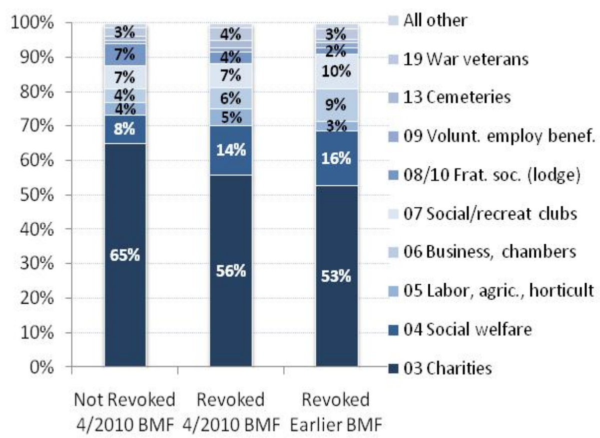


Figure 9 shows a similar analysis in terms of the sub-section of the IRS code 501(c) under which the organizations obtained their tax-exempt status. As the figure shows, charities accounted for a smaller percent of the

ruling from the IRS, so ruling dates are not necessarily the same as founding dates.

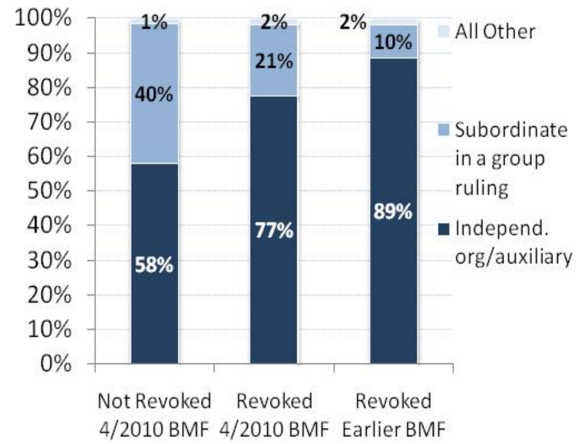
revoked nonprofits (56 and 53 percent respectively for the later and earlier BMF) than of those that maintained their exempt status (65 percent). Similarly, revoked nonprofits were more likely to be social welfare /advocacy (15-16 percent) or business groups (6-9 percent) than those that maintained their exempt status (8 and 4 percent respectively). Information on IRS sub-section codes was missing for all by 8 revoked nonprofits from the 1989 BMF; all 8 were listed as subsection (c)(3), e.g., charities.

Figure 9 – IRS Subsection of Indiana IRS-Registered Nonprofits from April 2010 Business Master File (n=37,541) by Revocation Status and for Revoked Nonprofits from Earlier Business Master Files (n=5,321)



Finally, we show how the two groups of revoked nonprofits compare to those on the April 2010 BMF that maintained their exempt status in terms of affiliations with other nonprofits. Figure 10 shows that while independent nonprofits or auxiliaries made up 58 percent of those that maintained exempt status they made up more than three-fourths of revoked nonprofits from the April 2010 BMF and 89 percent of revoked nonprofits from earlier BMFs.

Figure 10 – Affiliation Status of Indiana IRS-Registered Nonprofits from April 2010 Business Master File (n=37,541) by Revocation Status and for Revoked Nonprofits from Earlier Business Master Files (n=5,313)



IV. Our IRS Exempt Status Initiative

What these figures do not show, of course, is whether the organizations that had their tax-exempt status revoked were defunct or otherwise inactive. It is quite possible that significant proportions of them simply were unaware of the new requirements or did not think they applied to them. To examine these possibilities, we turn now to an analysis of a subset of the noncompliant organizations identified by the IRS as at risk of losing their tax-exempt status in June 2010.

As noted above, the June 2010 list of 321,091 noncompliant nonprofits at risk of losing their tax-exempt status organizations included 6,950 nonprofits with Indiana reporting addresses. While some of these were certainly defunct, we thought others might not be aware of the new requirements because their contact information with the IRS was out-of-date (e.g., they had moved or changed leadership) and therefore had not received mailings from the IRS.

We had encountered these and other possible reasons for noncompliance in a small survey we conducted in 2007 to determine why organizations incorporated as nonprofits with the Indiana Secretary of State did not appear on the IRS list of tax-exempt organizations for Indiana.[18] In that study, we found that many nonprofits are confused about the different nonprofit legal statuses (see Appendix A for a summary of nonprofit legal distinctions) and we thought some of the noncompliant organizations might not realize the new regulations pertained to them, even if they were aware of the policy changes.

We did not have the capacity to reach out to the almost 7,000 nonprofits on the IRS list of noncompliant organizations for Indiana. However, we felt a special obligation to those that had supported our survey efforts and sought to contact as many as possible of those that had been included in one or more of the four surveys of Indiana nonprofits we have conducted since 2002. We had access to the Federal Employer Identification Number (FEIN) for most of the responding organizations to two of these surveys and could therefore match these respondents against the IRS list of noncompliant organizations.

Identifying Noncompliant Nonprofits among Our Survey Respondents

Our 2002 nonprofit survey was based on a stratified random sample drawn from a universe of more than 60,000 Indiana nonprofits. The universe was derived from the IRS list of exempt organizations with Indiana reporting addresses, nonprofits incorporated in the state of Indiana, congregations listed in the Yellow Pages for Indiana, supplementary listings in twelve communities across the state, and nonprofits identified by a sample of Indiana residents. The survey was designed to develop a profile of the full Indiana nonprofit sector, including charities, congregations, advocacy nonprofits and membership associations. In all, 2,206 nonprofits responded to the survey on a broad array of topics and the results have been published in seven statewide reports and twelve regional reports.[19]

Since then we have on an intermittent basis sought to update contact information for as many of the 2002 survey respondents as possible. In part we wished to inform the respondents about our project findings and in part we hoped to conduct a follow-up panel study of the surviving respondents to explore how they have changed since the original survey was completed. (This panel survey is currently planned for 2012.)

For purposes of this initiative, we focused on the 1,133 organizations in the panel sample for which we had FEINs. Some 90 of these matched FEINs on the IRS list of noncompliant organizations for Indiana. We eliminated one duplicate organization and one that had refused to participate in any follow-up work. That left us with nine nonprofits that we knew were defunct because of our earlier update efforts and 79 nonprofits that we thought might still be active (although we had up-to-date contact information for only 34 of these).[20] A look at the survey data suggests that as of 2002, at

[18] See Kirsten A. Grønbjerg, Helen K. Liu and Thomas H. Pollak. 2010. "Incorporated but Not IRS-Registered: Exploring the (Dark) Grey Fringes of the Nonprofit Universe." *Nonprofit and Voluntary Sector Quarterly* 39(5): 925-45.

[19] For information about this survey and related reports, see www.indiana.edu/~nonprof/results/npsurvey.html.

[20] Our prior efforts to update contact information have been most successful for larger organizations and those affiliated with national or regional headquarter organizations.

least, the noncompliant organizations were disproportionately mutual benefit or secular organizations, young, with low revenues, few employees and small boards, without access to key information technology, and uninvolved in collaborations or networks (see Appendix B).

Our second survey was completed in 2008 when we worked with the Indiana Arts Commission (IAC) to examine the capacity building and technical assistance needs of Indiana's arts and culture providers.[21] For that effort, we surveyed 1,792 organizations that had previously sought grant funding from the IAC or its regional partners. Some 386 organizations responded to the survey.

For purposes of this initiative, we used the full IAC sample of 1,792 organizations, not just those that had responded to the survey, since it was a fairly recent effort. We found that we had FEINs for 706 of these, once we eliminated inappropriately formatted FEINs, and that 22 of them were also on the IRS list of noncompliant organizations for Indiana, including two duplicates. We knew that two of the remaining 20 organizations were defunct from our efforts to encourage survey participation and we lacked valid contact information for three.

In all, we sought to contact 97 organizations that appeared to be at risk for losing their tax-exempt status and that we had no reason to believe were defunct.[22] That count included 79 that had responded to the original 2002 survey and 18 that were included in our 2008 sample of arts and culture organizations. We knew that another 11 organizations on the IRS noncompliant list were defunct — nine from the 2002 survey and two from the 2008 survey. We did not contact them, of course, but include them in our analysis below.

Contacting Noncompliant Organizations

We established the following procedures for contacting the 97 organizations on the IRS noncompliant list that we presumed to be active. We first verified that the names of the organizations matched the corresponding names on the IRS noncompliant list and that the organization had not filed Form 990-N e-Postcard subsequent to June 30, 2010 when the IRS published its list of noncompliant organizations. If the organization had filed Form 990-N e-Postcard according to the FEIN search tool[23] on the IRS website, we marked the organization as "compliant." That was the case for ten of the 97 organizations and we excluded them from further contact.

Next we sought to contact the remaining organizations by phone. If we reached someone directly who could verify the existence of the organization and/or who was affiliated with it, we thanked the person for the organization's previous participation in our project. We explained that we

[21] For information about this survey, see www.indiana.edu/~nonprof/results/npcapacity.html.

[22] Unfortunately, the list of 321,091 noncompliant entities published by the IRS on June 30, 2010 did not distinguish between those that had failed to file the new Form 990-N and those that had previously filed Forms 990, 990EZ, or 990PF, but had not done so since January 2007 when the new regulations took effect. Only those required to file Form 990-N were eligible for the one-time extension of the deadline to file. It is possible, of course, that some of the 97 Indiana organizations on our list were not eligible for the extension. Nationally, that was the case for 98,488 entities, or about 25 percent of the noncompliant list (Blackwood and Roeger, 2010, page 1), although some of these might still be eligible for the extension if their revenues had dipped below the $25,000 threshold since 2007.

[23] See www.irs.gov/app/ePostcard/.

were calling because we had noticed the organization was included on a list published by the IRS as having failed to file an annual form with the IRS for three successive years. We also noted that even organizations with less than $25,000 were now required to file a new Form 990-N (e-Postcard). We outlined the filing requirements and either verbally instructed the organization on how to submit the e-Postcard or sent an email with the instructions, depending on the contact person's preference.

If we reached a voicemail on our first calling attempt, we left a brief message with our reason for calling (an overview of the IRS requirement, its importance, how to meet the new requirement, our contact info, etc.). We made subsequent follow-up calls in an effort to speak directly with someone if our voicemail was not returned, but did not leave another voicemail if we were unsuccessful at reaching someone directly. If we had an email for the organization, we also emailed similar information to that address. We counted both of these latter efforts as "indirect contacts," unless the phone number we had was invalid (i.e. disconnected or answered by an individual with no knowledge of or affiliation with the organization) or the email bounced back as invalid or undeliverable (which was the case for most of the email addresses we had for this subset of organizations).

For organizations with invalid phone numbers or email addresses, we sought to obtain new contact information by conducting extensive web searches (using Google, the yellow pages, etc). We also contacted headquarter organizations (in the case of local affiliates) or other organizations in the local community, such as United Ways, public libraries, chambers of commerce, and other similar organizations, to see if anyone had more current information. If we obtained updated contact information, we proceeded as above. If after exhausting all reasonable searches we could still not find any updated contact information, we flagged the organization as "no contact."

In some cases the community members we spoke to (usually reference librarians or United Way employees) had heard of the organization; however, they either did not know if it was still active or knew that it had not been active for several years. Anecdotal information suggests that these organizations may no longer exist, but we could not confirm for sure one way or the other. As noted above, these were flagged as "no contact" unless we were able to obtain valid contact information or confirm the organization was defunct.

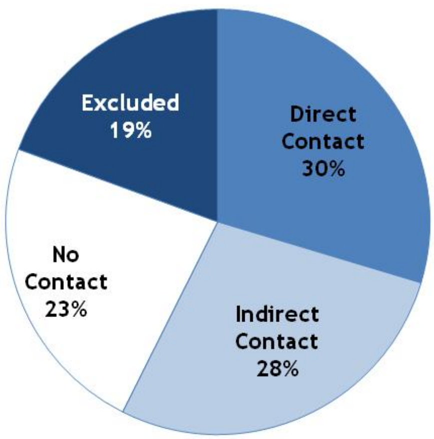
V. What We Found

In this section, we focus first on how many organizations on our noncompliant list we were able to contact. We then examine how many of our organizations maintained their compliance with IRS regulations as indicated by their absence from the revocation file released by the IRS in June 2011. Finally, we show how many of those on the revocation list appeared still to be active by the end of 2010, when we terminated this part of our initiative.

Contacted Organizations

As Figure 11 shows, we excluded 19 percent (21 organizations) of the 108 organizations from our outreach efforts, either because we knew the organization was defunct (11 organizations) or because it had filed Form 990-N (10 organizations) between June 30 and late July when we began our initiative. We established direct contact with 30 percent of the organizations (32 organizations) and indirect contact with another 28 percent (30 organizations). We were unable to locate current contact information for the remaining 23 percent (25 organizations). While most of the latter may be defunct, some are still in operation; in fact five of them did file Forms 990 or 990-N.

Figure 11 - Contact Status of Noncompliant Organizations (n=108)



In seven cases, we established direct contact with someone who informed us that the organization was defunct, usually because of lack of funding or community support, or because key organization members had died of suffered major health problems. If we include the eleven organizations we knew to be defunct before we started the initiative, a total of 18 percent of the 108 organizations in the pool of noncompliant organizations involved with our project are known to be defunct. Most likely some of the 20 nonprofits we were unable to establish contact with and that did not subsequently file Forms 990 or 990-N may also be defunct.

Compliant Organizations

In order to discover whether organizations included in our initiative maintained their exempt status, we rechecked the IRS website in late November[24] and again in June 2011 to determine how many had filed Form 990-N. We also checked the IRS "Search for Charities" website,[25] which was updated on June 10 to see whether any of our nonprofits were still included there. However, we relied mainly on the June 2011 IRS listing of nonprofits that have had their tax-exempt status revoked because they failed to meet the new reporting requirements to see if any of our organizations were included in that listing. If so they were flagged as having their status revoked.

As Figure 12 shows, 38 percent (41 organizations) were compliant, e.g., had filed one of the Forms (990 or 990-N), up from 9 percent (ten organizations) before we started our outreach efforts. However, 45 percent of the 108 organizations (representing 49 organizations) had not filed and another 17 percent were known to be defunct and therefore would not be expected to file.

Of course, we do not know that our initiative was responsible for increasing the number of compliant organizations. Indeed, those we were able to contact most likely might also be established enough to file on time or have stable enough structures to receive IRS mailings. The quantitative evidence is somewhat inconclusive. Figure 13 shows the percentages of organizations that were compliant by June 2011, arranged by whether we were able to contact the organ-

[24] Between October 25 and November 22 only one additional organization (from the "indirect contact" group) appeared on the IRS list of those that had filed the 990-N e-Postcard.

[25] Publication 78 was updated on June 10, 2011 to remove organizations appearing on the Auto-Revocation List posted on June 8, 2011. We checked the listing on June 13, 2011 on the assumption that it was accurate as of that date.

izations or not. Figure 14 shows the same data, but presents the raw number of organizations rather than the percent distributions.

Figure 12 - Filing Status of Noncompliant Organizations (n=108)

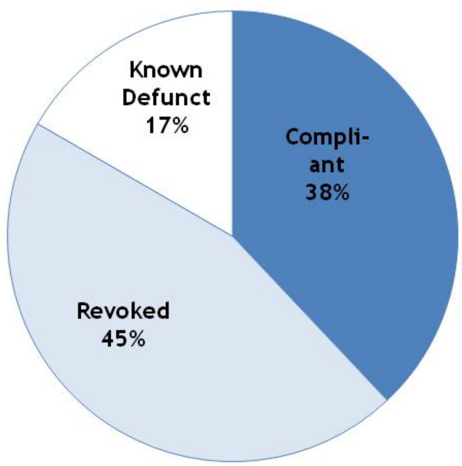
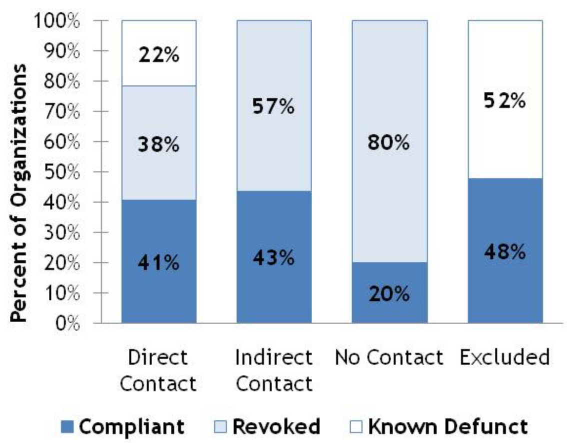


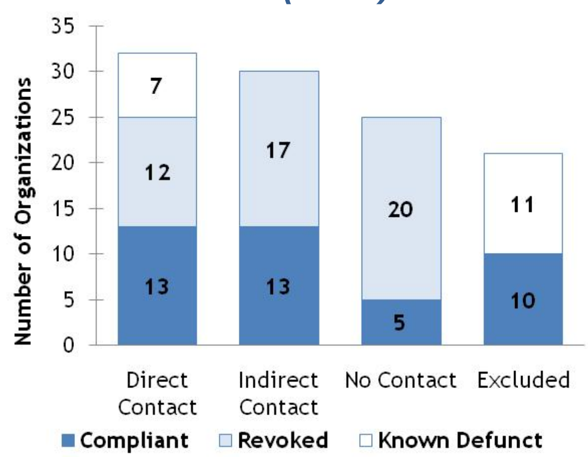
Figure 13 - Percent Filing by Contact Status (n=108)



As Figure 13 shows, 41 percent of those with whom we established direct contact complied with the regulation, compared to 43 percent of those we were only able to leave voicemails or emails for (indirect contact), but only 20 percent of those we were unable to reach at all (no contact).

These differences are borderline statistically significant if we compare the percentages of those that filed across all three forms of contact (the first three bars),[26] but not if we compare the filing status of just those with whom we had direct and indirect contact (the first two bars), excluding those we were unable to contact in any way.[27]

Figure 14 - Number Filing by Contact Status (n=108)



We have somewhat more conclusive evidence from our notes of conversations with representatives of the 25 organizations that we were able to reach directly (and that were not defunct). Most were either unaware of the IRS changes or did not think

[26] Excluding defunct organizations from the analysis, the Chi-square value for filed vs. not filed by three types of contact status is 5.82 with 2 degrees of freedom (borderline significant at the.055 level or better). If we combine defunct organizations with those that did not file, the chi-square value drops to 3.78 with 2 degrees of freedom and is not significant (Chi-square results retrieved from http://people.ku.edu/~preacher/chisq/chisq.htm).

[27] Excluding defunct organizations from the analysis, the Chi-square value for filed vs. not filed by direct and indirect contact status is .41 with 1 degree of freedom (not significant). The Chi-square value is even smaller (and not significant) if we repeat the analysis, but combine defunct organizations with those that did not file.

the changes applied to their organization. In fact, almost half (twelve of the 25 organizations) said they had no idea that they needed to fill out the e-Postcard in order to maintain their organization's tax-exempt status.

Four others said they did not think the e-Postcard filing requirement applied to them because they filed tax forms with the IRS on a yearly basis. We do not know if the tax forms they referred to were Form 990 (in which case they would be compliant with the new law) or whether these were forms for reporting employee wages and income tax-withholding. The latter are unrelated to organization's tax-exempt status and suggest confusion about the various types of legal status that may apply to nonprofits.[28]

One individual was under the impression that his organization did not need to fill out the form because it was a veteran's organization and received its money from the government. Another individual explained that his organization was in "limbo" and that he wanted to get it "back up and running" in the future, but did not think he needed to fill out the e-Postcard since the organization was not currently active.

Many of the people we contacted who had not filled out the form seemed to be genuinely troubled by the notion that their organization could lose its tax-exempt status and seemed motivated to make sure it did not happen. All but one said they would fill out the form right away. This individual said he really doubted the IRS would take the time to figure out who had filed and who had not, so he had not decided whether he would make the effort.

However, none of our conversations generated likely explanations for why 12 of those we had direct contact with still ended up having their exempt status revoked. Only one person did not have Internet access and expressed discomfort with filling out a form online. Moreover, the thrust of conversations we had with ten people who were on record as having submitted the form by the end of October did not differ noticeably from those we had with others that did not file.

Some organizations that we had only indirect contact with (e.g., we left a voicemail, but the organization did not return the call) filled out the form subsequently. But since we had no direct contact with them, we do not know whether they were aware of the new requirement beforehand and our call simply reminded them to file, whether they had already filed by the time we called but had not yet appeared on the IRS list of newly filed organizations, or whether they had no knowledge of the new requirement but simply followed our instructions for filling out the form. We note also that five of the 25 organizations we could not reach at all did file on time and maintained their tax-exempt status.

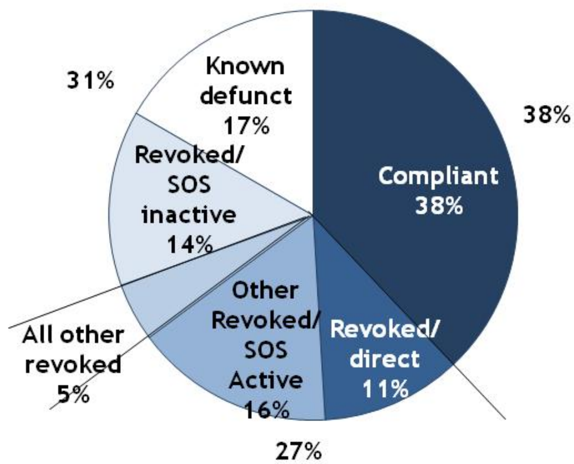
Active Organizations

To determine how many of the organizations that had not filed Form 990-N were in fact still active, we made a final effort to determine whether they might be in operation. To do so, we checked all those that we could not confirm having filed Form 990-N against the Indiana Secretary of State's listing of nonprofit organizations incorporated in Indiana. We completed this effort in December 2010, that is, after the October

[28] However, failure to report (and pay) wage and income tax withholding would make these organizations noncompliant with IRS requirements and render them subject to penalties and fines and could endanger their tax-exempt status.

15, 2010 deadline for filing Form 990-N. We checked the full listing also against the June 2011 revocation list of those that had lost their tax-exempt status. Figure 15 shows the result.

Figure 15 - Percent Distribution by Estimated Current Active Status (n=108)



As figure 15 shows, of the 108 nonprofits on our original list of noncompliant entities almost two-fifth (38 percent) maintained their tax-exempt status, e.g., they were not included on the revocation list released by the IRS in June 2011. That is notably higher than the 22 percent on the Indiana list of noncompliant, "at-risk" organizations identified in June 2010. The higher percentage that maintained their tax-exempt status among our organizations may reflect the fact that their very participation in our surveys meant that they were active fairly recently. Our outreach efforts may also have been a factor.

We believe almost a third (31 percent) of our 108 nonprofits may be defunct, either because we have had contact with someone who told us that was the case (17 percent) or because the organization has failed to maintain its active incorporation status with the Indiana Secretary of State (14 percent). We have no further information about another 5 percent.

However, we believe that at least a quarter (27 percent) of our 108 nonprofits are still active, either because we had direct contact with someone affiliated with the organization who told us it was still in existence (11 percent), or because the organization has maintained its incorporation status with the Indiana Secretary of State (16 percent). This group accounts for 43 percent of the 67 nonprofits on our list which had their tax-exempt status revoked by the IRS.

VI. Conclusion and Policy Implications

Our report reveals several key findings about Indiana nonprofits that had their tax-exempt status revoked by the IRS because they failed to meet the new filing requirements mandated by the 2006 Pension Protection Act.

Some 9 percent of Indiana nonprofits that were included on IRS published lists of tax-exempt organizations in April 2010 (before the May 17, 2010 deadline for meeting the new filing requirements) lost their tax-exempt status. Other estimates of 17 percent nationally exaggerate the loss because almost half of the revoked nonprofits had already been omitted from the published list of exempt entities by April of 2010.

Cemeteries, social welfare (advocacy) nonprofits, and business groups had the highest revocation rates. Losses were also disproportionately high for human service and environmental/animal nonprofits; for small nonprofits; and for those that had obtained their exempt status fairly recently. Charities had revocation rates that were slightly below the overall average.

Fraternal societies operating under the lodge system, veterans groups, and other nonprofits with close connections to national or regional headquarter organizations were most successful in avoiding revocation of their tax exempt status, given relatively high percentages that had been at-risk of losing their tax exempt status.

These findings raise important questions: were the 275,000 nonprofits nationally that had their status revoked in fact defunct or just uninformed and/or confused about IRS regulations? Our initiative sought to explore this question.

Of the almost 7,000 Indiana nonprofits on the IRS list of noncompliant organizations as of June 30, 2010, 108 had participated in one or more of our surveys of Indiana nonprofits, including 79 organizations that had completed our 2002 survey. Appendix B shows how these 79 organizations compare to other IRS registered organizations that also completed this survey. They were disproportionately mutual benefit or secular nonprofits, young, with low revenues. They also had relatively few employees or small boards, were less involved in networks or collaborations, and more likely to lack access to key information technology. In short, they were (at least in 2002) exactly the type of organization that might be less likely to know about important changes in federal regulations.

By the time we began outreach efforts to our 108 nonprofits in late July 2010, we discovered that 19 percent had either already filed the new form or were known to us as being defunct from our prior project work (split about half and half between the two groups). We were able to contact 30 percent directly and another 28 percent indirectly by mid-October 2010, but could not locate the final 23 percent.

Our efforts illustrate the very problems the IRS encountered as it sought to reach out to organizations at-risk of losing their tax-exempt status: outdated and/or inaccurate contact information. That is not surprising since many small nonprofits rely entirely on volunteers to carry out their activities and have no permanent organizational address.

By cross-checking our list against the June 2011 list of organizations that have had their tax-exempt status revoked because they have failed to meet the IRS reporting requirements, we find that 38 percent of our original 108 organizations appear to have maintained their tax-exempt status, but the rest had not, including 27 percent that we have reason to believe are still active. We also confirmed that some of the noncompliant organizations were in fact defunct (17 percent). Another 14 percent were likely to be defunct as well since they had failed to maintain their state incorporation status. We have no information about the last 5 percent.

Organizations that have lost their exempt status do not need to close their doors, but if they continue to operate with their current IRS status, they must begin to file federal income tax returns (Form 1120 or variants of it) and pay all applicable federal taxes.[29] Those previously eligible to receive

[29] Unless exempt under section 501 all domestic corporations must file an income tax return (Form 1120 or a special return) whether or not they have taxable income. A domestic entity electing to be classified as an association, tax-

tax deductible contributions (e.g., charities) have lost that privilege and charitable contributions to them are no longer tax-deductible for the donors. They must also file Schedule N of Form 990 with the IRS and document that all assets have been distributed for an exempt purpose as described in section 501(c)(3) or to a unit of government for a public purpose. Some states require similar disclosures.

Otherwise, revoked organizations must apply for tax exempt status all over again and pay applicable fees of $400 to $850, depending on the amount of revenues (the revocation decision cannot be challenged in court[30]). Some may be eligible for retroactive reinstatement, but apply for that within 15 months of receiving the revocation letter (or public posting of the revocation list). They must also demonstrate reasonable cause for not filing the past three years, certify that they took all possible action to meet IRS filing requirements, and document procedures that will prevent future filing mishaps. Finally, they must file tax forms for the three years in question.

Of course, the IRS is well aware that some nonprofits – particularly very small organizations – might have missed mailed notices and other public announcements about the revocation. These organizations (e.g., those with less than $50,000 in gross receipts) are eligible for a reduced application fee ($100) if they re-apply by December 31, 2012.

The new e-Postcard requirement will clean up the IRS list of tax-exempt organizations by ensuring that the IRS and the general public has accurate and up-to-date contact information for these organizations. From one perspective, it is appropriate to revoke the privilege of tax-exempt status for entities that are unable to fill out an 8-item form to confirm their existence.

However, it is also important to note that these are mainly all volunteer organizations and that they are one of the major mechanisms by which people become involved in their communities. The Pension Protection Act of 2006 may therefore have had the unfortunate consequence of discouraging civic engagement and reducing opportunities for strengthening social capital.

Many of these all-volunteer nonprofits will now have to re-apply for tax-exempt status, file tax returns as for-profit entities, operate without formal IRS status, or disband. Indeed, our analysis raises many concerns about the complexity of nonprofit regulations. It is easy to see how small, all-volunteer organizations, lacking effective (electronic) communication networks or well-connected board members can get confused about differences between state and federal legal status. Clearly, many such nonprofits ran afoul of changes in federal reporting requirement brought about by the Pension Protection Act of 2006.

We hope state and federal regulators will make concerted efforts inform newly established nonprofits of the need to track regulatory developments at all levels of government. Those of us involved in training nonprofit managers or board members should help insure that these individuals – and the general public – develop a much better understanding of the full scope of regulatory systems affecting nonprofits in the United States.

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able as a corporation, must also file Form 8832 (Entity Classification Election) and attach a copy to Form 1120 (or the applicable return). See www.irs.gov/instructions/i1120/ch01.html#d0e211.

[30] Section 7428(b)(4) of the Pension Protection Act of 2006.

Appendix A
Nonprofit Legal Status: An Overview

Disclaimer
Please note: this Appendix does NOT constitute legal advice. As always, consult your own legal counsel for specific circumstances that may apply to your organization. We provide here only a basic overview of nonprofit legal status.

Introduction
The distinction between obtaining tax-exempt status under section 501(c) of the Internal Revenue Code as administered by the IRS and securing status as a not-for-profit incorporation at the state level is often confusing. The fact that some (but not all) tax-exempt organizations also are eligible to receive tax-deductible contributions further complicates these definitions. So do tax-exemptions conferred directly by state and/or local government and other regulations that these latter units of government may impose. Not only is the general public often confused about such distinctions, but so are many staff and board members of nonprofit organizations! Here we provide a basic overview of some key definitions and criteria.

Federal Government
At the federal level, nonprofit legal status is primarily administered by the IRS.

- *Federal Employer Identification Number*: A nonprofit organization may request a Federal Employer Identification Number (FEIN, or EIN for short) from the IRS by filing Form SS4 with the IRS. The form has a box for indicating that the application is submitted by a church or other nonprofit organization. This will allow the organization to open bank accounts, withhold and submit income taxes for employees, and carry out other financial activities. It is also a precondition for seeking status as a tax-exempt organization.

- *Federal Tax-Exempt Status:* After a nonprofit has obtained its FEIN, it may apply to the IRS for tax-exemption under Internal Revenue Code 501(c) and pay the applicable fees ($400 - $850).

  There are two forms by which to secure tax-exempt status: Form 1023 is used if the organization wishes to be recognized as a charity, eligible to receive tax-deductible contributions. Form 1024 is designed for all other nonprofits. They may be registered under one of the many other sub-sections of the Internal Revenue Code, such as social welfare (advocacy) organizations (c)(4), labor unions (c)(5), business leagues (c)(6), hobby or recreation groups (c)(7), fraternal organizations operating under the lodge system (c)(8) or (c)(10), cemeteries (c)(13), or war veterans organizations (c)(19) or (c)(23).

  If the exemption is granted, the organization is included on the Exempt Organizations Master File (EOMF, also referred to as the Business Master File, or BMF for short) that the IRS updates regularly and posts on its website. The IRS advises donors to consult this listing to verify the tax-exempt status of organizations they are considering for tax-deductible gifts.

In turn, the newly recognized exempt organization receives a "Ruling Letter" that designates its tax-exempt status, specifies the sub-section of the tax code under which it has secured its tax-exempt status, and the date on which the ruling is effective. Nonprofits are not required to be incorporated at the state level before obtaining tax-exempt status, although many are.

However, not all nonprofits are required to secure official tax-exempt status from the IRS. Churches and similar organizations (such as apostolic orders) are presumed to be tax-exempt charities without registering with the IRS as such (reflecting the official separation of church and state in the U.S.). Government organizations are also presumed to be tax-exempt charities without securing official tax-exempt status, although some do obtain it. Very small organizations (those with annual revenues below $5,000) are also not required to go through the expensive process. Neither are homeowners associations, block clubs, political parties, or organizations using another tax-exempt organization as a fiscal agent, regardless of size. All other nonprofits that fail to register with the IRS will be considered and treated as for-profit organizations for tax purposes.[31]

- *IRS Filing Requirements*: All exempt organizations are now required to file information annually with the IRS to maintain exempt status. Private foundations must file 990-PF with details about investment and grant-making activities. Other exempt organizations with revenues at or below the specified threshold ($25,000 through tax year 2009, then $50,000 for tax years 2010 and later) must now file Form 990-N. This is a new requirement mandated by the Pension Project Act of 2006 and the subject of this report. This form requires no financial information other than a box to check if total revenues are at or less than the threshold.

  All other exempt organizations must file detailed financial information on Form 990 (or Form 990-EZ for those with less than $200,000 in annual revenues for tax year 2010 or later). The various Form 990s are either new (990-N) or have been substantially revised by mandate of the Pension Protection Act of 2006.[32] Some observers (most notably the National Center for Charitable Statistics) refer to organizations that are required to file some level of detailed financial information on Form 990 as "filers" or "reporting organizations." Exempt entities that cease operations must file Schedule N of form 990 to document the disposition of assets.

  Eligibility for Tax-deductible Contributions: A subset of organizations exempt from federal income tax are eligible to receive contributions that are tax-deductible for individuals (income or

[31] For more information about tax-exempt status, see www.irs.gov/charities/charitable/article/0,,id=122670,00.html, www.stayexempt.irs.gov and www.irs.gov/pub/irs-pdf/p4221pc.pdf. For information about U.S. (for-profit) corporate income taxes and Form 1120, see www.irs.gov/instructions/i1120/index.html.

[32] For information on filing requirements and the phase-in process, see www.irs.gov/charities/article/0,,id=184445,00.html.

estate taxes) or corporations (corporate income taxes) as defined under Section 170 of the IRS tax code. This includes most notably organizations recognized under subsection 501(c)(3) of the tax code because they meet one of the specified exempt purposes of the code: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. These organizations are prohibited from engaging in political partisanship or substantial lobbying. If they go out of business, they must also document (on Schedule N) that all assets have been distributed for an exempt purpose as described in section 501(c)(3) or to a unit of government for a public purpose. Some states require similar disclosures.

In this context, "charitable" refers to such activities as relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.[33]

Nonprofits registered under some of the other subsections of 501(c) are also eligible to receive tax-deductible contributions. This includes war veterans organizations (c)(19) or (c)(23); cemeteries (c)(13), unless the gift can be used for the care of a specific lot or crypt; and fraternal organizations operating under the lodge system (c)(8) or (c)(10), but only if the gifts are dedicated to "charitable" purposes, as defined above.

- *Charities – Public Charities and Private Foundations:* Organizations registered under sub-section 501(c)(3) are further classified as public charities or private foundations. Public charities include hospitals, schools, colleges and universities, churches, and those that receive contributions from many sources (the general public, governmental agencies, corporations, private foundations or other public charities), earn income directly related to the organization's exempt purposes, or actively support one or more existing public charities.

  By contrast, private foundations typically have a single major source of funding (endowments or gifts from one family or corporation rather than funding from many sources). Most also have as their primary activity the making of grants to other charitable organizations and to individuals, rather than the direct operation of charitable programs (the latter are commonly referred to as "operating foundations"). The tax treatment of gifts to public charities is more advantageous for taxpayers than are gifts to private foundations.[34]

[33] For more specific language, see www.irs.gov/charities/charitable/article/0,,id=175418,00.html. See also www.irs.gov/pub/irs-pdf/p526.pdf for more information.

[34] For information about the federal tax-treatment of charitable contributions to different

State and Local Government

States vary in how responsibilities for monitoring and regulating nonprofit organizations are allocated among state and local government. They also vary in which administrative offices are responsible for particular functions

- *State Incorporation*: An organization may incorporate as a not-for-profit organization by filing appropriate documents with the state in which it plans to do business (usually the Secretary of State's office). To do so, the organization must have certain structures in place (e.g., bylaws, board of directors, etc.), but these requirements vary from state to state.

  Incorporation is voluntary and organizations may incorporate in several states, but incorporation is subject to annual filing requirements and fees in each state. The process establishes the organization as a legal entity with rights and responsibilities under state law and protects the organization's name. As noted above, organizations are not required to incorporate before seeking status as a tax-exempt organization under federal law, but many do.[35]

- *State and Local Tax Exemptions:* States and units of local governments that rely on income, sales, or property taxes may grant exemption from these taxes to nonprofit organizations using either their own criteria or piggy-backing on those used by the IRS for exemption from federal income taxes.[36]

- *State Registrations and Regulations*: Some states (but not Indiana) require nonprofits that solicit or manage charitable funds in the given state to register and/or file annual reports with state charity officials, regardless of whether the organization is domiciled in the state (see "Information for Charities" at www.nasconet.org/).[37] Other regulations and registration requirements may also apply. For example, some states (including Indiana) require charities that engage in charitable gaming (e.g., raffles, bingo games, lotteries) to register with designated government agencies.[38] Some states (including Indiana) also require paid professional fundraisers to register with designated state agencies.[39]

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types of exempt organizations, see www.irs.gov/pub/irs-pdf/p526.pdf.

[35] For information about incorporating as a nonprofit entity in Indiana, see www.in.gov/sos/business/2426.htm. For information about annual reports to maintain incorporation status in Indiana, see www.in.gov/sos/business/2427.htm.

[36] For information about Indiana tax exemption and reporting requirements, see https://forms.in.gov/Download.aspx?id=9324.

[37] Special guidelines hold for organizations that solicit or receive charitable contributions via the internet (see "The Charleston Principles" at www.nasconet.org/wp-content/uploads/2011/05/Charleston-Principles-Final.pdf).

[38] For information about qualifying for and securing a charitable gaming license in Indiana from the Indiana Gaming Commission, see www.in.gov/igc/2482.htm.

[39] Indiana does not require charitable organizations to register or report, nor does it require charities to report on their use of professional solicitors. However, professional fundraiser consultants and solicitors must register with the Indiana State Attorney General's office. For more information, see www.in.gov/attorneygeneral/2379.htm.

Appendix B

Indiana Nonprofit Survey, 2002: Comparison of IRS Noncompliant Organizations with Other IRS-Registered Nonprofits

Our 2002 survey of Indiana nonprofits included 79 responding organizations that appeared on the IRS list of organizations had failed to file a Form 990 (990, 990-EZ, or 990-N) between January 1, 2007 and June 30, 2010. To see what we could learn about the types of organizations at risk of losing their exempt status, we compared the 79 to 774 other survey respondents that were also registered with the IRS at the time the survey was completed in 2002. We summarize these findings here.

Types of Nonprofits

As Figure B1 shows, noncompliant organizations differ significantly from other IRS-registered nonprofits in 2002. They were almost twice as likely in 2002 to be mutual benefit nonprofits compared to other IRS registered nonprofits (16 vs. 9 percent) and about one-third as likely to be religion-related (4 vs. 11 percent).

Figure B.2 shows that noncompliant organizations were notably less likely to be registered as charities under sub-section 501(c)(3) than their counterparts (26 vs. 62 percent). By the same token, they were more likely to be registered as pleasure, recreational, and social clubs (subsection (c)(7), 9 vs. 4 percent), domestic fraternal societies (subsection (c)(10), 5 vs. 2 percent), or cemeteries and burial societies (subsection (c)(13), 5 vs. 1 percent).

Figure B1: Percent by Type of Organization (National Taxonomy of Exempt Entities in 2002) by 2010 Compliance Status

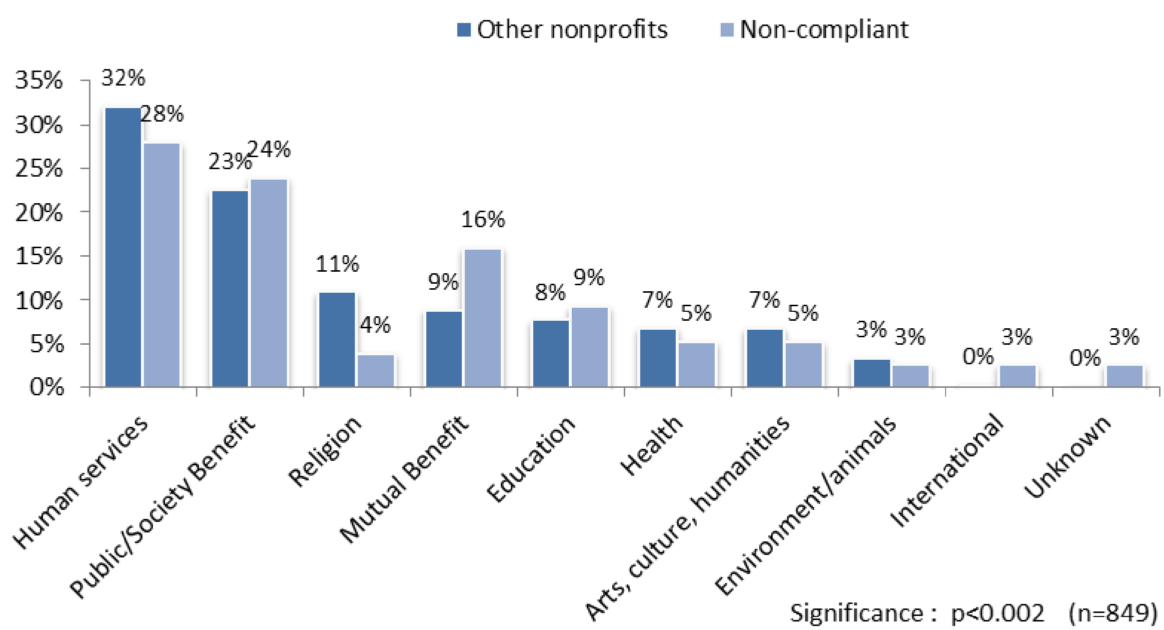
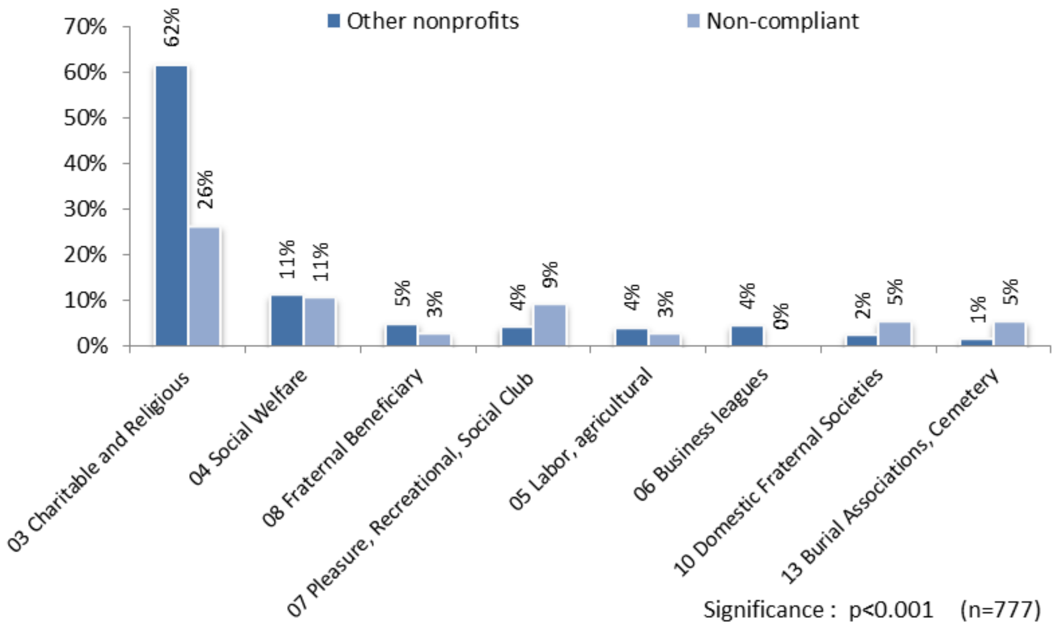


Figure B2: Percent by Type of Organization (Sub-Section Codes in 2002) by 2010 Compliance Status



Age and Size

As expected, noncompliant organizations are generally younger and smaller than their counterparts. Figure B3 shows that fewer noncompliant organizations were established prior to 1930 (11 vs. 20 percent) and more during the 1990s (28 vs. 18 percent) or later (9 vs. zero percent) than other IRS registered nonprofits (in 2002).

As Figures B4 and B5 show, noncompliant organizations were also smaller than their counterparts. Figure B4 shows that fully 72 percent reported (in 2002) that they had total revenues of $25,000 or less, compared to 33 percent of other IRS-registered respondents. Correspondingly smaller percentages of noncompliant organizations reported revenues in excess of $100,000. Similarly, Figure B5 shows that noncompliant organizations were much more likely to report no assets (27 vs. 12 percent) or assets less than $25,000 (55 vs. 30 percent) in 2002. Correspondingly smaller percentages report assets above $25,000.

Figure B6 shows that noncompliant organizations were also much less likely to report they had any paid staff in 2002 than their counterparts (19 vs. 55 percent). Among those that did have any paid staff, the median number of full-time equivalent staff members for noncompliant organizations at that time was also lower (4.5 vs. 1.0).

Other Characteristics

We also examined other characteristics that we thought might be of interest: using and relying on volunteers, board vacancies, number of board members, involvement in collaborations with other organizations, and access to information technology (all as reported in 2002). Of these, using volunteers, the degree to which organizations rely on volunteers to carry out the work of the organization, and having any board vacancies do not differ between compliant and noncompliant organizations, but the remaining characteristics do.

Figure B3: Percent by Year Established (in 2002) by 2010 Compliance Status

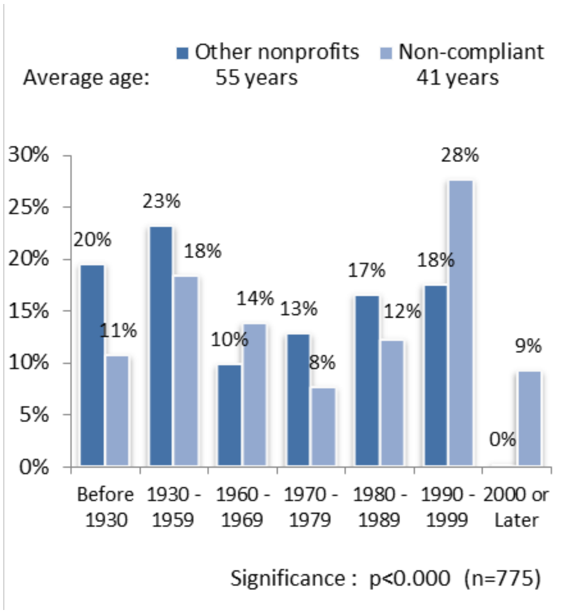


Figure B4: Percent by Size of Annual Revenues (in 2002) by 2010 Compliance Status

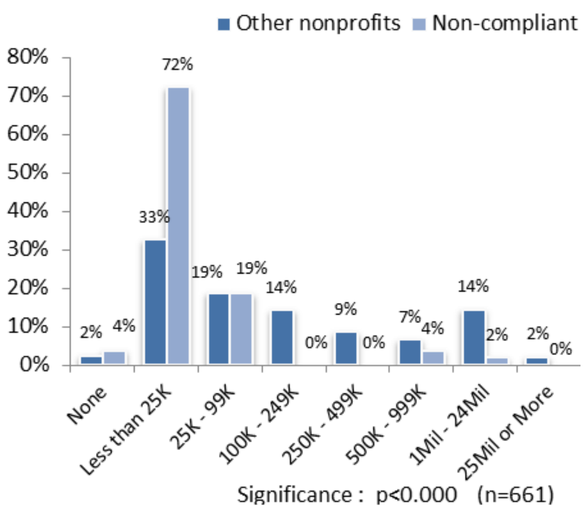


Figure B7 shows that noncompliant organizations have fewer board members than their IRS-registered counterparts, suggesting that they have fewer people to fall back on if or when board members die, move away, become ill, or resign for other reasons.

Figure B5: Percent by Size of Total Assets (in 2002) by 2010 Compliance Status

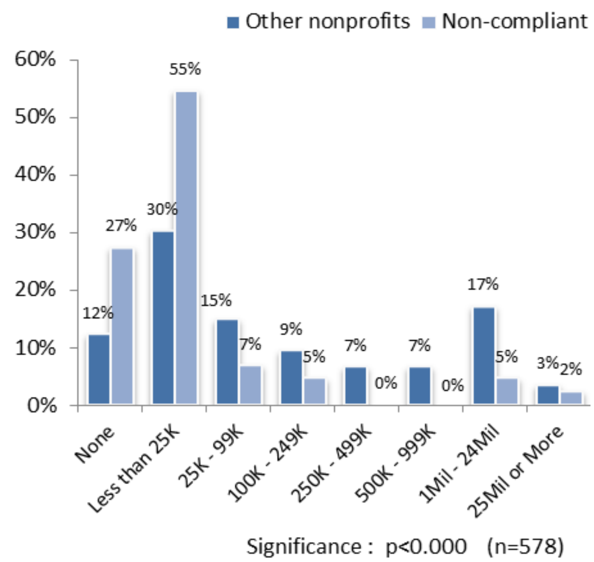


Figure B6: Percent with Any Paid Staff and Median Number of Full-Time Equivalent Employees (in 2002) by 2010 Compliance Status

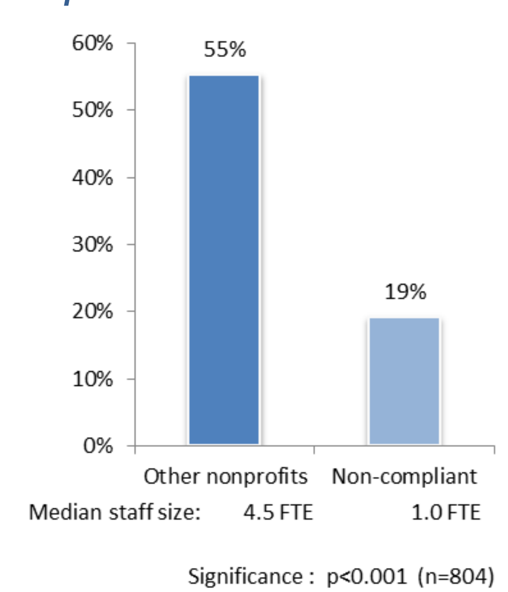
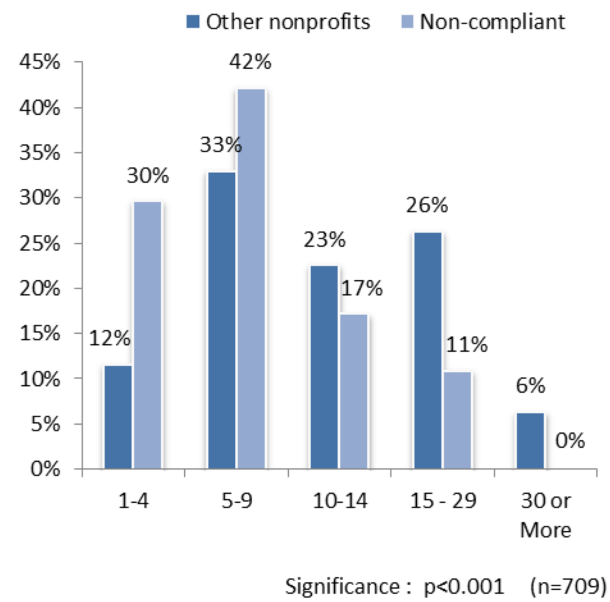


Figure B8 shows that noncompliant organizations were less likely to be involved in any collaborations or networks (64 vs. 42 percent) than their counterparts. We speculate that organizations which interact more with other organizations are more likely to know about the new requirements than more isolated organizations.

Figure B7: Percent by Size of Board (in 2002) by 2010 Compliance Status



Finally, Figure B9 shows that noncompliant organizations were notably less likely (in 2002) than other IRS-registered nonprofits to have access to such key information technologies as direct internet access for key staff and volunteers (41 vs. 58 percent), an email address for the organization (35 vs. 53 percent), and a website for the organization (25 vs. 44 percent). While it is likely that many of these organizations (whether compliant or not) would have acquired some of these resource in the intervening period, these patterns are interesting considering that the new Form 990-N must be submitted online.

Figure B8: Percent Involved in Formal Collaborations and/or Informal Networks (in 2002) by 2010 Compliant Status

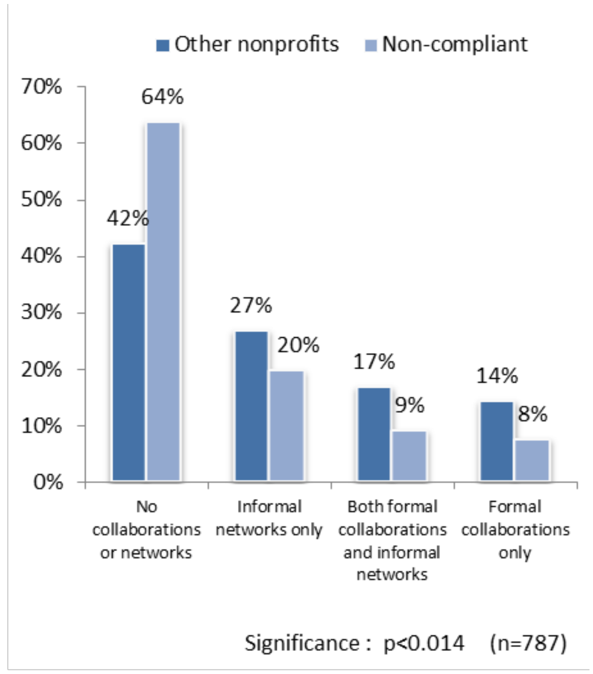
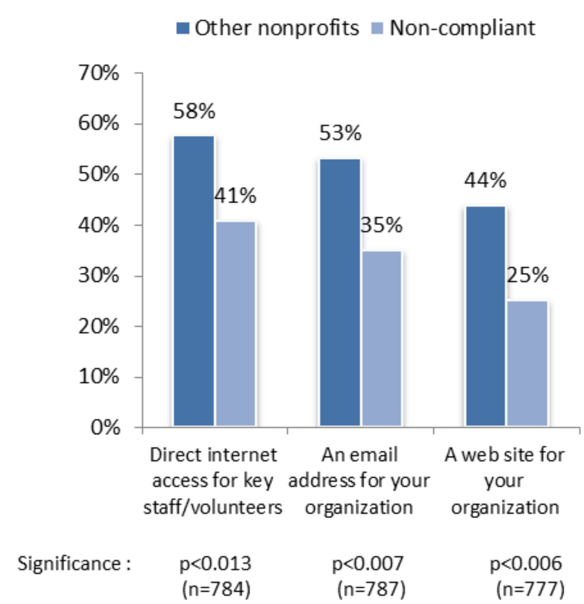


Figure B9: Percent with Key Information Technology Resources (in 2002) by 2010 Compliance Status



Appendix C

Comparison of Indiana Nonprofits Listed on the April 2010 IRS Business Master File, Indiana Nonprofits Listed on the June 2010 "At-Risk" File, and Indiana Nonprofits Listed on the June 2011 Revocation File

The list of nonprofits that had their tax-exempt status revoked included very little information other than the name (abbreviated), address, EIN, and subsection of the IRS Code 501(c) under which the organization had been registered. The full Business Master File (BMF) has considerably more information (the initial list of "at-risk" nonprofits did not include the subsection codes). We present here what we found when we began the technical work of comparing the revoked organizations to those initially included on the "at-risk" file and to those that were on the BMF in April 2010, shortly before the May 17 deadline for filing Form 990-N.

To do so, we first merged the revocation list for Indiana (6,152 nonprofits) with the 6,950 Indiana nonprofits that were initially included on the noncompliant ("at-risk") list released in June 2010, using the EIN as the matching key. We found that 5,417 nonprofits (or 78 percent) of the "at-risk" were also on the revocation list, indicating that 1,533 (22 percent) had filed the required forms in time.

However, the revocation list included another 735 nonprofits that had not been included on the "at-risk" list, so that the combined listings had 7,685 nonprofits. One-fifth (20 percent) of these maintained their tax-exempt status; the rest lost it. When we merged this combined list with the full BMF for Indiana as of April 2010, we found that 2,962 nonprofits on the combined listing had not been included on the BMF. In fact, as Table C1 shows, only 64 percent of the nonprofits "at-risk" were included on the April 2010 BMF, as were 55 percent of those on the revocation list.

Table C1 - Status of Indiana "At-Risk" and Revoked Entities by Inclusion on the April 2010 BMF

		Status of "At-Risk" and Revoked Entities						
		At-Risk," Filed	"At-Risk," Revoked	Not "At-Risk," Revoked	Not "At-Risk," Not Revoked	Total	All "At-Risk"	All Revoked
BMF 2010 Status	Not included	191	2,297	474	-	2,962	2,488	2,771
	Included	1,342	3,120	261	32,818	37,541	4,462	3,381
	Total	1,533	5,417	735	32,818	40,503	6,950	6,152
		Percent by BMF 2010 Status				Total	All "At-Risk"	All Revoked
BMF 2010 Status	Not included	6%	78%	16%	0%	100%	36%	45%
	Included	4%	8%	1%	87%	100%	64%	55%
	Total	13%	4%	2%	81%	100%	100%	100%

We focus here on which types of nonprofits included on the April 2010 BMF were most likely to be included also on the "at-risk" and to have their tax-exempt status subsequently revoked. As noted above, of the 37,541 nonprofits on the April 2010 BMF, 12 percent (4,462 nonprofits) were also included on the June 30, 2010 list of nonprofits "at-risk" of losing their exempt status unless they filed form 990-N by October 15, 2010. Subsequently, 9 percent (3,381 nonprofits) of the 37,541 April 2010 BMF had their exempt status revoked.

Types of Nonprofits

For the nonprofits on the BMF for April 2010 that were at "at-risk" and/or revoked, we have information about their major field of activity as classified by the National Taxonomy of Exempt Entities (NTEE) and can therefore compute what percent of organizations of each type were at-risk and/or revoked. As Figure C.1 shows, mutual benefit organizations had the highest rate of being at risk of losing tax exempt status (17 percent), but less than half that percentage (8 percent) actually had their status revoked. The gap between the two rates is also fairly high for arts, culture and humanities nonprofits (15 vs. 11 percent). Religious nonprofits had both the lowest rates of being at risk (4 percent) and of having their status revoked (3 percent).

Figure C2 shows a similar analysis by subsection of the IRS code 501(c) under which the "at-risk" and revoked nonprofits were registered. As the figure shows, fully 25 percent of cemeteries, 20 percent of veterans groups, 19 percent of social welfare (advocacy) nonprofits, and 17 percent of fraternal organizations operating under the lodge system were at risk of having their status revoked. Of these, fraternal organizations were most successful in avoiding revocation, while social welfare (advocacy) groups were the least successful.

Figure C1 - Percentages of Indiana Nonprofits on the April 2010 Business Master File (n=37541) "At-Risk" (n=4,462) and Revoked (n=3,381) by Type of Organization (National Taxonomy of Exempt Entities)

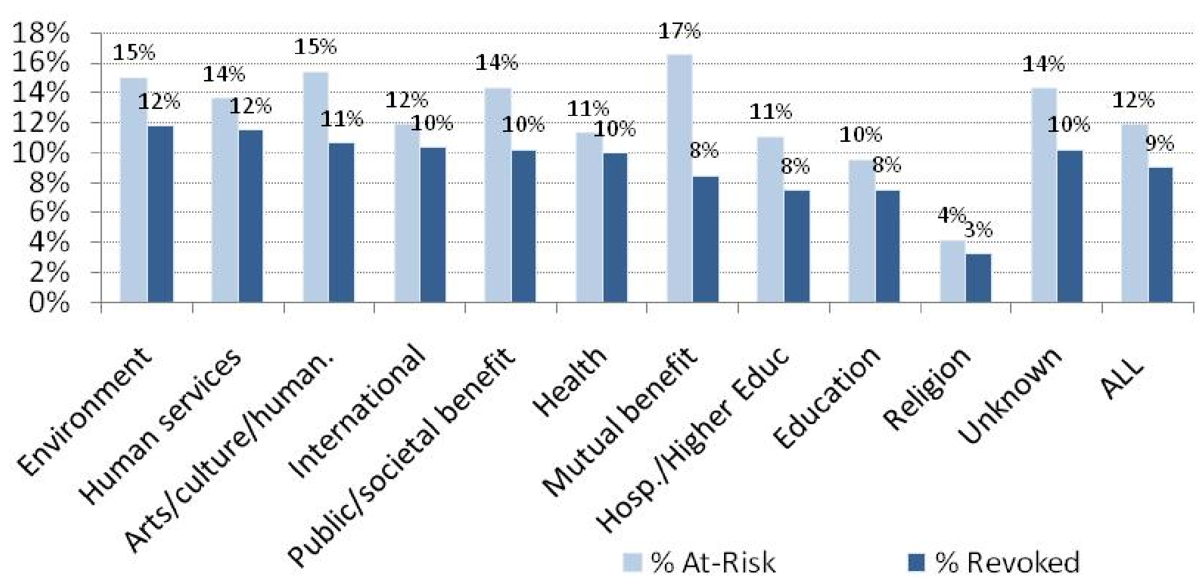
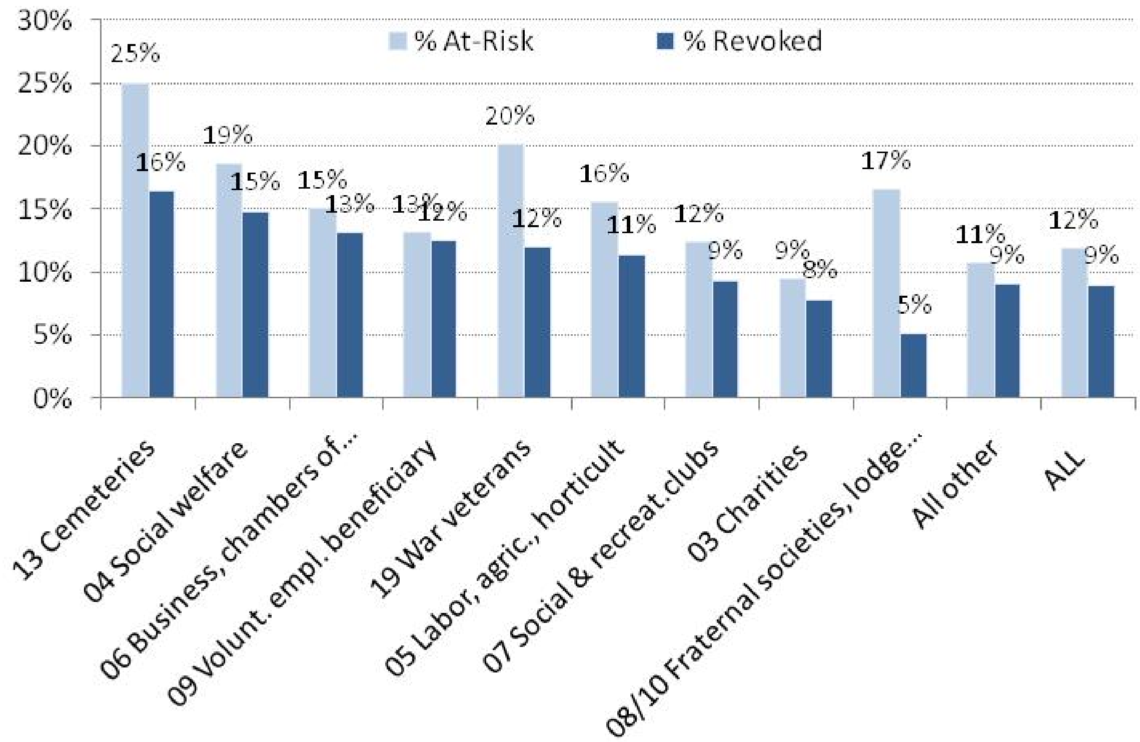


Figure C2 - Percentages of Indiana Nonprofits on the April 2010 Business Master File (n=37541) "At-Risk" (n=4,462) and Revoked (n=3,381) by type of Exempt Status under IRS Sub-Section 501(c)



As Figure C3 shows, 9 percent of nonprofits registered with the IRS as part of a group exemption were at risk of losing their exempt status, but only 5 percent lost it, suggesting that almost half of those at risk avoided revocation. By comparison, most of those at-risk that were registered as independent organizations or auxiliaries (that is, not part of group exemptions) were revoked (14 percent were at risk and 12 percent had their status revoked, a gap of only two percenttage points).

Age and Size

As Figure C4 shows, nonprofits with ruling dates from the 1990s and 1970s were most at-risk for having their status revoked (16 and 14 percent respectively), but only 9 percent of those registered in the 1970s actually lost their status, compared to 13 percent of those registered in the 1990s.

Figure C3 - Percentages of Indiana Nonprofits on the April 2010 Business Master File (n=37541) "At-Risk" (n=4,462) and Revoked (n=3,381) by Affiliation Status

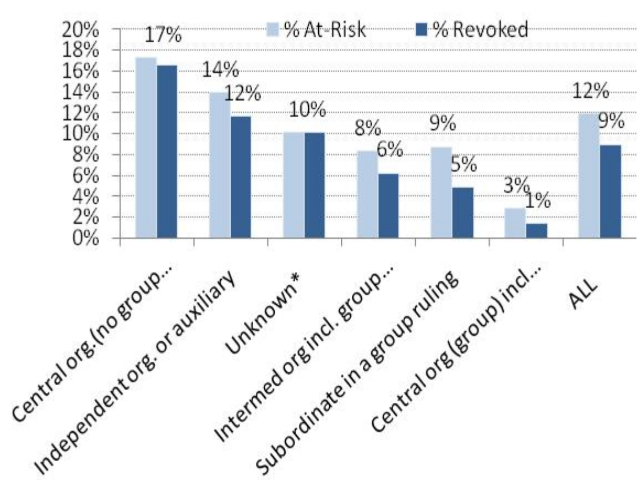
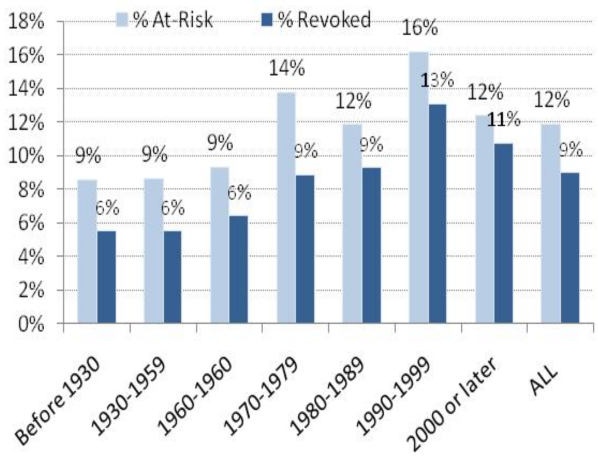
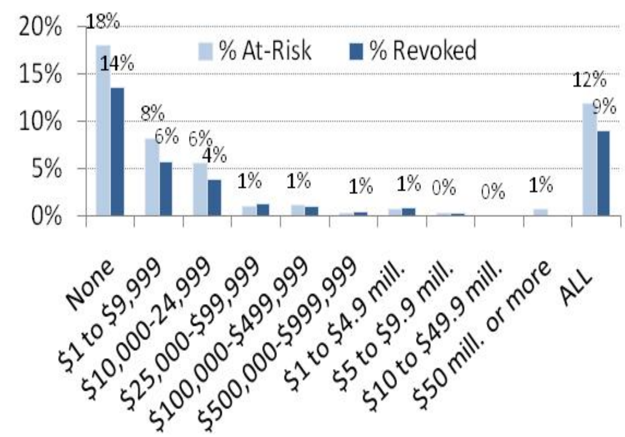


Figure C4 - Percentages of Indiana Nonprofits on the April 2010 Business Master File (n=37541) "At-Risk" (n=4,462) and Revoked (n=3,381) by Year of IRS Ruling



Finally, as expected, Figure C5 shows that nonprofits that have not filed financial information with the IRS, presumably because their revenues were $25,000 or less or because they were included in financial reports filed by other nonprofits, were much more likely to be at-risk of having their tax exempt status revoked (18 percent) than those with revenues of more than $25,000 (1 percent or less). They were also correspondingly more likely to have their exempt status revoked (14 percent vs. 1 percent or less).

Figure C5 - Percentages of Indiana Nonprofits on the April 2010 Business Master File (n=37541) "At-Risk" (n=4,462) and Revoked (n=3,381) by Income



Appendix D:

Indiana Nonprofit Sector Project Advisory Board: July 2011

Ellen K. Annala
President & Chief Executive Officer, United Way of Central Indiana

Keira Amstutz
President & CEO, Indiana Humanities Council

David J. Bennett
Executive Director, Community Foundation of Greater Fort Wayne

Roland M. Dorson
President and CEO, Indianapolis Chamber of Commerce

Reverend Charles Ellis
Executive Director, Indianapolis Ten Point Coalition, Inc.

Andy Fraizer
Executive Director, Indiana Association for Community Economic Development

Roger Frick
President, Indiana Association of United Way

John Hamilton
Former Secretary, Indiana Family and Social Services Administration

Gilbert Holmes
Executive Director, Indiana Civil Liberties Union

Jim Huston
Executive Director, Indiana Office of Faith-Based & Community Initiatives

Harriet Ivey
President & CEO, Nina Mason Pulliam Charitable Trust

Sheila Kennedy
Professor, School of Public & Environmental Affairs

Abigail Lawlis Kuzma
Director & Chief Council, Consumer Protection Division, Indiana Office of Attorney General

Dave Lawrence
President & CEO, Arts Council of Indianapolis

Marissa S. Manlove
President & CEO, Indiana Grant-Makers Alliance

Scott T. Massey
President & CEO, Meridian Institute

Thomas P. Miller
President & CEO, Thomas P. Miller and Associates

Fran Quigley
Director of Operations & Development, IU-Kenya Partnership

Lewis Ricci
Executive Director, Indiana Arts Commission

Carol O. Rogers
Deputy Director & Chief Information Officer, Indiana Business Research Center

Patrick Rooney
Executive Director, Center on Philanthropy at Indiana University

Paula Parker Sawyers
Director of Outreach & Partnerships, National Campaign to Prevent Teen and Unplanned Pregnancy

Msgr. Joseph Schaedel
Vicar General, Archdiocese of Indianapolis

Rev. Timothy Shapiro
President, Indianapolis Center for Congregations

William Stanczykiewicz
President & CEO, Indiana Youth Institute

Pamela Velo
Associate Vice President for Donor Services, Central Indiana Community Foundation

Dr. Rev. Angelique Walker-Smith
Executive Director, Church Federation of Greater Indianapolis

Susan Williams
President, Indiana Sports Corporation

Appendix E:

Project Publications and Reports

Over the last several years a number of reports and articles related to the Indiana Nonprofit Sector Project have been published, in addition to papers presented at various colloquiums and conferences. The following citations include project-related reports and papers as of June 2010. Online reports, as well as summaries of all other items are available on the project web site: www.indiana.edu/~nonprof. To obtain a complete version of an unpublished paper please contact Kirsten Grønbjerg (kgronbj@indiana.edu, (812) 855-5971).

Indiana Nonprofit Capacity Assessment Analysis

This survey is designed to develop a better understanding of capacity building and technical assistance needs among Indiana nonprofits. For Phase I, the *Indiana University School of Public and Environmental Affairs* (SPEA) was commissioned by the *Indiana Grantmakers Alliance (IGA)* in collaboration with the Indiana University Center on Philanthropy and *Lumina Foundation for Education* to conduct a survey of Indiana grantees of Lumina Foundation for Education and/or associated members of IGA. A total of 91 charities completed the Nonprofit Capacity Survey, which asks responding organizations to identify their most significant needs in each of seven broad areas of capacity building area and the best ways to address them. For Phase II, SPEA was commissioned by the *Indiana Arts Commission* (IAC) in to conduct a survey of arts and culture grant applicants to the IAC or its regional partners. A total of 385 organizations completed the survey.

Published Articles and Conference Papers

- "Do Organizational Characteristics and Activities Influence Organizational Capacities: An Analysis of Indiana's Nonprofit Sector," by Li Chuan Liu and Kirsten A. Grønbjerg. Paper presented at the ARNOVA Annual Conference, Philadelphia, November, 19-22, 2008.

Online Statewide Reports

- Nonprofit Capacity Assessment: Indiana's Arts and Culture Organizations, Final Report 2010, Nonprofit Capacity Assessment Survey Series, Report #3, Final Report. Kirsten A. Grønbjerg and Kellie McGiverin-Bohan with Jenna Cluver, Suzzy Mangas, and Jessica Wechter. Online report. Indiana Nonprofit Capacity Survey Series, Report #3. June 2010.

- Nonprofit Capacity Assessment: Indiana's Arts and Culture Organizations, 2009, Nonprofit Capacity Assessment Survey Series, Report #2, Preliminary Report. Kirsten A. Grønbjerg and Kellie McGiverin-Bohan with Jenna Cluver, Suzzy Mangas, and Jessica Wechter. Online report. Indiana Nonprofit Capacity Survey Series, Report #2. March 2009. (http://www.indiana.edu/~nonprof/results/npcapacity/charitycapacityassessment.pdf).

- Nonprofit Capacity Assessment: Indiana Charities, 2007, by Kirsten A. Grønbjerg and Laney Cheney, with the assistance of Scott Leadingham and Helen Liu. Online report. Indiana

Nonprofit Capacity Survey Series, Report #1. May 2007 (http://www.indiana.edu/~nonprof/results/npcapacity/charitycapacityassessment.pdf).

2002 Indiana Nonprofit Survey Analysis

This survey of 2,206 Indiana nonprofits, completed in spring and early summer of 2002, covered congregations, other charities, advocacy nonprofits, and mutual benefit associations. It used a stratified random sample drawn from our comprehensive Indiana nonprofit database and structured so as to allow for comparisons among (1) different nonprofit source listings (including those identified through the personal affiliation survey) and (2) twelve selected communities around the state. The survey included questions about basic organizational characteristics, programs and target populations, finances and human resources, management tools and challenges, advocacy activities, affiliations, and involvement in networking and collaboration. An almost identical instrument was used to survey Illinois congregations, charities and advocacy nonprofits for the Donors Forum of Chicago (report available Online at www.donorsforum.org, December, 2003).

Online Statewide Reports

- Indiana Nonprofits: A Portrait of Religious Nonprofits and Secular Charities, by Kirsten A. Grønbjerg, Patricia Borntrager Tennen. Online report. Survey Report #7. June 2006 (http://www.indiana.edu/~nonprof/results/npsurvey/insfaithbased.html).

- Indiana Nonprofits: A Profile of Membership Organizations, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen. Online report. Survey Report #6. September 2005 (www.indiana.edu/~nonprof/results/npsurvey/insmember.html).

- Indiana Nonprofits: Affiliation, Collaboration, and Competition, by Kirsten A. Grønbjerg and Curtis Child. Online report. Survey Report #5. November 2004 (www.indiana.edu/~nonprof/results/npsurvey/insaffil.html).

- Indiana Nonprofits: Managing Financial and Human Resources, by Kirsten A. Grønbjerg and Richard M. Clerkin. Online report. Survey Report #4. August 2004 (www.indiana.edu/~nonprof/results/npsurvey/insman.html).

- Indiana Nonprofits: Impact of Community and Policy Changes, by Kirsten A. Grønbjerg and Curtis Child. Online report. Survey Report #3. June 2004 (www.indiana.edu/~nonprof/results/npsurvey/inscom.html).

- The Indiana Nonprofit Sector: A Profile, by Kirsten A. Grønbjerg and Linda Allen. Online report. Survey Report #2. January 2004 (www.indiana.edu/~nonprof/results/npsurvey/insprofile.html).

- The Indianapolis Nonprofit Sector: Management Capacities and Challenges, by Kirsten A. Grønbjerg and Richard Clerkin. Online report. Preliminary Survey Report #1. February 2003 (www.indiana.edu/~nonprof/results/npsurvey/indymanag.html).

Online Regional Reports

- Scott Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #12, by Kirsten A. Grønbjerg, Abigail Powell and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscomscott.pdf).

- Miami Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #11, by Kirsten A. Grønbjerg, Kerry S. Brock and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscommiami.pdf).

- Dubois Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #10, by Kirsten A. Grønbjerg, Abigail Powell and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscomdubois.pdf).

- Cass Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #9, by Kirsten A. Grønbjerg, Andrea Lewis and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscomcass.pdf)

- Bartholomew Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #8, by Kirsten A. Grønbjerg, Kerry S. Brock and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscombartholomew.pdf)

- South Bend Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #7, by Kirsten A. Grønbjerg, Kerry S. Brock and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscomsouthbend.pdf)

- Fort Wayne Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #6, by Kirsten A. Grønbjerg, Abigail Powell, Andrea Lewis and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscomfortwayne.pdf)

- Indianapolis Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #5, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, November 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscomindianapolis.pdf)

- Evansville Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #4, by Kirsten A. Grønbjerg, Curtis Child and Patricia Borntrager Tennen (Bloomington, IN: Indiana University School of Public and Environmental Affairs, June 2006 (revised November 2006). (www.indiana.edu/~nonprof/results/npsurvey/inscomevansville.pdf)

- Muncie Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #3, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen. Bloomington, IN: Indiana University School of Public and Environmental Affairs, June 2006. (www.indiana.edu/~nonprof/results/npsurvey/inscommuncie.pdf)

- Northwest Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #2, by Kirsten A. Grønbjerg and Patricia Borntrager Tennen (Bloomington, IN: Indiana University School of Public and Environmental Affairs, February, 2006). (www.indiana.edu/~nonprof/results/npsurvey/inscomnorthwest.pdf)

- Bloomington Nonprofits: Scope and Dimensions. Nonprofit Survey Series, Community Report #1, by Kirsten A. Grønbjerg and Curtis Child, Patricia Borntrager Tennen (Bloomington, IN: Indiana University School of Public and Environmental Affairs, December, 2005). (www.indiana.edu/~nonprof/results/npsurvey/inscombloomington.pdf)

Journal Articles and Book Chapters

- "Infrastructure and Activities: Relating IT to the Work of Nonprofit Organizations," by Richard Clerkin and Kirsten A. Grønbjerg. Pp. 3-20 in *Nonprofits and Technology*, edited by Michael Cortés & Kevin Rafter. Chicago: Lyceum Books. 2007.

- "Nonprofit Advocacy Organizations: Their Characteristics and Activities," by Curtis Child and Kirsten A. Grønbjerg. *Social Science Quarterly* 88 (1, 2007) 259-81.

- "The Capacities and Challenges of Faith-Based Human Service Organizations," by Richard Clerkin and Kirsten Grønbjerg. *Public Administration Review* 67 (1, 2007): 115-126.

- “Nonprofits in Context: Assessing the Regional-level Correlates of Nonprofit Capacity Resources,” by Curtis D. Child, Kirsten A. Grønbjerg, and Hun Myoung Park. Paper presented at the annual meetings of ARNOVA, Chicago, IL, November 16-18, 2006.

- "Researching Collaborative Structures and/or Their Outcomes: Challenges of Measurement and Methodology." Paper presented at the annual meetings of the Academy of Management, Atlanta, GA, August 14-16, 2006.

- "Nonprofit Networks and Collaborations: Incidence, Scope and Outcomes," by Kirsten Grønbjerg and Curtis Child. Paper presented at the annual meetings of ARNOVA, Washington, D.C., November 17-19, 2005.

- "A Portrait of Membership Associations: The Case of Indiana," by Kirsten Grønbjerg and Patricia Borntrager Tennen. Paper presented at the annual meetings of ARNOVA, Washington, D.C., November 17-19, 2005.

- "Examining the Landscape of Indiana's Nonprofit Sector: Does What you Know Depend on Where you Look?" by Kirsten A. Grønbjerg and Richard M. Clerkin. *Nonprofit and Voluntary Sector Quarterly* 34 (June 2005, No. 2): 232-59.

- “The Role of Congregations in Delivering Human Services" by Richard M. Clerkin and Kirsten Grønbjerg. Paper presented at the Independent Sector Spring Research Forum, Washington, D.C., March 6-7, 2003.

Indiana Nonprofit Employment Analysis

An analysis, comparing Cowered Wages and Employment (ES-202 employment) reports with IRS registered nonprofits under all sub-sections of 501(c), using a methodology developed by the Center for Civil Society Studies at The Johns Hopkins University, to examine nonprofit employment in the state of Indiana. The analysis includes detailed information by county, region, and type of nonprofit as well as industry and sector comparisons.

Online Statewide Reports

- Indiana Nonprofit Employment: 2007 Report. Nonprofit Employment Report No. 3 by Kirsten A. Grønbjerg, Andrea Lewis and Pauline Campbell. September 2007. (www.indiana.edu/~nonprof/results/innonprofitemploy3.htm).

- Indiana Nonprofit Employment, 2005 Report. Nonprofit Employment Report No. 2 by Kirsten A. Grønbjerg and Erich T. Eschmann. May 2005 (www.indiana.edu/~nonprof/results/innonprofitemploy2.htm).

- Indiana Nonprofit Employment, 2001. Nonprofit Employment Report No. 1 by Kirsten A. Grønbjerg and Hun Myoung Park. July 2003 (www.indiana.edu/~nonprof/results/innonprofitemploy.htm).

Online Regional Reports

- Evansville Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2D by Kirsten Grønbjerg and Kerry Brock. May 2006 (www.indiana.edu/~nonprof/results/inemploy/Evansvilleempl05.pdf).

- Muncie Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2C by Kirsten Grønbjerg and Kerry Brock. May 2006 (www.indiana.edu/~nonprof/results/inemploy/muncieempl05.pdf).

- Northwest Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2B by Kirsten Grønbjerg and Kerry Brock. February 2006 (www.indiana.edu/~nonprof/results/inemploy/northwestempl05.pdf).

- Bloomington Economic Region Nonprofit Employment: 2005 Report. Nonprofit Employment Series No. 2A by Kirsten Grønbjerg and Erich T. Eschmann with Kerry Brock. January 2006 (www.indiana.edu/~nonprof/results/inemploy/bloomingtonempl05.pdf).

- Bloomington Nonprofit Employment, 2001. Nonprofit Employment Report No. 1, Supplement A, by Kirsten Grønbjerg and Sharon Kioko. August 2003 (www.indiana.edu/~nonprof/results/inemploy/Bloomingtonempl03.pdf).

Nonprofit Trust Survey Analysis

We completed a survey of 536 Indiana residents in October 2008, to assess whether they trust nonprofits and charities in their communities more or less than they trust the state government in Indianapolis, local government, the federal government and businesses and corporations in their community. We also asked respondents about their political orientations and about a broad range of socio-demographic characteristics.

Online Report

- "Are Nonprofits Trustworthy?" by Kirsten Grønbjerg. Bloomington, Indiana, School of Public and Environmental Affairs, February 11, 2009. (www.indiana.edu/~nonproft/results/trustsurvey/trustsurvey2008.pdf).

Personal Affiliation Survey Analysis

We completed a survey of 526 Indiana residents in May 2001, designed to make it possible to evaluate the utility of an alternative approach to sampling Indiana nonprofits (as compared to drawing a sample from a comprehensive nonprofit database). The survey probed for the respondents' personal affiliations with Indiana nonprofits as employees, worshippers, volunteers, or participants in association meetings or events during the previous 12 months. We recorded the names and addresses of the church the respondent had attended most recently, of up to two nonprofit employers, up to five nonprofits for which the respondent had volunteered, and up to five nonprofit associations.

Journal Articles and Conference Presentations

- "The Role of Religious Networks and Other Factors in Different Types of Volunteer Work" by Kirsten Grønbjerg and Brent Never. *Nonprofit Management and Leadership* 14 (Winter 2004, No. 3):263-90.

- "Individual Engagement with Nonprofits: Explaining Participation in Association Meetings and Events" by Kirsten Grønbjerg. Paper presented at the ARNOVA Meetings, Montreal, Canada, November 14-16, 2002.

- "Volunteering for Nonprofits: The Role of Religious Engagement" by Kirsten Grønbjerg and Brent Never. Paper presented at the Association for the Study of Religion. Chicago, August 14-16, 2002.

Indiana Nonprofit Composition/Database Analysis

Our most recent efforts examine the consequences for Indiana tax-exempt organizations of new federal reporting requirements mandated under the Pension Protection Act of 2006. As of June 2011, 6,152 Indiana nonprofits have lost their exempt status because they failed to meet the new reporting requirements. Earlier, we developed a comprehensive database of 59,400 Indiana nonprofits of all types (congregations, other charities, advocacy nonprofits, and mutual benefit associations) using a unique methodology that combines a variety of data sources, most notably the IRS listing of tax-exempt entities, the Indiana Secretary of State's listing of incorporated nonprofits, and the yellow page listing of congregations. We supplemented these listings with a variety of local listings in eleven communities across the state and with nonprofits identified through a survey of Indiana residents about their personal affiliations with nonprofits. The database is available in a searchable format through a link at www.indiana.edu/~nonprof.

Online Report

- "IRS Exempt Status Initiative: Indiana Nonprofits and Compliance with the Pension Protection Act of 2006" by Kirsten A. Grønbjerg, Kellie McGiverin-Bohan, Kristen Dmytryk, and Jason Simons,. Bloomington, Indiana: School of Public and Environmental Affairs, July 1, 2011 (www.indiana.edu/~nonprof/results/database/IRSRevocation.html).

Journal Articles and Conference Presentations

- "Incorporated but not IRS-Registered: Exploring the (Dark) Grey Fringes of the Nonprofit Universe" by Kirsten A. Grønbjerg, Helen Liu and Thomas Pollak. *Nonprofit and Voluntary Sector Quarterly* 39 (No. 5, October, 2010): 925-45; first published online, August 10, 2009. Revised version of paper presented at Academy of Management Annual Conference, Anaheim, CA., August 10-13, 2008 and the Fifth Annual West Coast Nonprofit Data Conference, Phoenix, AZ, April 4-5, 2008.

- "Burrowing Into the Grey Matter of the Nonprofit Universe: Changing Patterns of IRS Registration and State Incorporation, 2001-2005" by Kirsten A. Grønbjerg, Helen Liu, Thomas Pollak and Ginger Elliott-Teague. Revised version of paper presented at the Association of Research on Nonprofit Organizations and Voluntary Action, Atlanta, GA, November 15-17, 2007.

- "Evaluating Nonprofit Databases." *American Behavioral Scientist* 45 (July, 2002, No. 10): 1741-77. Resources for Scholarship in the Nonprofit Sector: Studies in the Political Economy of Information, Part I: Data on Nonprofit Industries.

- "Community Variations in the Size and Scope of the Nonprofit Sector: Theory and Preliminary Findings" by Kirsten A. Grønbjerg & Laurie Paarlberg. *Nonprofit and Voluntary Sector Quarterly* 30 (No. 4, December, 2001) 684-706.

Online Report

- "IRS Exempt Status Initiative: Indiana Nonprofits and Compliance with the Pension Protection Act of 2006" by Kirsten A. Grønbjerg, Kellie McGiverin-Bohan, Kristen Dmytryk, and Jason Simons. Bloomington, IN.: Indiana Nonprofits: Scope and Community Dimensions Project, Briefing 2011: No. 1 (July 2011).