

## FIVE THINGS YOU NEED TO KNOW

about the

# NONPROFIT SECTOR

in SOUTHWESTERN  
PENNSYLVANIA

**2** Most nonprofits have cut the fat, if any fat really ever existed.

Most operate with less than a 3% cushion in their budget; and, ON AVERAGE, MORE THAN 4 OF EVERY 5 DOLLARS SUPPORT PROGRAM EXPENSES. They've gotten back to basics. Yet, even when the economy was still high-flying in 2000, 40% of Pittsburgh's nonprofits ended the year with negative balance sheets.

While some attribute this debt to mismanagement or the duplication of services by too many nonprofits (and they would not be entirely wrong), data reveal that, compared to other metro areas, Pittsburgh's nonprofit sector is not bloated and is actually stretched in meeting people's needs.

**1** The Pittsburgh region has **11.1 NONPROFITS FOR EVERY 10,000 RESIDENTS** — on par with Cleveland, Philadelphia, Indianapolis, and Baltimore. In fact, the size of Pittsburgh's nonprofit sector is typical of an American city today. By example, as reported in the *Washington Business Journal*: "Nonprofits in the D.C. region employed more than 218,000 workers in 2003 — more than 11% of the region's entire workforce... To put that into perspective, nonprofits employ nearly 25 times more workers than the region's utilities, nearly 6 times as many as the transportation industry, 3 times as many as the manufacturing sector, and 3 times as many as the construction industry... They're a huge economic force." In Pittsburgh, as reported by the *Pittsburgh Business Times*, 13 of the 50 largest Pittsburgh-area employers are nonprofit — employing 80,180 people.

### WHAT'S A NONPROFIT?

• A NONPROFIT IS A TAX-EXEMPT ORGANIZATION THAT SERVES THE PUBLIC INTEREST • TYPICALLY, THE PURPOSE OF A NONPROFIT MUST BE CHARITABLE, LITERARY, EDUCATIONAL OR RELIGIOUS • A NONPROFIT DOES NOT DECLARE A PROFIT AND INSTEAD UTILIZES ALL REVENUE AVAILABLE AFTER NORMAL OPERATING EXPENSES IN SERVICE OF THE PUBLIC •

**3** The 2,674 financially-active nonprofits operating in metro Pittsburgh spend about \$12 BILLION ANNUALLY ON THE WELL-BEING OF THE REGION (not including health insurance carriers, which certainly account for billions more). Of that \$12 billion, private nonprofit hospitals and health systems account for roughly \$6 billion; private nonprofit higher education institutions account for roughly \$2 billion; and private nonprofit human service providers account for roughly \$1.2 billion. While it should be noted that "typical" organizations spend about \$463,000 annually, the region's nonprofits nonetheless collectively hold \$23 billion in assets and \$14 billion in net assets. Unquestionably, the fiduciaries of these assets represent a political, social, and economic force.

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**4** SEVENTY PERCENT OF PITTSBURGH'S NONPROFIT DIRECTORS HOLD GRADUATE DEGREES, a remarkable percentage given that less than one-quarter of all local adults have earned college degrees. While seeking first and foremost to direct their organizations outward to the community, these directors wisely invest internally so that they may "do more and do it better." Seventy percent of nonprofits operate according to current strategic plans. During the past 2 years, approximately 2/3 OF NONPROFITS HAVE SOUGHT OUTSIDE ASSISTANCE for board training, program evaluation, and information technology. Fifty-eight percent of nonprofit leaders have hired consultants; 60% have attended training seminars; and 55% have participated in peer-learning activities.

**5** Increasingly, local nonprofit leaders are engaged in community outreach, launching appeals precisely because they have urgent news about which they want citizens to do something. NONPROFIT LEADERS, perhaps better than anyone else, KNOW THE SEVERITY OF OUR COMMUNITY'S ILLS; they work everyday in the trenches. Among them, 87% think our quality of education is a serious problem; 79% deem hunger a serious problem; and 69% consider affordable housing to be a serious problem. By contrast, only 27% of local residents describe educational quality as

a serious problem; only 14% regard hunger as a serious problem; and only 24% cite affordable housing as a serious problem.

**ACT NOW.**

NONPROFIT ORGANIZATIONS RELY ON TAX DEDUCTIBLE MONETARY DONATIONS AND THE PARTICIPATION OF VOLUNTEERS TO DELIVER THEIR SERVICES TO THE COMMUNITY. HELP KEEP NONPROFITS STRONG. CONTACT AN ORGANIZATION THAT INTERESTS YOU TO LEARN ABOUT OPPORTUNITIES. FIND MORE INFORMATION ON THE FORBES FUNDS' WEBSITE : [www.forbesfunds.org/gnpn](http://www.forbesfunds.org/gnpn)



THE FORBES FUNDS

The Forbes Funds helps you serve the community by encouraging your nonprofits to work effectively, smartly, and collectively — in a word, *better*.