

THE  
**ESSENTIAL  
INDUSTRY**

**REVEALED**

NONPROFIT ECONOMIC IMPACT STUDY

**CNM**  
Center for Nonprofit  
Management

 **NASHVILLE  
AREA  
CHAMBER  
OF COMMERCE**

# the **NONPROFIT SECTOR** in the **NASHVILLE MSA**

PREPARED FOR  
**THE CENTER FOR NONPROFIT MANAGEMENT (CNM)**

BY  
**THE RESEARCH CENTER  
NASHVILLE AREA CHAMBER OF COMMERCE**

## **ACKNOWLEDGEMENT AND CONTRIBUTORS**

This study is an economic impact analysis of the nonprofit sector in the 13-county Nashville Metropolitan Statistical Area (MSA).

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The following team members of The Research Center at the Nashville Area Chamber of Commerce contributed extensive hours to this project: Rupa DeLoach, Vice President of Research, Joanna McCall, Coordinator of Applied Research, and Barrett Smith, Coordinator of Applied Research.

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# GLOSSARY OF TERMS

- Business Revenue** Revenue generated from the operation of nonprofit organizations
- CNM** Center for Nonprofit Management
- Contribution/Significance Analysis** Importance of the nonprofit sector to the study region, or total spending created by the nonprofit sector in the local economy
- Direct Effect** Employment, output, revenue, or other economic activity directly contributed by a sector(s) to a given geographic economy.
- Employment** Total nonfarm employment, or the number of people working for wages in non-farming related industries.
- Externalities** A cost or benefit caused by an outside factor that is not financially incurred or received by the producer. Can be positive or negative.
- FTE** Full-time equivalency, which indicates the workload of a full-time employee
- Impact Analysis** Net new economic activity generated by the nonprofit sector, includes the impact of dollars from outside the study region on the regional economy.
- IMPLAN Model** An input-output modeling system, IMPLAN includes procedures for generating multipliers and estimating impacts by applying final demand changes to the model.
- Indirect Effect** Changes in revenue, output, or employment within the region-linked industries supplying goods and services to nonprofit organizations.
- Induced Effect** Increases in revenue, output, or employment within the region from employee spending earned in the nonprofit sector and supporting industries.
- Leakage** Income, savings, taxes and imports that flow out of the main economic system and are no longer available for consumption by the causal sector(s).

# GLOSSARY OF TERMS

**NACC** Nashville Area Chamber of Commerce

**Nashville MSA** The Nashville Metropolitan Statistical Area, as defined by the United States Office of Management and Budget, including Cannon, Cheatham, Davidson, Dickson, Macon, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson counties

**Nonprofit Organization** Organizations in our study are those classified primarily as 501(c)(3) and 501(c)(4), excluding churches and 501(c)(6)s. At times only 501(c)(3)s are considered based on data sources.

**Nonprofit Sector** Businesses that operate for purposes other than profit and are not government organizations

**Nonprofit Segments** There are nine major categories of nonprofit organizations used in this study. They are human services; education; health; arts, culture and humanities; environment; international; mutual benefit; public and social benefit; and unknown.

**REMI** A forecasting and policy analysis tool that uses an integrated modeling approach that includes input-output, general equilibrium, econometric and economic geography methodologies

**Study Region** The geographical area (Nashville MSA) for which economic impacts and contributions are estimated

**Total Effect** Sum of direct, indirect and induced effects

**TRC** The Research Center at the Nashville Area Chamber of Commerce

**Wages and Salaries** (Labor Income) Wages and salaries paid to employees of nonprofit organizations



# EXECUTIVE SUMMARY

While the nonprofit sector in the Nashville Metropolitan Statistical Area (MSA) continues to be substantial, there has been no updated research on the regional sector since the 2013 study conducted by the Business and Economic Research Center (BERC) at Middle Tennessee State University, sponsored by the Center for Nonprofit Management (CNM). It is for this reason that CNM has once again underwritten an assessment of the nonprofit sector's contribution to the local economy in partnership with The Research Center at the Nashville Area Chamber of Commerce (TRC).

The findings of this study will reveal the presence of a healthy nonprofit sector that brings in a significant amount of money into the Nashville MSA. Because the nonprofit sectors crosses into multiple sectors and industries, and it is not clearly defined by the North American Industry Classification System or NAICS (note NAICS is a federal designation utilized throughout the United States), multiple methods were used to measure the size and value of the Nashville MSA nonprofit sector. The findings of this report clearly show that the nonprofit sector has a substantial impact on the economic landscape of the Nashville region.

# KEY ECONOMIC FINDINGS

Based on the Bureau of Labor Statistics (BLS), Quarterly Census of Employment and Wages (QCEW, 2017 Annual Average) data on nonprofits which it strictly defines as 501(c)(3) organizations, the Nashville MSA has:

- 2.3%** **1,110 nonprofit establishments** equaling **2.3%** of private sector firms.  
*Does not include places of worship (churches, synagogues, temples, mosques, etc.) unless these organizations also operate Educational Services, Health Care & Social Assistance, Arts Entertainment & Recreation, or Social Advocacy Organizations*
- 8.7%** **71,779 people** directly employed by nonprofits, representing **8.7%** of all private sector employment.
- 9.1%** **\$4 billion** in paid wages which represents approximately **9.1%** of all private sector wages.
- 11.7%** **\$14.4 billion** (2012 dollars) added to the regional GDP, or **11.7%** of the MSA's overall Real GDP.

An economic impact is the amount of accumulated change that occurs in employment, labor income, and GDP within a predefined economic region based on some change in final demand within a sector or sectors. Based on 2017 BLS employment data (the most currently available data) for the Nashville MSA:

**The total employment based economic impact of 501(c)(3) nonprofits is \$24.6 billion** (2012 dollars).

This amounts to the creation of an additional **100,300 jobs** for a total of **172,079 jobs, \$12.4 billion** (current dollars) in personal income and an **\$14.4 billion in contribution to GDP**.

Broadening the BLS definition to include more tax-exempt institutions and volunteer hours we see an even greater impact. According to the Corporation for National and Community Service, in 2015 and 2017 the Nashville MSA boasted the following:

**346,900 volunteers** served **42.5 million hours** of service in 2015. This means that nearly **one out of every four people** (aged 16 years and over) in the MSA volunteered over **three weeks** of their time.

This volunteerism provided nonprofits the equivalent work of **20,432 full-time employees** or a **further contribution worth \$1.1 billion in wages**.

In 2015, **24.9%** of those 16 years and over in the MSA volunteered with nonprofits. In 2015, the Nashville MSA **ranked 34th** out of the **51 largest MSAs** in terms of volunteerism. By 2017, the volunteer rate increased to **34.7%**, increasing the region's rank to **16th**.

This growth in volunteering matters, as **50.4%** of all residents make charitable contributions of **\$25 or more**, and among those who volunteer, **82.3% donate** (double the rate of non-volunteers). Therefore, growing the volunteer base increases not only the work a nonprofit is able to undertake, but also grows a nonprofit's donor base.

# KEY SURVEY FINDINGS

An approximately **30%** smaller share of organizations that serve historically marginalized and underserved populations have experienced growth in revenue over time than those that do not serve these populations. If revenue and expense growth mirrored each other, then this could be taken as an indicator of healthy growth, however, an increase in expenses paired with stagnation in revenue is not healthy. Moving into a recessionary period, it is especially concerning that this trend is seen in organizations that serve already vulnerable populations.

Philanthropy/CSR, Environment, and Religious organizations consistently have higher contributions from outside of the MSA.

On average, capital expenses have risen by over **200%**. The change between the average expenses from 2015 to 2019 is approximately **\$1,000,000** per organization. This large change is reflective of the fact that **90%** of respondents saw an increase in capital expenses over this period of four years.

On average, in-kind contributions have risen by approximately **97%**. The change between the two-year average of in-kind contributions is approximately **\$244,626.87** per organization. The number of organizations that have seen decreases in in-kind contributions over this time period is at least double those who have seen decreases in capital expenses, approximately **20 survey participants**.

While a small amount of responding organizations' revenue increased, most organizations saw decreases in revenue since 2009.

It is notable that while revenue change and expected demand of services is relatively consistent regardless of populations served, demand rose at a **23%** higher rate for organizations that serve historically marginalized and underserved populations, as opposed to those that do not serve these populations.



While many organizations increased the number of paid employees or employee hours, it is unclear whether they increased wages for employees. This uncertainty is notable since many organizations reported that they made pay cuts or stopped giving pay increases as a response to the 2009 economic crisis. Those organizations that indicated that they adjusted in some "Other" way reported that they were either not in existence yet, or that they were continuing to diversify funding and increase reserves. Some organizations reported that they made improvements to their facilities, created endowments, began participating in social enterprise programming, and increased collaboration to offer more services.

In response to the economic recovery in 2013, more organizations used strategic planning and management as a strategy than in direct response to the economic crisis of 2009.

More organizations also increased their number of volunteers and hours.

Approximately **40%** of organizations continued to reduce costs.

Approximately **35%** of organizations began increasing their budgetary expenses.

Those respondents who reported "Other" were largely not yet in existence.

However, some organizations reported increasing requests for donations, some applied for additional grants and others reported making no changes.

A slightly higher percentage of respondents expect a decrease in revenue in the next fiscal year than those who expect an increase, with approximately 19% of organizations expecting revenue to remain the same and **11%** of organizations were unsure. This uncertainty was overwhelmingly reported to be a result of COVID-19 and the associated shutdowns. Uncertainty is primarily because of donation amounts, but some organizations are programmed around in-person events and are unsure of when they can safely resume operations. However, some organizations cited their uncertainty as due to much of their revenue being from grant funding.

Notably, **74%** of all organizations expect the demand for their organization's services to increase within the next fiscal year. Based on revenue projections, this increase in demand will often be juxtaposed against tight budgets going into the next fiscal year.

# KEY SURVEY FINDINGS

Comparing data projections about the 2009 economic crisis, there is a higher projection for increased services today due to current crisis than was reported as a result of the 2009 economic crisis.

In 2009, **57%** of organizations reported increased demand for their services. In 2020, **78%** of organizations reported an expected increase in demand for services in response to the COVID-19 related crisis.

This increase could be attributed to the survey sample groups' diversity of service areas and populations served, which correlates to the diversity of crises including the March tornado, COVID-19, organized actions for racial and social justice immediately following the murder of George Floyd.

Many organizations in the Nashville and Clarksville regions have programming related to disaster relief as well as health and economic strife due to COVID-19 and racial equity.

In 2009, **16%** of organizations saw a decrease in demand for their services. Today, **6%** of organizations project a decrease in demand for their services.

Overall, comparing today's revenue projections to observed effects of the 2009 crisis, the data shows that more organizations today expect their revenue to increase.

Discounting those that said "Other" in 2009 and "Unsure" today, only **14%** of organizations in 2009 saw their revenue increase, where **38%** of organizations today expect their revenue to increase over the next fiscal year.

Fewer organizations today expect decreases in revenue over the next fiscal year compared to organizations following the 2009 crisis.

**61%** of organizations saw decreased revenue after 2009, while **42%** expect decreases in the next year.

Fewer organizations today expect that their revenue will remain the same than was reported following the 2009 crisis.

Overall, revenue projections today are more positive than after the 2009 economic crisis and demand for services is high; the outlook today is relatively positive.



# INTRODUCTION

The nonprofit sector is an important part of both Nashville's economy and the national economy because it includes not only spending and associated employment, but also volunteering and community engagement. This study seeks to update and expand upon previous research of the nonprofit sector in the Nashville MSA conducted by the Business and Economic Research Center (BERC) at Middle Tennessee State University in 2013.

The purpose of this study is to explore and analyze the scope and size of the Nashville MSA's nonprofit sector, how the sector has evolved since the 2013 study, how the sector has managed significant recent events such as the March 2020 tornado and the COVID-19 pandemic, and finally how the Nashville MSA's nonprofit sector compares to that of peer MSAs.

To better understand each of these, TRC designed and administered a nonprofit survey in addition to obtaining nonprofit data from national, regional and private data sources. Study findings demonstrate a robust nonprofit sector in the Nashville region that bolsters the region's overall economy and quality of life.

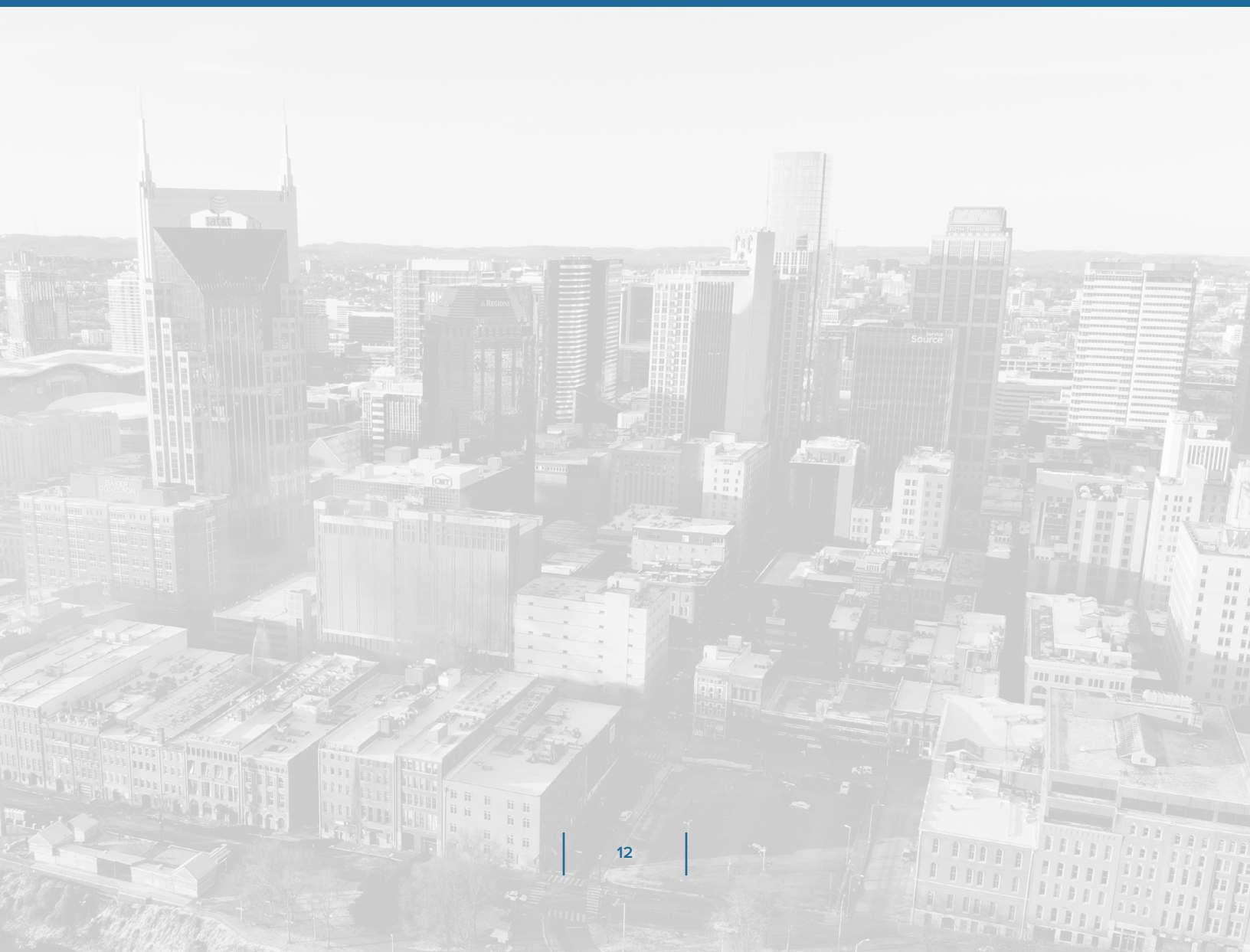
The first part of this study looks at selected, recent literature on nonprofit sectors in other regions and states across the country allowing us to examine methods and resources utilized for the studies as well as providing a comparative benchmark of the magnitude of the work conducted here in Middle Tennessee.

This literature review is followed by an assessment of the Nashville MSA's nonprofit sector and measures of the economic value of the work undertaken to serve historically marginalized and vulnerable populations. Given the nature of nonprofits – a sector that crosses into multiple sectors without clear-cut industry definitions – we have used multiple measures to assess, weigh, and aggregate the economic impact of nonprofits on the economic landscape. As a part of this evaluation, we look at the way nonprofits leverage volunteers and the significance of that volunteerism to their work.

TRC then looked at the effect of the March 2020 tornado that hit the Nashville region, the global COVID-19 pandemic, rising activism around racial justice, and the Black Lives Matter movement. TRC examined how nonprofits navigated the sudden shocks each of these events created in the economy, their organizational structures, and the populations they serve.

Finally, the study concludes with a review of survey findings used to give a qualitative and quantitative understanding of the Nashville region's nonprofit sector.

Ultimately, this study shows that nonprofits are an essential and vital component of the economy, providing invaluable human capital investment that generates significant returns on investment (both in terms of money and time). The nonprofit sector is an essential regional cornerstone well worth strengthening as it offsets the deficiencies in infrastructure expenditure that allowed the pandemic to reveal weaknesses in our economy. This study shows that a better and stronger Nashville region is dependent on the strength and growth of the nonprofit sector.



# LITERATURE REVIEW

When reviewing literature on the nonprofit sector, topics typically center around demonstrating the social value of the sector on communities, dynamics of volunteering, economic impact assessments, historical trends and growth projections. This study primarily reviews recent literature on the economic contributions of nonprofit sectors to state and local economies. The selected literature reviewed, shown in the table following, allowed TRC to explore comparative benchmarks and helped in the development of consistent methodology for analyzing the nonprofit sector in the Nashville MSA.

## STUDY NAME

### KANSAS CITY NONPROFIT IMPACT REPORT (2019)

**Region:** Kansas City MSA

**Scope:** 2012-2017; All types of Nonprofits with revenue greater than \$50,000/year

#### Sector Size:

Number of Nonprofits: 2,814

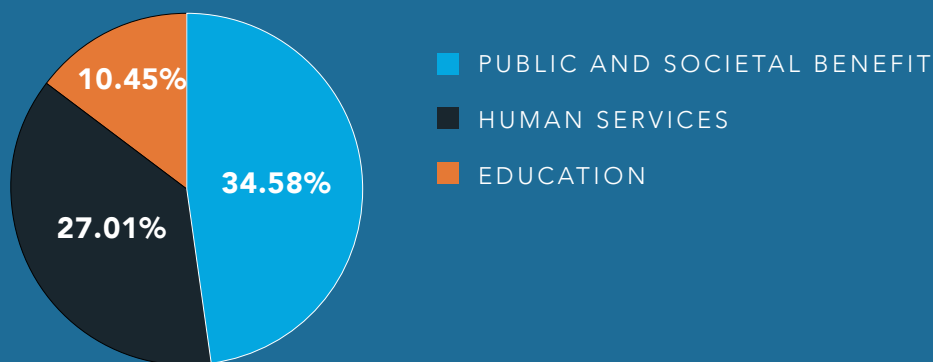
Number of Nonprofits per Capita: 1.35

% of Total Labor Force: 11.3%

% of Total Gross Metropolitan Product: 14.15%

#### Composition:

**Figure 1: Composition of the Kansas City MSA Nonprofit Sector**



**Health:** The number of nonprofits has grown by 8.7% since 2012

**Conclusions:** Focus of study is to provide an overview of the sector and highlight its short- and long-term value to the region.

**Sources:** Internal Revenue Service, United States Census Bureau, Bureau of Labor Statistics, Bureau of Economic Analysis, Cause IQ, National Center for Charitable Statistics, National Council of Nonprofits

STUDY NAME

## KENTUCKY NONPROFIT NETWORK MORE THAN CHARITY REPORT (2020)

**Region:** State of Kentucky

**Scope:** 2019; All Tax-Exempt Nonprofits & 501(c)(3)s filing IRS form 990 and 990 EZ

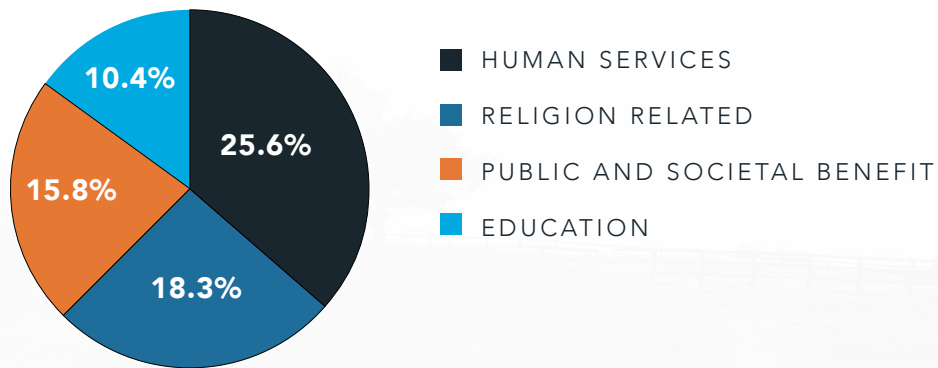
**Sector Size:**

Number of Nonprofits: 20,467

% of Total Labor Force: 9.8%

**Composition:**

**Figure 2: Composition of the Kentucky Nonprofit Sector**



**Health:** The number of nonprofits has grown by 18% and revenue has grown by 26% since 2012.

**Conclusions:** Highlights powerful employment and economic data that tells an important story about the sector.

**Sources:** Internal Revenue Service, National Center for Charitable Statistics, Bureau of Labor Statistics, Kentucky Longitudinal Database System

STUDY NAME

## **BUILT FOR TEXAS: THE IMPACT AND OPPORTUNITY OF THE NONPROFIT SECTOR (2019)**

**Region:** State of Texas

**Scope:** 2018, All Nonprofits

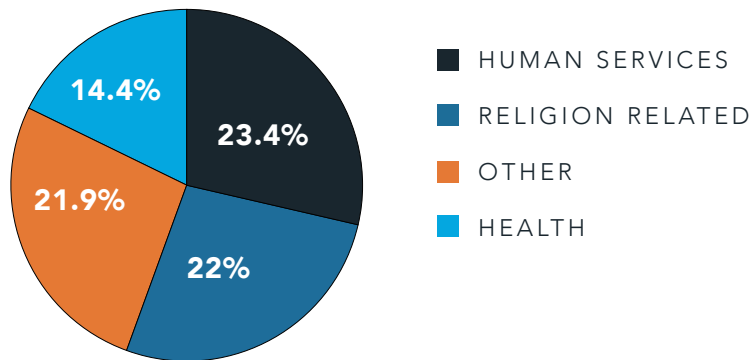
**Sector Size:**

Number of Nonprofits: 106,764

Employment: 540K

**Composition:**

**Figure 3: Composition of the Texas Nonprofit Sector**



**Health:** The number of nonprofits has increased 10% per year since 2010.

Projections for 2028: 39An increase of 39.3% for jobs.

Increase of 48.8% of total expenditures.

Gross Output increase by 48.9% and resulting income increase by 49%.

**Conclusions:** Highlights nonprofits as critical to the Texas economy and that every Texan has a role in ensuring nonprofits continue to work for Texas.

**Sources:** *National Taxonomy of Exempt Entities, The Perryman Group*

STUDY NAME

# ECONOMIC CONTRIBUTIONS OF COLORADO'S NONPROFIT SECTOR (2017)

**Region:** State of Colorado

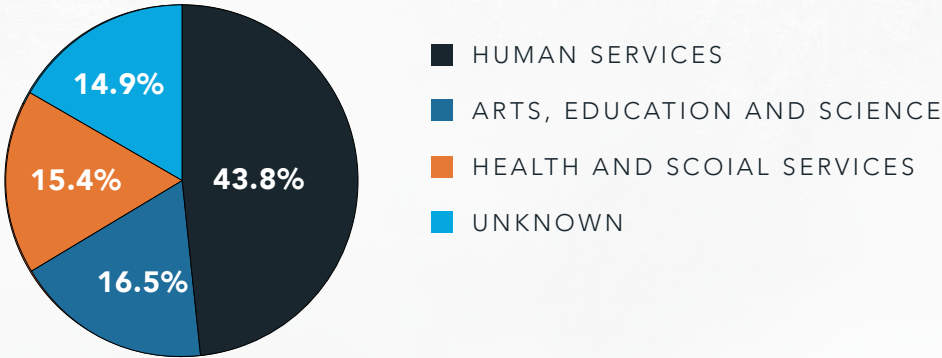
**Scope:** 2017, All Nonprofits

**Sector Size:**

- Number of nonprofits: 23,147
- % of Total Gross State Product: 11.3%
- Employment: 189,600
- % of Total Labor Force: 5.9%

**Composition:**

**Figure 4: Composition of the Colorado Nonprofit Sector**



**Health:** Employment has increased by 201% from 1990 to 2017.

**Conclusions:** The Colorado nonprofit sector is thriving. Actions to take to be a part of the sector's success include donating to nonprofits that have a mission you support, include nonprofit leaders in community decision-making, contact a nonprofit leader today to volunteer time or serve on a board or committee and support government funding for Colorado nonprofits.

**Sources:** Internal Revenue Service, Bureau Of Labor Statistics, Colorado Department of Labor, Bureau of Economic Analysis, Primary Survey Data, National Taxonomy of Exempt Entities, National Center for Charitable Statistics



STUDY NAME

**BEYOND THE BOTTOM LINE: THE ECONOMIC AND SOCIAL VALUE OF ARIZONA NONPROFITS (2018)**

**Region:** State of Arizona

**Scope:** 2016, All Nonprofits

**Sector Size:**

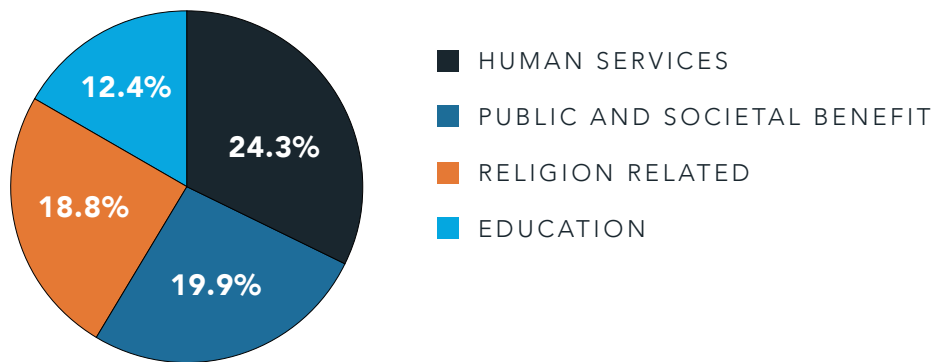
Number of Nonprofits: 22,907

% of Total Gross State Product: 7.7%

Employment: 171,172

**Composition:**

**Figure 5: Composition of the Arizona Nonprofit Sector**



**Health:** Employment has increased by 2.7% and the nonprofit sector’s contribution to the Gross State Product has increased by 2.0% since 2014.

**Conclusions:** Arizona’s nonprofit sector is indispensable to their communities and state as a whole. Highlights that Arizona nonprofits continue to add significant economic value to the state.

**Sources:** Internal Revenue Service, National Center for Charitable Statistics, primary survey data, National Taxonomy of Exempt Entities, Arizona Office of Economic Opportunity

## NOTABLE FEATURES/TAKEAWAYS FROM EACH REPORT

### KANSAS CITY

Exploration into how nonprofit organizations get started and become official at the state and federal level. Explanation of all 501(c) types

County and zip code breakdown of NPO locations

Data outlining nonprofit growth over the past 20 years in the region

Over \$18.5 billion in revenue from KC nonprofit organizations

In-depth look at sources, contributions and income broken down by 501(c) types

Almost 200,000 nonprofit employees

Characteristics and impact of grantmaking foundations in Kansas City

Breakdown of the value of a volunteer hour on the national, state and local level: 25.43, \$23.96 and \$23.35 respectively

Amount of payroll taxes paid by KC nonprofits, \$275 million

### KENTUCKY

\$30.2 billion in annual revenue à 26% increase since 2012

Over 20 thousand registered nonprofits

4th sector in employment (over 150,000 employees)

Breakdown of revenue sources

\$24 billion in expenditures invested in Kentucky communities

## TEXAS

1.4 million nonprofit employees and over 100K NPOs

NPOs drive \$110 billion towards Texas' GDP, which serves the state's residents, communities and resources

Outlines how the economic prosperity of the state can be attributed to strong partnerships between the public, private and nonprofit sectors

Breakdown of nonprofits by budget size, service-area and geography

Descriptions on how nonprofit organizations in Texas contribute to each of the state's major industries, as well as the unique role nonprofits play as the connector and catalyst for cross-sector collaboration

Current and projected economic benefits of Texas Nonprofits with projections going out to 2028

Breakdown of nonprofit revenue by region

Data showing volunteer rates declining nationally as well as in the State of Texas

Recommendations and action items for business or corporate leaders, elected officials and policymakers and nonprofit and philanthropic leaders

## COLORADO

\$40 billion in total economic impact

Over 20K NPOs with about 190K employees

Breakdown of NPOs by region and descriptive categories

All contribution and spending data broken down by spending categories and regions

Analysis of indirect and induced impacts at the county level

Look at total and nonprofit employment growth since 1990

Thorough outline of data sources, data manipulation and economic impacts Arizona

Driving question for the study: "What is the social impact of investments in Arizona's nonprofit sector?"

Total # of nonprofits: 22,907; Revenue: over \$31 billion; Total assets: over \$50 billion

More than \$23.5 billion was generated by nonprofits across the state in 2016

Comparison of nonprofit direct employment to select Arizona non-government employment

9.1% of Arizona's state and local tax revenue is generated by nonprofits

Entire section outlining the importance in investing in Arizona's nonprofits and the return on that investment

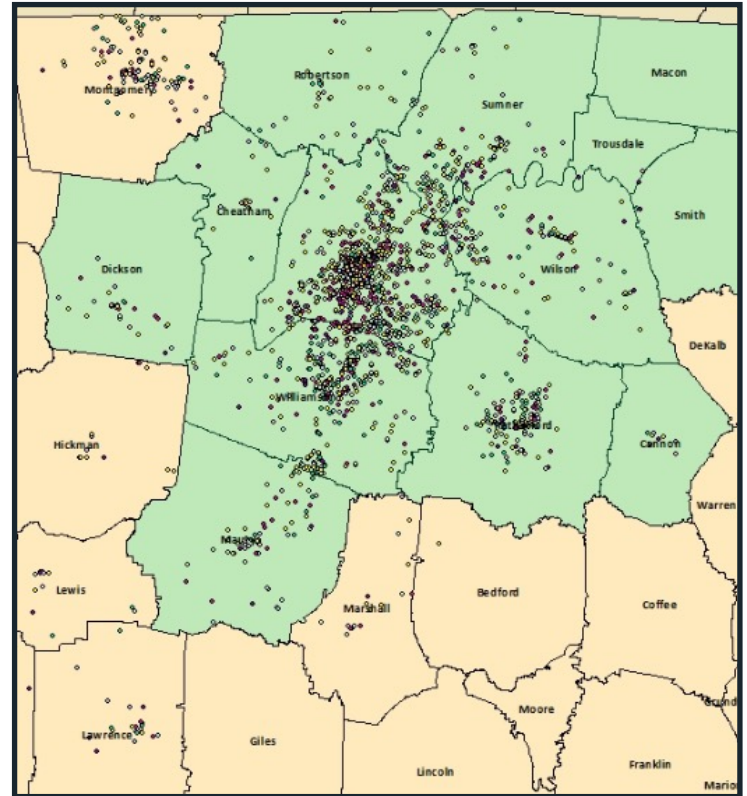
Spotlights on a diverse set of nonprofits from across the state

Stressed the importance that this report is intended to begin a discussion about gathering social impact data which measures and tracks the social, public and civic value of NPOs

## GEOGRAPHIC FOCUS

This study focuses on the 13-county region encompassing the Nashville Metropolitan Statistical Area or Nashville MSA. In this report when the Nashville region is mentioned it is referring to this combined geography. Prior to 2019, the MSA included Hickman County. We include Hickman County in the data evaluations when this inclusion can easily occur. Additionally, the previous study excluded Maury County from the Nashville MSA, but that county is included in this report. Metropolitan Statistical Area designations are made by the federal government and change from time to time. The region has strong economic ties to Montgomery County as well as Lewis, Lawrence and Marshall Counties. Given this relationship, nonprofit activity from these peripheral areas is also included in the revenue-based analysis and marked accordingly. The map shown here, which will be discussed in greater detail in the next section of this report, gives a sense of the geographic range of our study as well as the spread and density of nonprofits within Middle Tennessee.

### Study Region – The Nashville MSA



**This is a map of all major groups of nonprofits, color-coded not to pinpoint their location but to demonstrate the diversity and density within the region. The Nashville MSA is highlighted green.**

## METHODOLOGY

There are multiple ways to measure and assess the economic impact of the nonprofit sector. The nonprofit sector encompasses multiple industries and offers no clear-cut definitions using standard industry classifications, such as the North American Industrial Classification System (NAICS). This study utilizes methods and resources recognized by economists and researchers across the United States as effective means to determine the size and extent of the nonprofit sector. Since each method is likely to produce variations in economic impact, the study weights these separate methods and assesses the full range of economic impact that exists within the region. Such methods will include a review of employment-based economic impact, revenue-based economic impact, expenditure-based economic impact and the economic impact of volunteers on the sector.

## ECONOMIC IMPACT DEFINITION AND EXPLANATION OF SOFTWARE

First, let us define the meaning and purpose of conducting an economic impact analysis. An economic impact is the amount of accumulated change that occurs in employment, labor income and GDP within a predefined economic region based on some change in final demand within a sector or sectors. Final demand is the initial or direct input that goes into the creation of a product or service within the sector(s) being measured. This is also known as “direct impact” or the direct benefit that investment, employment and wages create in the economy.

The next tier in impact analysis measures the change that occurs because of this direct activity. This happens when the suppliers who provide the direct goods and services must also purchase goods and services, create employment and pay their workers as a result of the first round of economic activity. This second tier of activity spurs a third, fourth, fifth and so on levels of activity with each round having diminishing returns or losing some of its effect called “leakage.” All these secondary industry to industry purchases create the “indirect impact.”

As a final part of this analysis, we then measure the way workers from the direct and indirect activity spend their wages. This is known as the “induced impact.” Like indirect activity the expenditure of wages also results in diminishing returns as the effects “leak” out of the economy having reduced impact. The totality of these effects results in the total economic impact.

This type of analysis must carefully consider the flow of economic activity in terms of the geography. The economic activity must be unique to the geography and not an offset of other economic activity which would occur in the selected economic landscape creating a net zero sum impact. To calculate these impacts, this study utilizes both IMPLAN and REMI PI+ software to validate the economic impact analysis.

IMPLAN is an economic impact modeling software that can take direct inputs of a given sector and calculate the total economic impact of that sector on the entire economy in terms of direct effect (direct trade flows within the industry or industries involved), indirect effect (capturing the impact of the supply chain or value chain) and the induced effect (the impact of income and wages on spending). For this study, employment was used as the baseline input variable to calculate the economic contribution and impact analysis for this report.

REMI PI+ is a dynamic regional economic and demographic impact model that is comprehensive and allows us to see economic impacts over time. We are able to look at loss in revenue in part or whole, loss of employment in part or whole and loss of output in part or whole as well as other intermediate inputs to determine a holistic picture of the impact to the economy. This is done in terms of each data point’s effect on employment, output, GDP and personal income directly, indirectly (value chain) and in terms of induced (pertaining to resulting gain or loss of income) effect.

Due to the nature of data inputs required and the output of information, this study relies more heavily on the REMI PI+ model with these impacts validated by the IMPLAN economic impact modeling software.

## DATA AND DATA SOURCES

The term “nonprofit” is often used by different people to mean different things. It is used interchangeably to mean a “tax-exempt” organization. U.S. legislation contained in the tax code has created several dozen types of tax-exempt organizations. These include 501(c)(3)-charitable nonprofits, 501(c)(4)-social welfare organizations, homeowners’ associations and volunteer first responders, 501(c)(5)-labor unions, 501(c)(6)-professional associations and 501(k)-childcare organizations. In this report, the use of the term nonprofit is limited to 501(c)(3) organizations, unless otherwise noted. Most churches, mosques, synagogues, temples and related religious organizations are omitted as places of worship are not required to register with the IRS or file 990 forms although some do. The numerical data contained in this report is derived from IRS 990 datasets for the year 2017 as well as the Bureau of Labor Statistics. Volunteer data is from the Corporation for National and Community Services.

The data inputs utilized for this study include information from the following sources:

### **Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2013-2017**

In addition to providing private sector establishment, employment and wage information, the Bureau of Labor Statistics also provides data on the nonprofit sector (although only on 501(c)(3) organizations).

### **Urban Institute, National Center for Charitable Statistics**

Data consolidations of IRS Return Transaction Files, containing all nonprofits be they charities, foundations or other tax-exempt organizations that are required by the Internal Revenue Service to file Form 990s or 990-EZs. From this source we reviewed and weighed the use of their three most widely used datasets: the IRS Business Master Files, the NCCS Core Files and the IRS SOI Sample Files. The first two of these files were used to gain information on the income, assets and expenditures of the nonprofit community in our selected geography. For purposes of this study, we consider 501(c)(3) and 501(c)(4) organizations while omitting churches and 501(c)(6) organizations.

### **Corporation for National and Community Service**

Data and statistics on the number, value and impact of volunteering and civic engagement across the United States, available at the national, state and local level.

## CHARACTERISTICS OF THE **NONPROFIT SECTOR** AND THE **NASHVILLE MSA**: SIZE, SCOPE AND CHANGE

With this understanding of methodology, let us look at the resulting data and see the story that unfolds in terms of the employment base, expenditure base, as well as the value of the volunteers and work done in this sector.

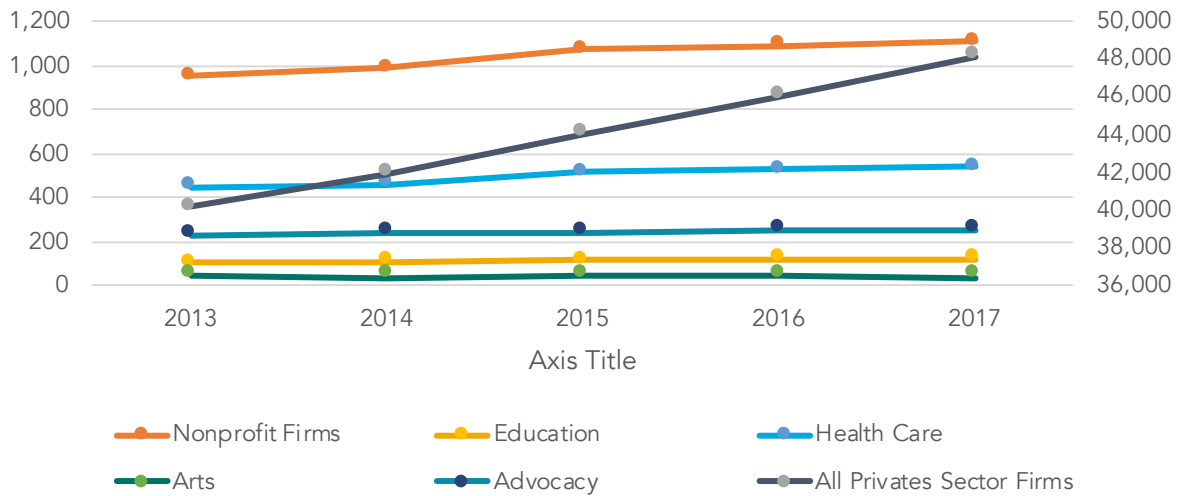
Based on the BLS, Quarterly Census of Employment and Wages data on nonprofits which it strictly defined as 501(c)(3) organizations, the Nashville MSA had 1,110 nonprofit establishments equaling 2.3% of private sector firms in 2017. This represented 71,779 people employed by nonprofits, or 8.7% of all private sector employment. This added \$4 billion in paid wages, which represents 9.1% of all private sector wages. Table 3 breaks down the size and scope of the Nashville MSA's nonprofit sector by their major segments.

**Figure 6 – Nonprofit Sector Size, Segments and Scope (2017) – Employment Basis**

<b>Industry</b>	<i># of Private Sector Establishments</i>	<i># of Private Sector Employees</i>	<i>Average Annual Wage in Private Sector</i>	<i># of Nonprofits</i>	<i># of Nonprofit Employees</i>	<i>Average Annual Wage in Private Sector</i>	<i>% of Private Sector Employment in Nonprofits</i>
Total Private	48,136	820,660	54,439	1,110	71,779	56,361	8.7%
Educational Services	602	21,696	53,161	123	17,474	57,751	80.5%
Health Care and Social Assistance	4,158	119,740	58,467	538	43,438	61,485	36.3%
Arts, Entertainment and Recreation	1,421	14,051	81,482	46	2,007	31,822	14.3%
Social Advocacy Organizations	4,723	27,887	35,679	257	4,808	26,812	17.2%

In terms of the number of nonprofit organizations, growth has slowed to approximately 1.8% per year after increasing by 8.3% in 2015. On average private sector firms have seen a steady increase of 4.6% growth each year. Nonprofits focused on the arts have seen an average decline of 3.5% annually.

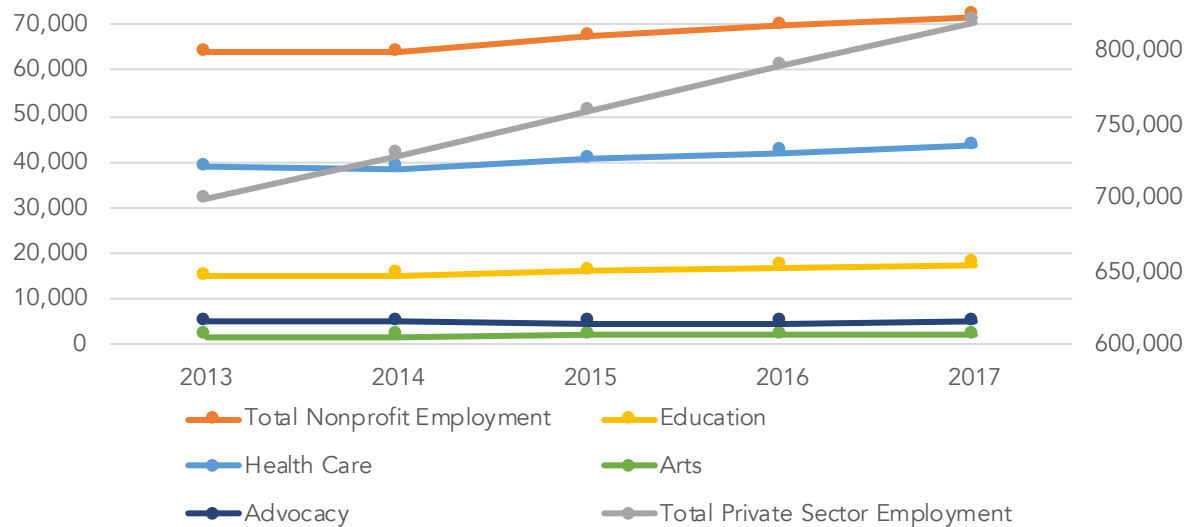
**Figure 7 – Nonprofit Firm Growth**



Note: This figure depicts the size of private sector firm growth on the secondary vertical axis as its scale is significantly larger.

Employment in the private sector has grown at an average rate of 4.1% per year. In the nonprofit sector, employment growth has been steady at an annual average of 3.9% since 2014 when employment growth did not change from 2013. Education related nonprofits have grown faster than the private sector with employment averaging 4.9% annually in the past three years. While the number of arts-related nonprofits has not grown, employment in this segment is increasing at an average rate of 3.1% per year. From 2016 to 2017, arts nonprofits increased their employment by 6.4%. As for nonprofits focused on advocacy and social services, these have steadily declined in employment with losses averaging 0.5% per year. However, in 2017, even advocacy-related nonprofits experienced a 2.1% increase in employment.

**Figure 8 – Nonprofit Employment Growth**



Note: This figure depicts the size of private sector firm growth on the secondary vertical axis as its scale is significantly larger.



# ECONOMIC ASSESSMENT OF THE NONPROFIT SECTOR – EMPLOYMENT BASIS

These employment values were then used in conjunction with NAICS sectors to evaluate the economic impact of the nonprofit sector. Using the REMI PI+ software, we estimate these 71,779 nonprofit sector jobs that equate to \$4 billion in wages (8.4% of regional private sector wages) create the following economic impacts:

Creation of 100,300 additional jobs for a total of 172,079 jobs, representing 12.4% of jobs in the Nashville MSA.

Addition of \$14.4 billion (2012 dollars) add to the Nashville MSA's Real GDP, 11.7% of total regional GDP.

Additional \$7.5 billion in wages and salary created within the MSA (12.5% of total).

Creation of \$12.4 billion (current dollars) in personal income (10.7% of the regional income) or \$10.1 billion (2012 dollars) in real disposable personal income (which is 10.3% of the region's). This represents inflation adjusted income of \$3,889 per capita.

**Figure 9– Employment Based Economic Impact (REMI)**

Industry	Units	2017
Total Employment	Thousands (Jobs)	172.079
Gross Domestic Product	Billions of Fixed (2012) Dollars	14.422
Personal Income	Billions of Current Dollars	12.401
Disposable Personal Income	Billions of Current Dollars	11.178
Real Disposable Personal Income	Billions of Fixed (2012) Dollars	10.029
Real Disposable Personal Income per Capita	Thousands of Fixed (2012) Dollars	3.889
<b>Total Economic Impact</b>	Billions of Fixed (2012) Dollars	<b>24.581</b>

TOTAL ECONOMIC IMPACT  
**\$24.6 BILLION**  
(2012 DOLLARS)

# ECONOMIC ASSESSMENT OF THE NONPROFIT SECTOR – REVENUE BASIS

Another method of determining economic impact for the industry is utilizing the revenue basis. Using the IRS Business Master Files, the NCCS Core Files, the IRS SOI Sample Files, the Bureau of Labor Statistics and the survey of regional nonprofits, it was possible to gain information on the income, assets and expenditures of the nonprofit community in the Nashville MSA inclusive of Hickman County. For purposes of this study, we consider 501(c)(3) and 501(c)(4) organizations while omitting churches and 501(c)(6) organizations. Because nonprofits are not selling a good or service, we utilize expenditures by the nonprofits as revenue or sales inputs.

**Figure 10 – Expenditure by Nonprofit Sector**

<b>Nonprofit Sector</b>		<b>Expenditure</b>
Information	0.3%	33,235,201
Finance & Insurance	0.1%	11,756,810
Other Real Estate Activities	0.1%	7,855,867
Professional & Technical Services	0.6%	62,348,545
Education	1.6%	161,368,324
Health Care	40.8%	3,991,988,130
Social Assistance	14.5%	1,419,291,274
Arts	1.1%	104,619,275
Religious, Grantmaking, Civic & Professional	40.1%	3,925,996,173
Unclassified	0.8%	76,995,606
<b>Total Expenditures</b>		<b>9,795,455,206</b>

While these investments in the region are significant, it should be noted that nearly 60% of nonprofits such as houses of worship do not have to register with the IRS and those organizations with revenue of less than \$200,000 and total assets of less than \$500,000 in the region do not file 990s opting instead to file a 990-EZ form that does not provide revenue or expenditure information. Thus, revenue-based models are typically smaller in terms of overall economic impact. Based on these expenditures and using the REMI PI+ software, we estimate nonprofit expenditures of \$9.8 billion creates the following economic impacts:

Creation of a total of 120,789 jobs represents 8.7% of jobs in the Nashville MSA.

\$9 billion (2012 dollars) added to the Nashville MSA's Real GDP, 7.4% of total regional GDP.

Additional \$5.2 billion in wages and salary created within the MSA (8.6% of total).

Creation of \$8.1 billion (current dollars) in personal income (7% of the regional income) or \$7.3 billion (2012 dollars) in real disposable personal income (which is 6.9% of the region's). This represents inflation adjusted income of \$2,433 per capita.

Total Economic Impact based on the revenue basis is \$15.8 billion (2012 dollars). It is typically lower than when based on employment. This is because not all nonprofits have to register with the IRS or file a detailed 990. Even excluding churches, IRS files list 90 less organizations than BLS. For this reason the economic impact based on employment is a more reliable measure of the impact of nonprofits in the Nashville MSA and will be the number to which this study will refer.

# ECONOMIC ASSESSMENT OF THE NONPROFIT SECTOR – VOLUNTEER CONTRIBUTION

The Corporation for National and Community Service provides data and statistics on the number, value and impact of volunteering and civic engagement across the United States. This information is available at the national, state and local level. The most complete data of volunteering in the Nashville MSA is for 2015. In September 2020, some limited regional data was also released for 2017.

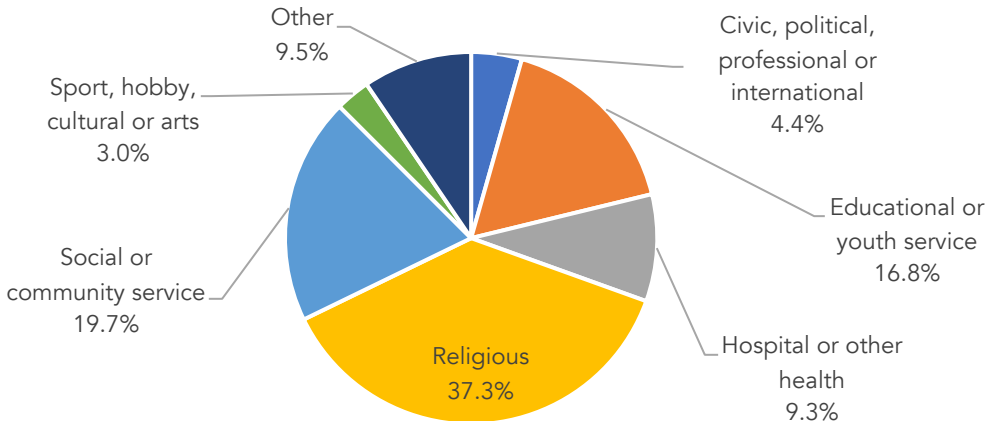
In 2015, 24.9% of residents in the Nashville region volunteered ranking Nashville 34th of the 50 larger MSAs. This equated to 346,900 volunteers who donated 42.5 million hours of service. This means that nearly one out of every four people (16 years and over) in the MSA volunteered over three weeks of their time. This volunteerism provided nonprofits the equivalent work of 20,432 full-time employees or a further contribution worth \$1.1 billion in wages.

In 2017, the number of residents volunteering increased to 34.7%, with Nashville moving up in ranking to 15th out of the top 50 largest MSAs. This represents 497,517 volunteers.

This growth in volunteering matters because while 60.2% of all residents make charitable contributions of \$25 or more, among those who volunteer, 82.3% donate (double the rate of non-volunteers). Thus, growing the volunteer base increases not only the work a nonprofit is able to undertake, but it also grows the donor base.

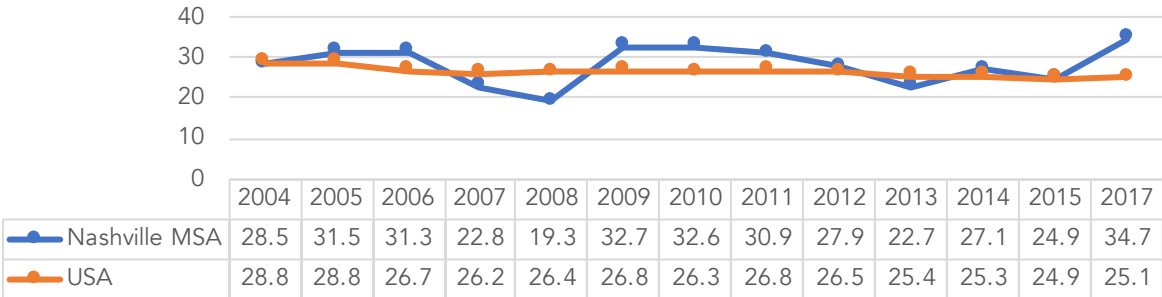
The following chart provides more information on where volunteers spent their time serving in 2015. The majority of volunteers served with religious organizations (37.3%), followed by those engaged in social or community service (19.7%), educational or youth service (16.8%) and hospital or other health-related volunteering (9.3%). Civic, political or professional volunteer service (4.4%) as well as sport, hobby, cultural or arts (3.0%) related volunteering made up smaller segments of how people gave of their time.

**Figure 11 - Volunteering by Sector**



Looking at the rate of volunteerism since 2004 in Chart 4, we see that in the U.S. the rate has remained fairly steady averaging about 26.5% over the 13-year period, although nationally this level of volunteering is declining. Conversely, in the Nashville MSA this rate is steadily increasing with significant dips that occurred in 2007 and 2008. One might assume this was because of the global recession that began in 2008, however recessionary impacts were not felt in the region till 2009 and reached their height regionally in 2010. Given that the volunteer rate in the region dips in 2013 just as the recovery is in full, this would seem to indicate that volunteerism in the region is lower during times of economic growth and higher at times of economic uncertainty. Regionally this indicates that Middle Tennesseans truly believe we are “stronger together,” a trait seen also in the region’s nonprofits as they respond to crisis.

**Figure 12 - Volunteer Rate Over Time**



# TORNADO, COVID-19, AND BLACK LIVE MATTER MOVEMENT IN RELATION TO THE NONPROFIT SECTOR

At the time this study was written major local, national and global events had recently occurred. The first major event was a deadly tornado that struck Nashville and the Middle Tennessee region on the night of March 2, 2020 and into the morning of March 3, 2020. This tornado ultimately killed 25 people with an additional 309 injured and left tens of thousands without power. The tornado also caused extreme damage to many homes and businesses across the region and ultimately caused some businesses to cease their operations entirely.

As a result of the tornado, the Middle Tennessee community and nonprofit sector sprang into action. Numerous organizations are dedicated to providing relief for victims of disaster and other negative externalities that occur after a natural disaster. This work is ongoing.

The second, a global event, is the outbreak of the COVID-19 pandemic. The first confirmed case of COVID-19 was reported in Tennessee on March 5, 2020. On April 2, 2020 Governor Bill Lee issued a "stay at home" executive order. This executive order required that "Tennesseans stay at home unless they are carrying out essential activities," which required many businesses, including many nonprofits, to temporarily halt, slow their operations or find new solutions to reach those they serve, such as working from home and providing services in a remote manner.

Again, the Middle Tennessee community and nonprofit sector offered and continues to offer critical support to those affected by this public health crisis, as well as the economic crisis that is already gripping the region. The shutdowns of various business locations, public assets and services affect the population, especially vulnerable populations. For example, many children who are food insecure receive two meals a day at school and school closures exacerbate their situation and that of their families. The digital divide, where internet access is not universal and is not always equitable, has disproportionately adverse effects on low-income and rural populations, particularly with many schools operating remotely. Low-income populations, food insecure populations, unhoused populations and various others are facing dire situations because of the COVID-19 crisis. The nonprofit community has played a significant role in mitigating these pain points and will continue to do so as this crisis is ongoing.

In addition to these two devastating events, there have been increased calls and organized actions for racial and social justice following the murder of George Floyd, a Black man killed by a police officer in Minneapolis on May 25, 2020. The video of Floyd's death circulated quickly and ignited protests across the country and the world. Due to this public outcry many nonprofits and community organizations that work with Black communities, or work more broadly in racial and social justice, have been elevated and recognized or have received increased funding for the heightened amount of action they are taking and services they are providing.

All these current events affect the nonprofit sector in a significant way. Demand is high for services that many nonprofits provide, and the region faces economic, health, and disparity-related crises.

There is no more relevant time to understand the impact and contribution of the Nashville region's nonprofit sector.

Nonprofits provide food, shelter, education, healthcare, inspiration, and the realized hope of our better selves. They embody the best of the region providing the means for people to come together and work toward the shared value of transforming our hopes into action and our realities into a better tomorrow for our communities.

## CONCLUSION

Nonprofits provide an array of services that are versatile and fluid. They are often the first responders of any crisis, and while the importance of their work is more apparent during times of distress or when one is a direct beneficiary of their service, it is important to understand that nonprofits are a vital resource of the economic landscape – traversing housing and shelter, food security, health care, education, arts and culture, recreation, civic engagement, equity, and social justice.

While this study captures data showing nonprofits are an essential contributor within the regional economy, providing nearly \$25 billion in economic impact and creating close to 200,000 jobs, we cannot calculate the impact on each life that has been served, each opportunity provided, or each heart where healing occurred. Nonprofits are economic engines that bolster regional and local economies, and while they are formed to benefit the public, not private interests, they are also important drivers of hope, equity, and engagement.

Nonprofits provide 500,000 residents of Middle Tennessee with volunteer opportunities to solve problems within various communities of the region. This study found that 82.3% of volunteers are also donors. At a time when 74% of all organizations expect the demand for their organization's services to increase, combined with tight budgets going into the next fiscal year, it is more important than ever that nonprofits focus on increasing their volunteer engagement with as much vigor as they pursue donor engagement. The data shows that volunteers are more likely to be engaged during times of crisis, so it is important to seize these opportunities.

Nonprofits provide leadership and hope. As the last year has demonstrated, inclusion and diversity are not just agreeable ideas, but rather create positive organizational and economic outcomes. Whether in terms of direct services, nonprofit capacity building, or the public policy arena, it is important for nonprofits to recognize that diversity can boost the quality of decision-making, encourage people to be more creative, loyal, and diligent workers and volunteers.

Nonprofits navigate complex challenges daily with efficiency with constraints pertaining to their overhead and operating costs. Frequently, funding limits how a nonprofit can operationalize a program or service. For this reason, nonprofits must create an amplified network that leverages the organization's strengths in terms of its programs, services, people, and advocacy efforts to create systemic efficiencies.

# SURVEY RESULTS

## Center for Nonprofit Management 2019 Economic Impact Analysis

The Research Center at the Nashville Area Chamber of Commerce issued a survey in spring of 2020. This section presents the findings from this survey. The distribution list was created with information from Giving Matters, a resource for data about the Middle Tennessee nonprofit community powered by the Community Foundation of Middle Tennessee.

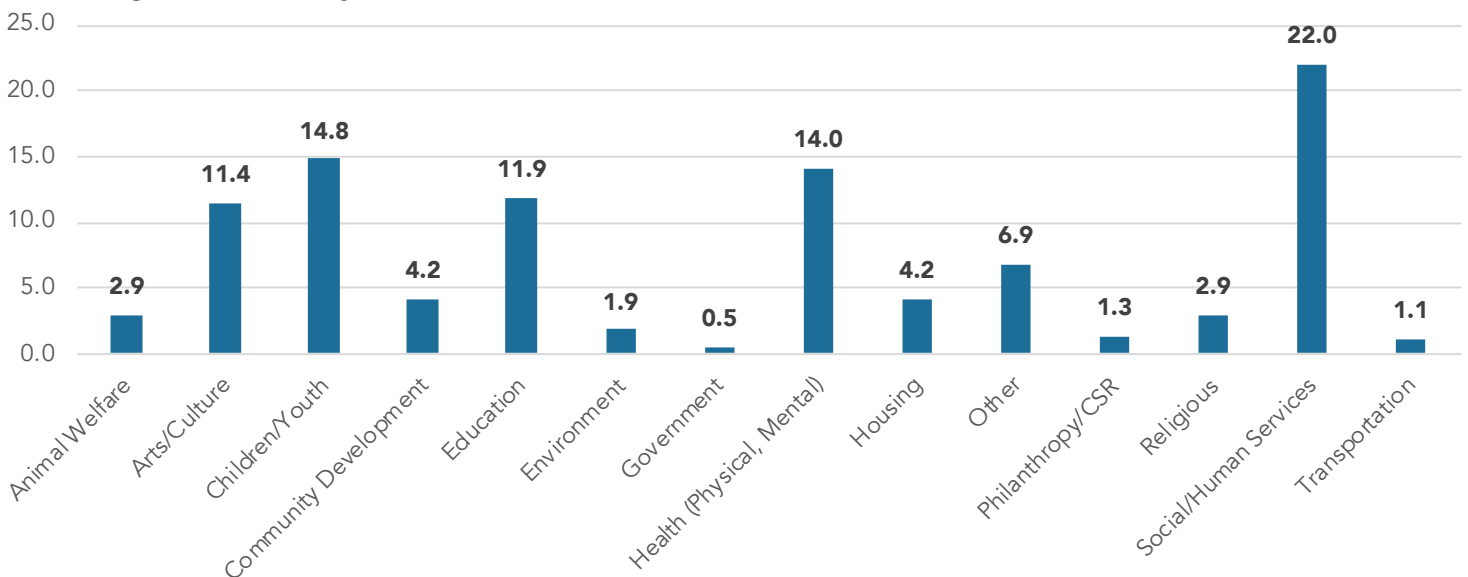
### Age of Organization

Survey respondents were initially asked the age of their organization. The youngest organization is 1 year old, while the oldest is 171 years old. The average age of responding organizations is 30.4 years.

### Service Areas

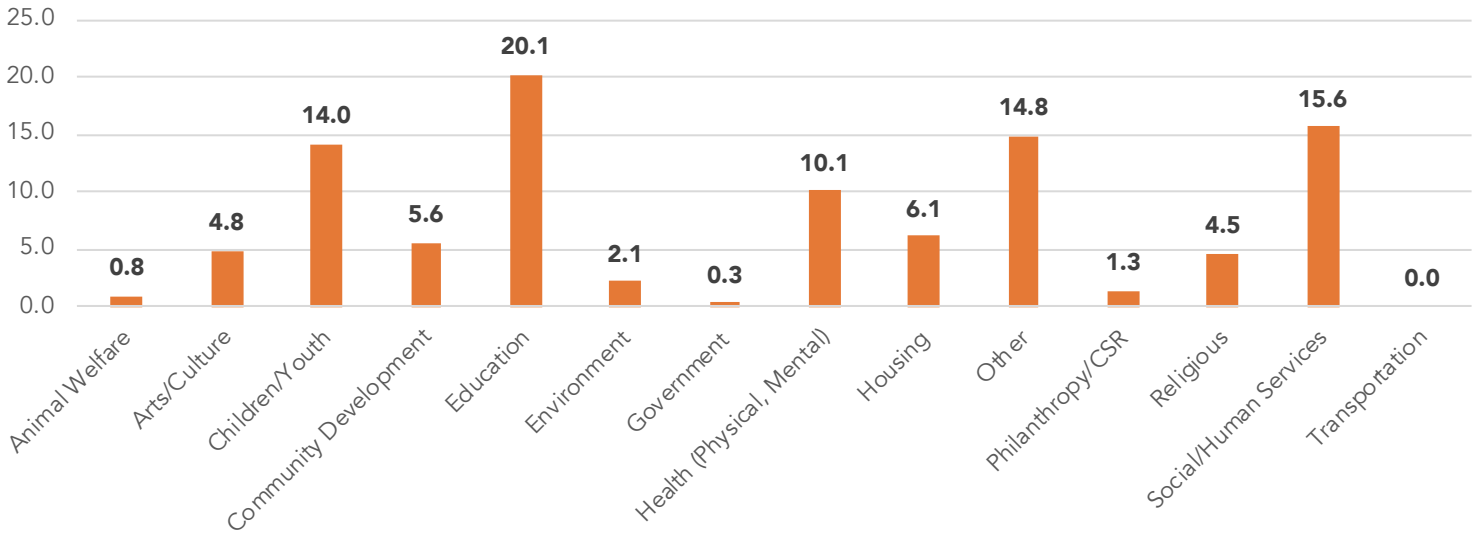
Survey respondents were then asked to identify their primary and secondary service areas. These categories correspond with the categories identified by the Center for Nonprofit Management. The following graphics show the breakdown of the primary and secondary service areas.

Figure 13 – Primary Service Area



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 14 – Secondary Service Area**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

Further examination into service area pairings show that the top pairings, primary and then secondary, are Arts/Culture and Education, and Education and Children/Youth. These pairings make up 7.0% and 5.9%, respectively, of all pairings. These are followed by: Health (Physical, Mental) and Social/Human Services, Social/Human Services and Other, and Children/Youth and Education, which is simply an alternate of the second highest pairing concentration, indicating a very strong presence in the region. It is important to note that education is only the fourth highest in terms of primary service area concentration but has the strongest concentration of secondary service area. This indicates that many nonprofits see education on their more specific areas as part of their mission. Social/Human Services has a strong concentration in both primary and secondary service areas.

**Employees and Volunteers**

Respondents were then prompted to report how many full-time employees work for their organization. The minimum is zero, indicating that some organizations operate entirely with part-time employees and/or volunteers, the maximum is just over 5,000 and the average number of FTEs is 90.2. However, the maximum here can be attributed to one unusually large area nonprofit and the next largest number of full-time employees is approximately 900. 97% of area nonprofits have 200 or fewer full-time employees, 93% have 100 or fewer and approximately 69% of nonprofits have 10 or fewer full-time employees.

Full-time employees in the Nashville region nonprofit sector work approximately 44 hours per week on average. Approximately 42% work more than 40 hours per week and approximately 18% work less than 40 hours per week.



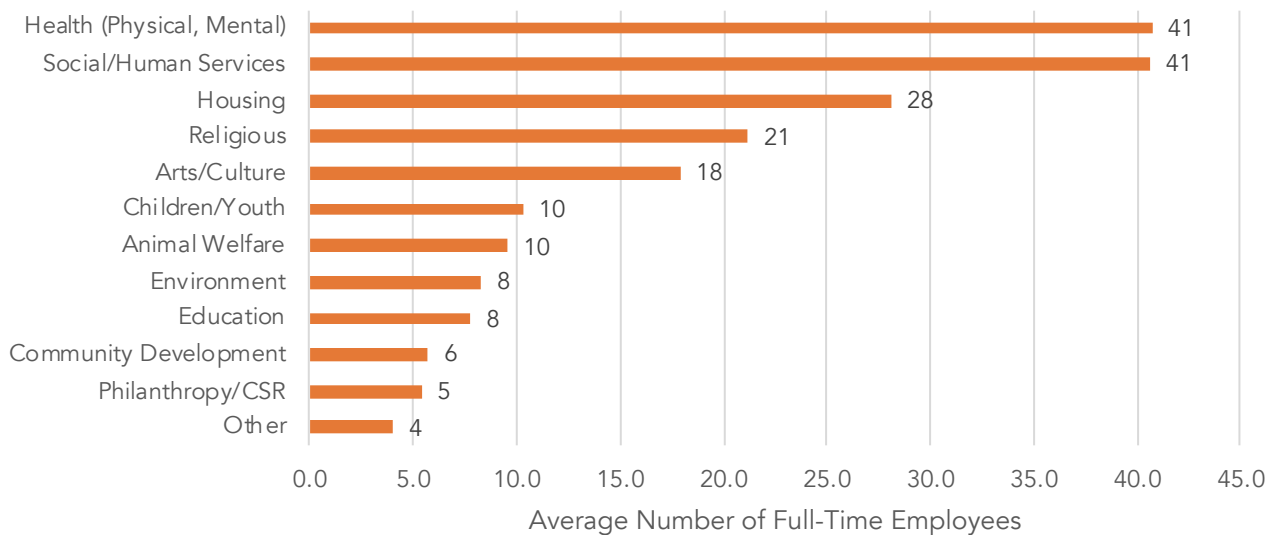
Respondents were then prompted to report how many part-time employees work for their organization. The minimum is zero, indicating that some organizations operate entirely with full-time employees and/or volunteers, the maximum is 3,572 and the average number of PTEs is 27.2. Again, the maximum PTEs here is an outlier. The next largest number of part-time employees is approximately 800. 97% of area nonprofits have 100 or fewer part-time employees, 96% have 50 or fewer and approximately 86% have 10 or fewer part-time employees.

Part-time employees, on average, work approximately 19 hours per week in the Nashville region. Approximately 7% work 40 hours or more per week (when they are working, which is perhaps why this was not attributed to the full-time employee category). 86% work 30 hours or less per week, 45% work less than 20 hours per week and 26% work 10 or fewer hours per week. Note that these figures are calculated only with the sample of nonprofits that do employ part-time employees.

Respondents were prompted to report how many volunteers are registered and working with their nonprofits. The largest number of volunteers reported was about 7,000. However, only 6% of nonprofits have 1,000 or more volunteers. 15% of nonprofits have between 200 and 1,000 volunteers, approximately 79% have 200 or less, approximately 60% have 50 or less and approximately 21% have 10 or fewer volunteers.

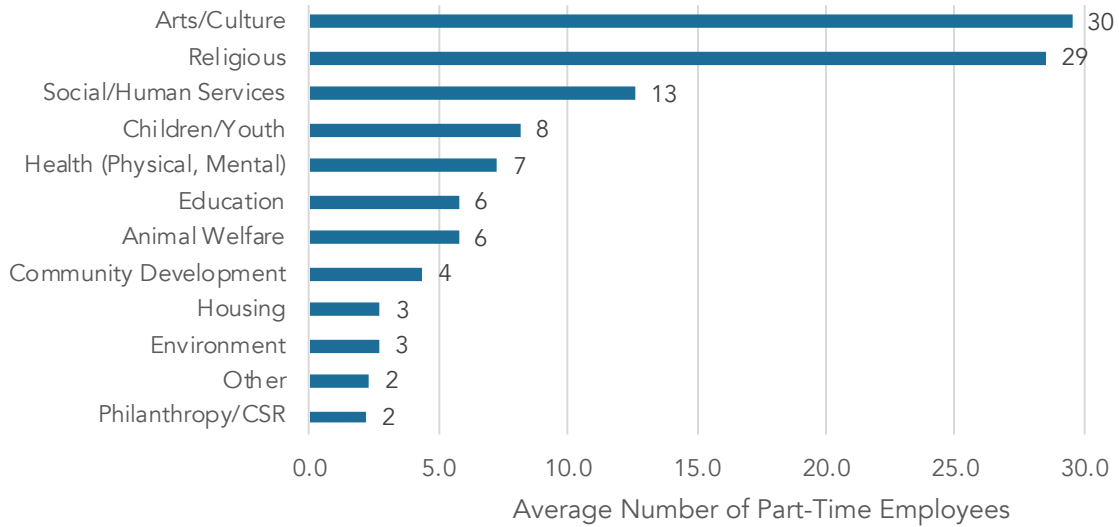
This information can be broken out by service area and extremely high outliers: schools, universities, large government agencies and hospitals, were removed from analysis for this breakout. The smaller sample sizes with these outliers removed provide more clarity on what most nonprofits that operate in these service areas look like in terms of staffing. This breakdown is displayed in the tables below.

**Figure 15 – Full-Time Employees by Primary Service Area**



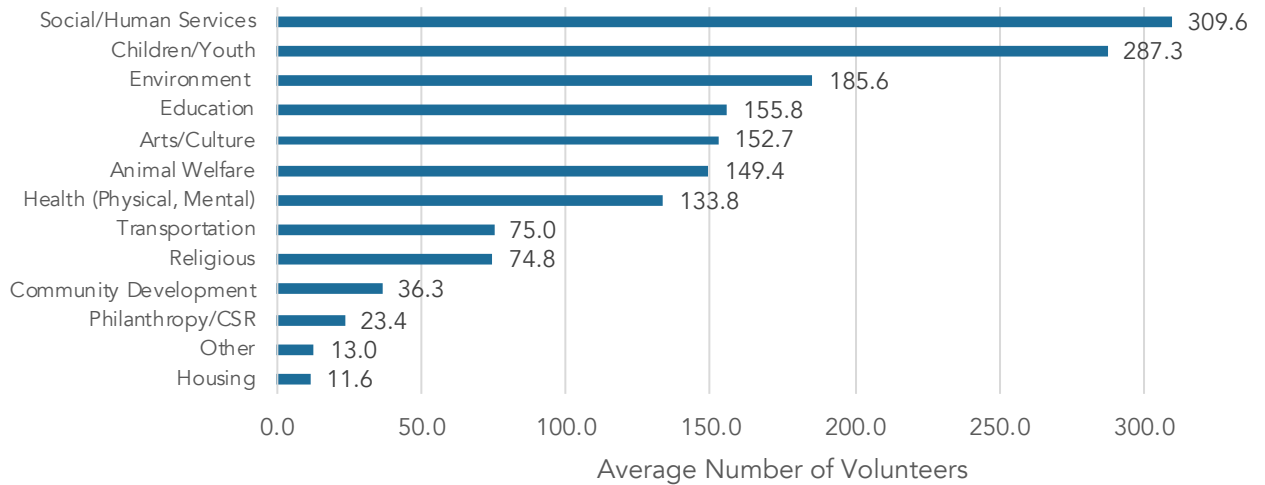
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 16 – Part-Time Employees by Primary Service Area**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 17 – Volunteers by Primary Service Area**

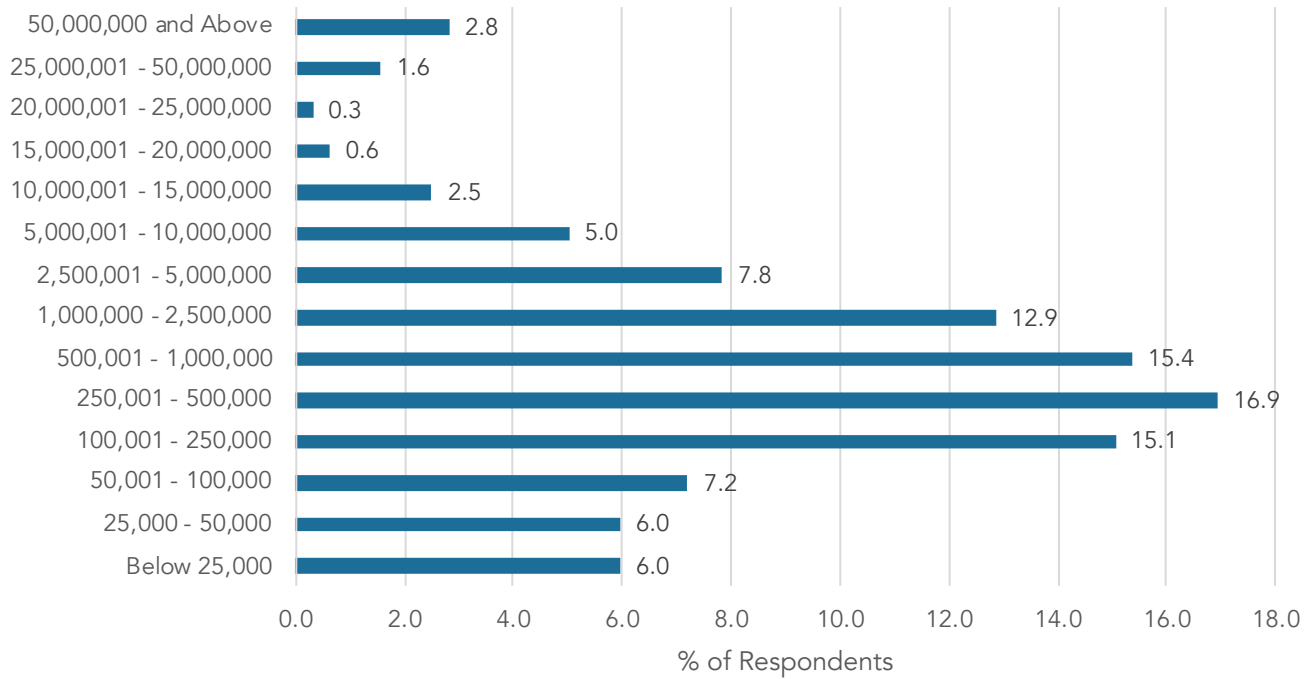


Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Expenses and Revenue**

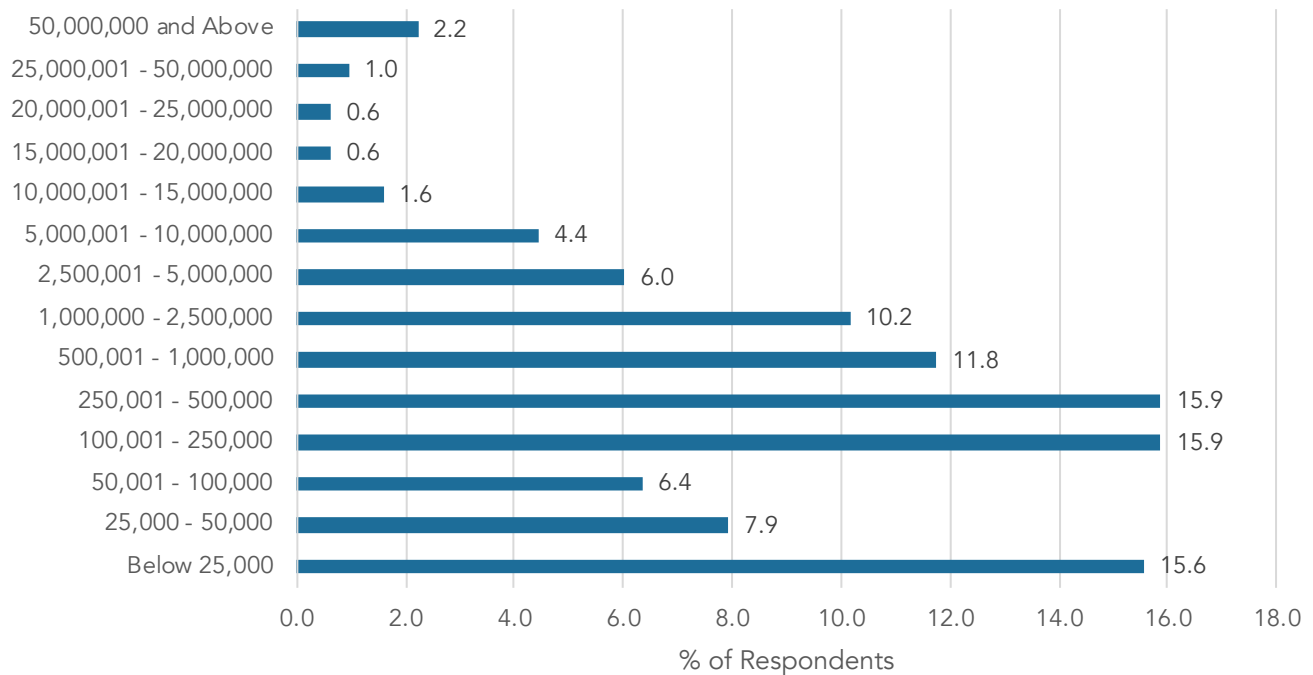
Respondents were asked to report their expenses and revenue over time. The following graphic shows the breakdown of total expenses for the most recently filed fiscal year (2018 or 2019) for all organizations.

**Figure 18 – Organization’s Total Expenses for Most Recently Filed Fiscal Year**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

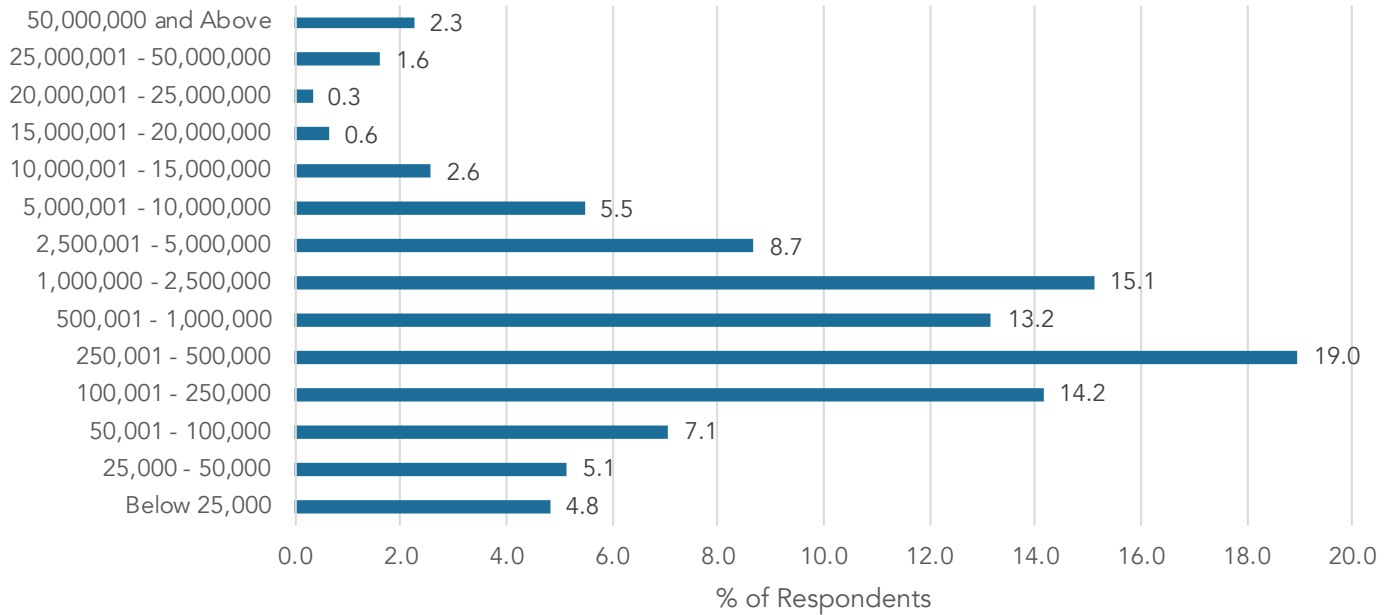
**Figure 19 – Organization’s Total Expenses for 2015 Fiscal Year**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

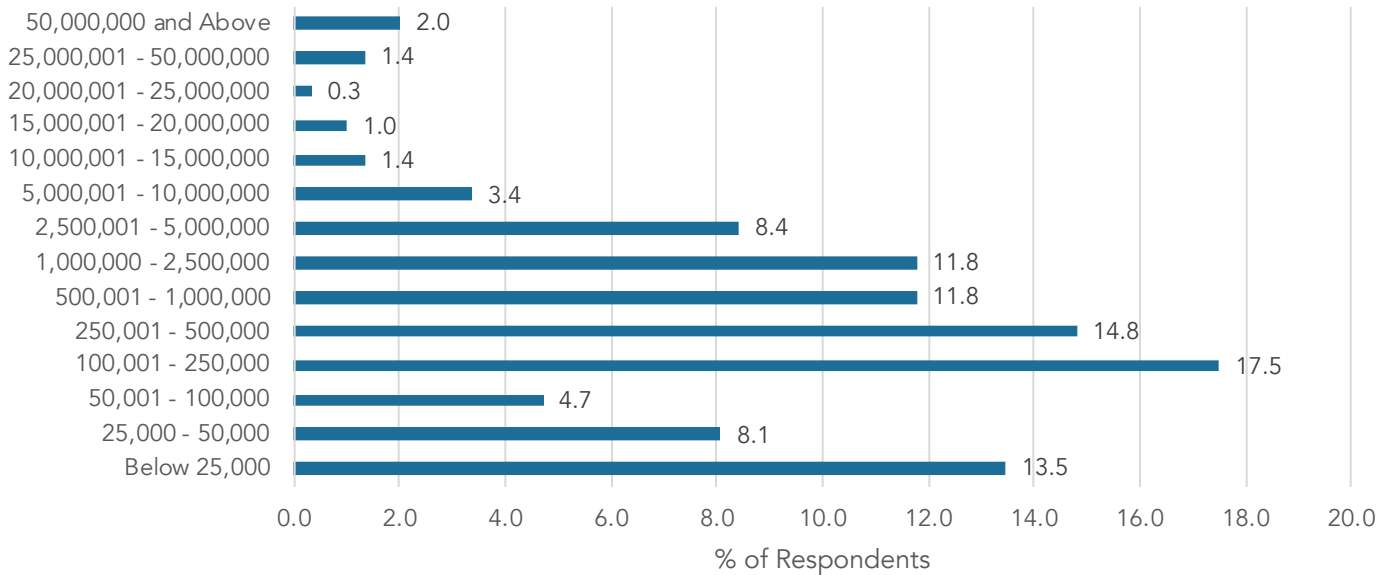
The graphics above show that the most change is in the lower expense brackets where in 2015 15.6% of respondents had expenses below \$25,000, and in 2019 or the most recently filed fiscal year, this was only 6.0% of organizations.

**Figure 20 – Organization’s Total Revenue, All Sources, for Most Recently Filed Fiscal Year**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 21 – Organization’s Total Revenue, All Sources, for 2015 Fiscal Year**

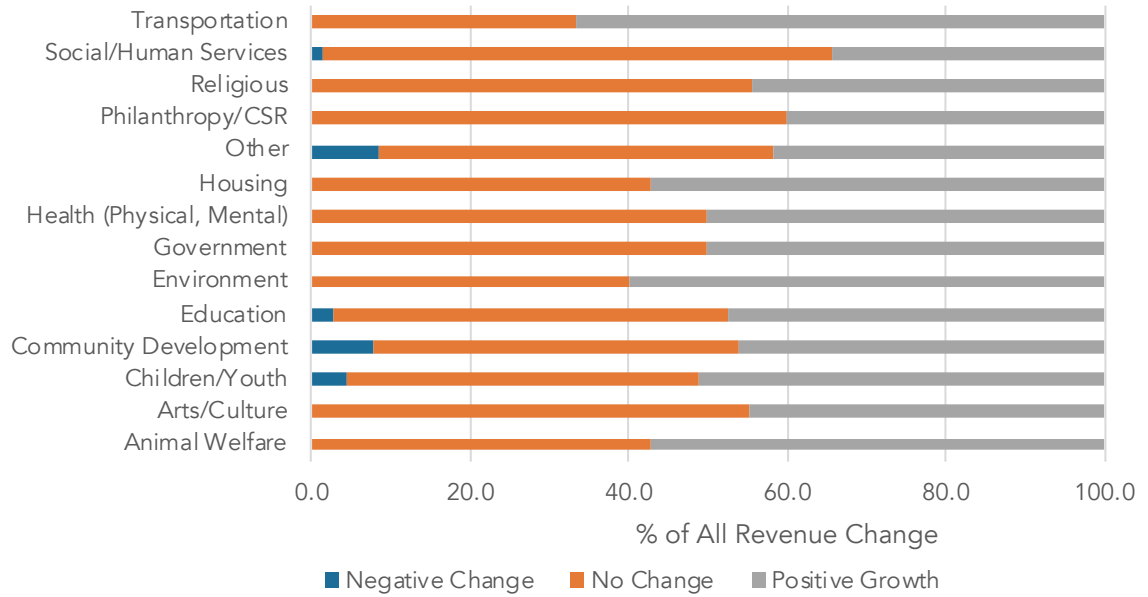


Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

The graphics above show that the most change is in the lower revenue brackets where in 2015 13.5% of respondents had revenue below \$25,000, and in 2019 or the most recently filed fiscal year, this was only 4.8% of organizations.

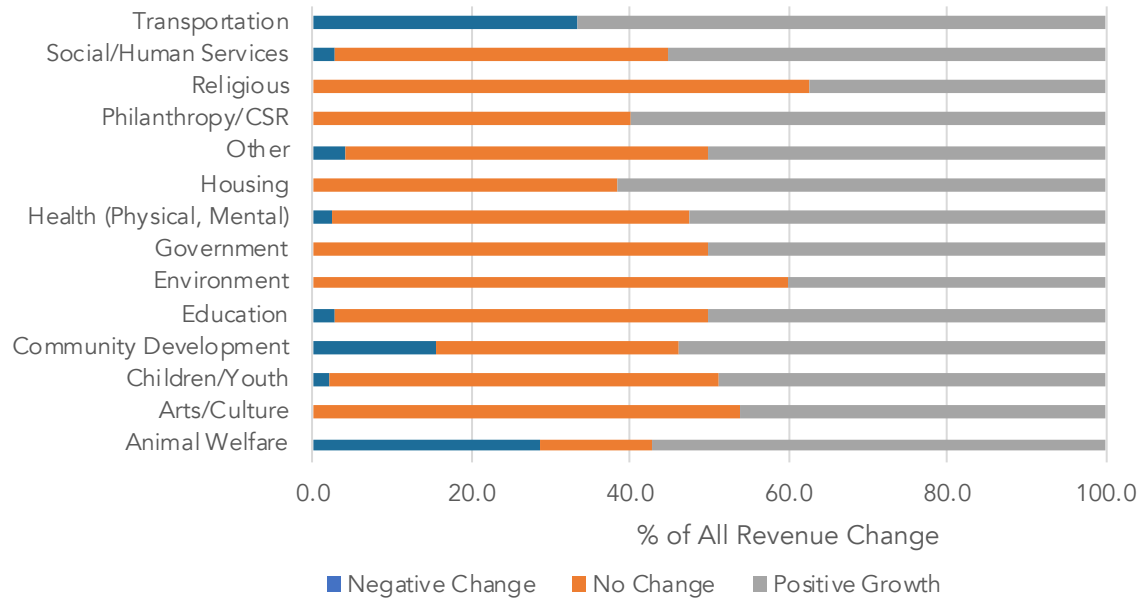
One way to look at change in revenue and expenses over time is by service area. The graphics below show trends in growth; the percent of all change within these respective service areas that is negative, stagnant, or represents growth.

**Figure 22 – Trends in Expenses Over Time by Service Area**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 23 – Trends in Revenue Over Time by Service Area**

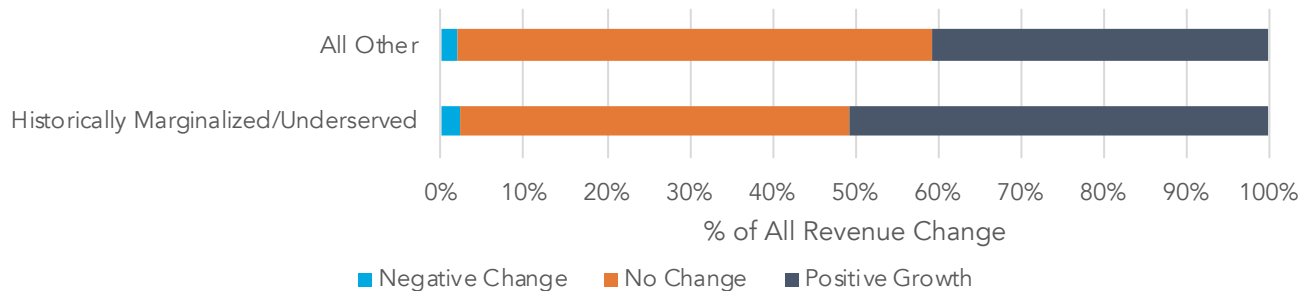


Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

Another way to look at revenue and expenses over time is to consider populations served by nonprofits. In this study, populations served is considered to look at organizations that serve historically marginalized and underserved populations. Here, this means Black, Indigenous and People of Color (BIPOC), children and youth, uninsured populations, older adults, immigrants, new Americans and refugees, unhoused and extremely low-income populations, incarcerated or formerly incarcerated people, veterans and food insecure populations.

The graphs below compare these organizations to organizations that do not serve these populations in terms of revenue and expense growth trends over time:

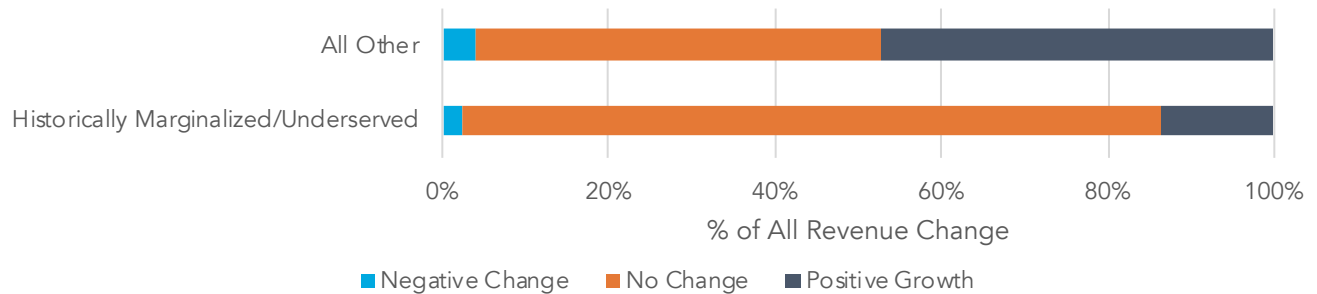
**Figure 24 – Trends in Expense Over Time by Populations Served**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

While negative change is negligible in both samples, an approximately 10% larger share of the organizations that serve historically marginalized and underserved populations have experienced growth in expenses over time than those that do not serve these populations.

**Figure 25 – Trends in Revenue Over Time by Populations Served**

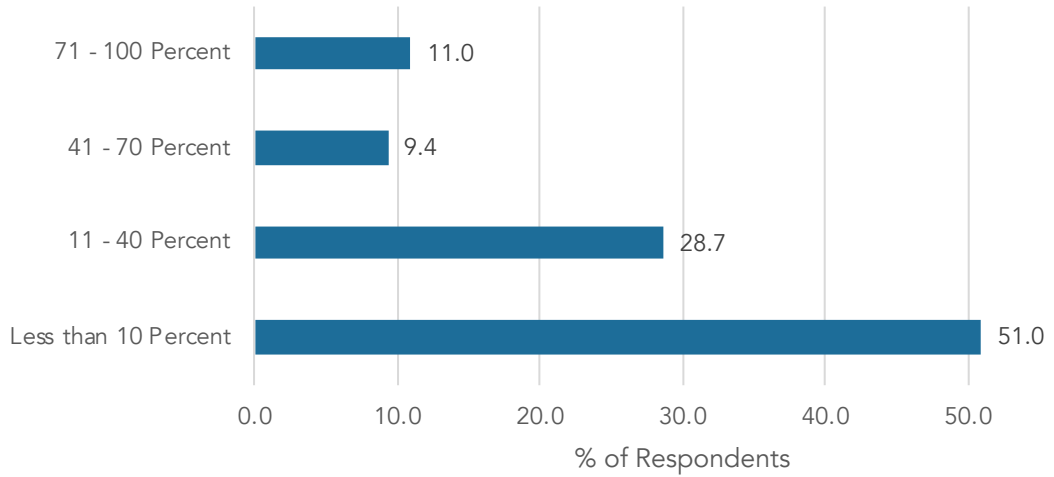


Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

The negative change in revenue over time is also negligible. However, an approximately 30% smaller share of organizations that serve historically marginalized and underserved populations have experienced growth in revenue over time than those that do not serve these populations. If revenue and expense growth mirrored each other, then this could be taken as an indicator of healthy growth, however, an increase in expenses paired with stagnation in revenue is not. Moving into a recessionary period, it is especially concerning that this trend is seen in organizations that serve already vulnerable populations.

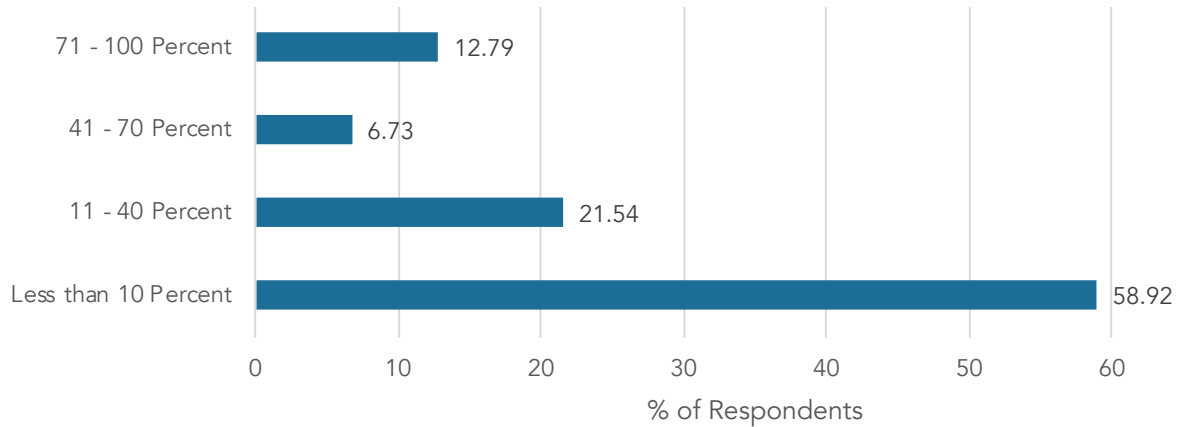
Respondents were then asked to indicate what percent of their revenue came from outside of the Nashville and Clarksville MSAs in both 2015 and in the most recent fiscal year.

**Figure 26 – Revenue Sources Outside the Nashville/Clarksville MSAs**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 27 – Revenue Sources Outside the Nashville/Clarksville MSAs in 2015 Fiscal**

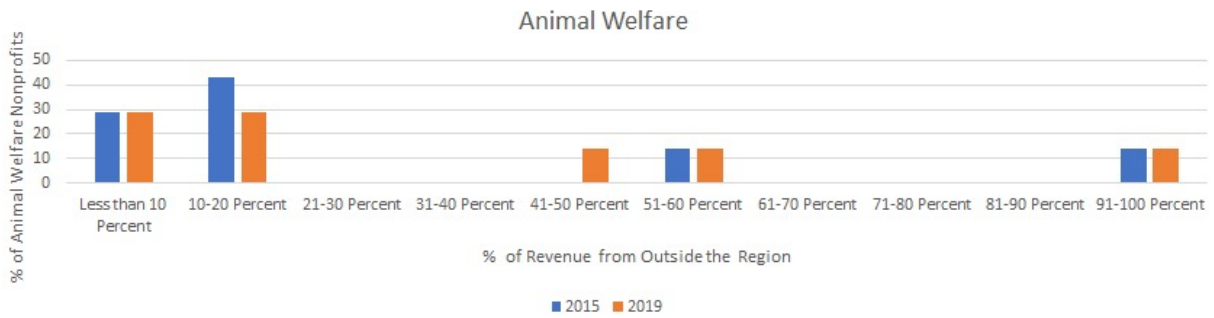


Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

Revenue from outside of the immediate region, the Nashville and Clarksville Metropolitan Statistical Areas, has mostly remained the same between 2015 and the most recently filed fiscal year. It is apparent that most revenue is generated within the region.

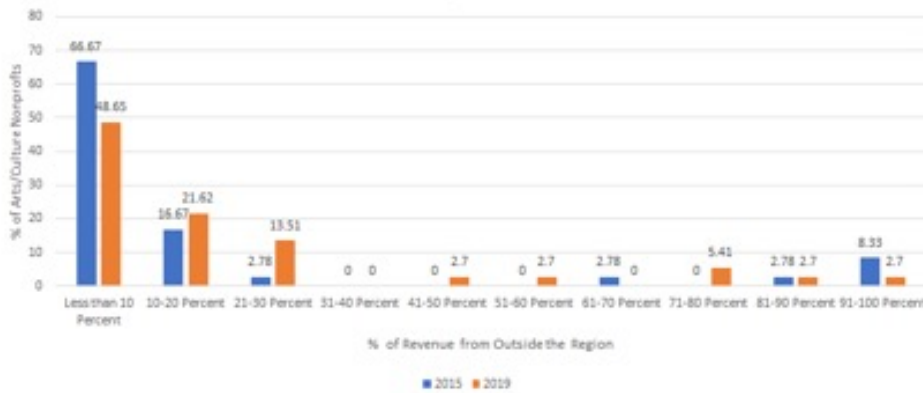
Breaking this out by service area over both years shows which areas have increased or decreased their revenue from outside the region as well as which areas tend to have higher contributions from outside the region.

**Figure 28 – Animal Welfare – Change in Revenue from Outside the Nashville/Clarksville MSAs**



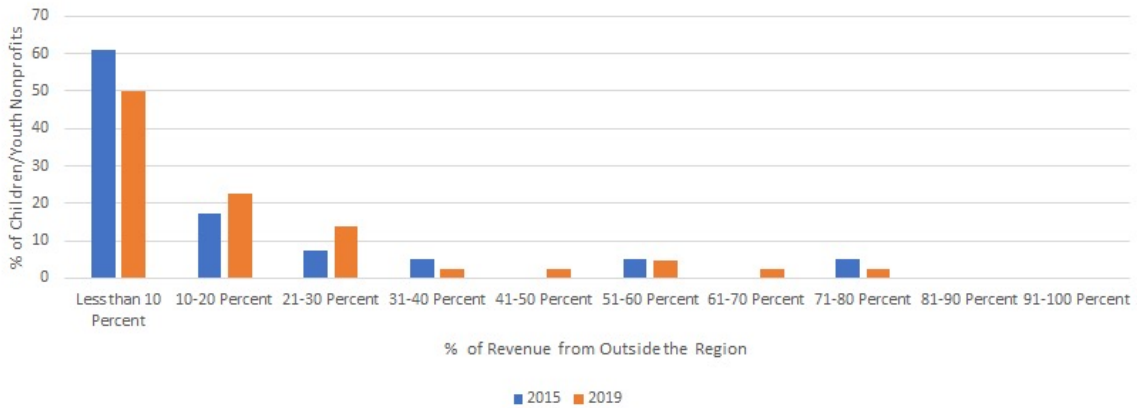
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 29 – Arts/Culture – Change in Revenue from Outside the Nashville/Clarksville MSAs**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

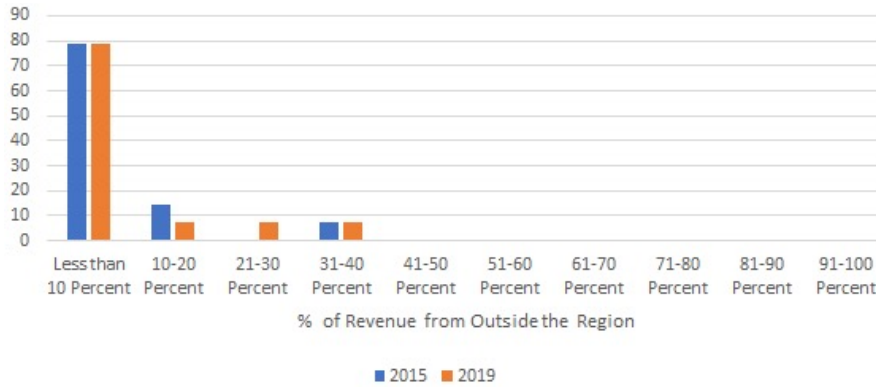
**Figure 30 – Children/Youth – Change in Revenue from Outside the Nashville/Clarksville MSAs**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

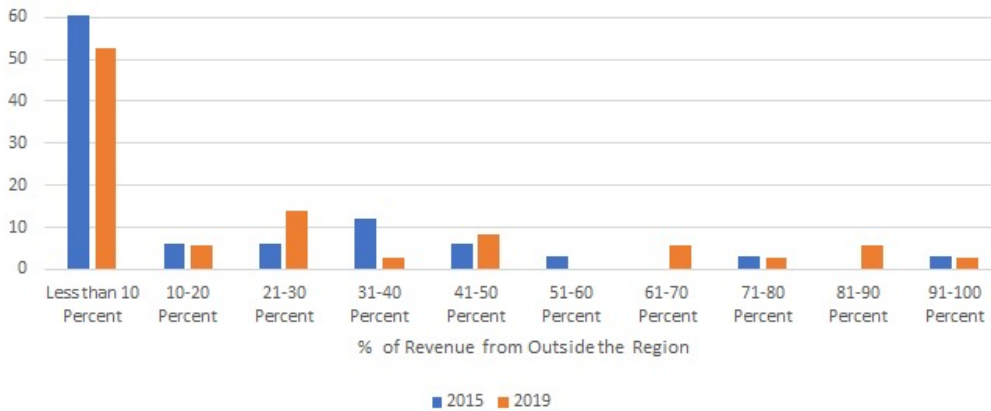


**Figure 31 – Community Development  
Change in Revenue from Outside the Nashville/Clarksville MSAs**



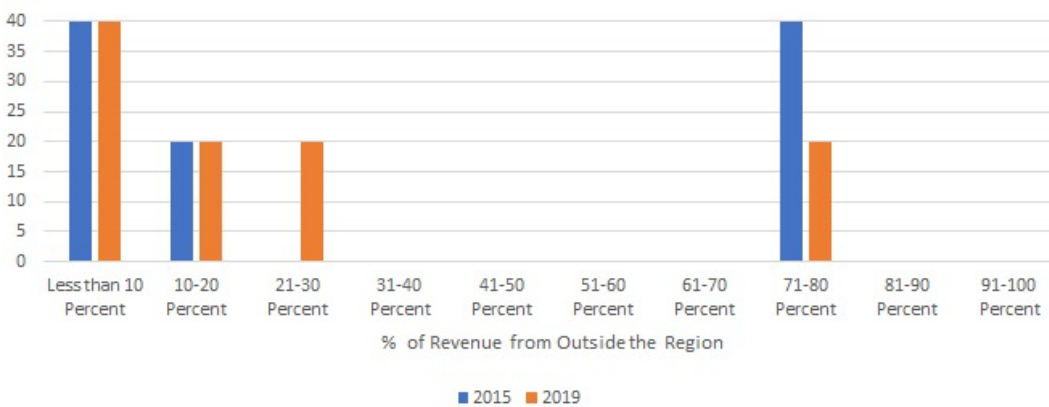
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 32 – Education – Change in Revenue from Outside the Nashville/Clarksville MSAs**



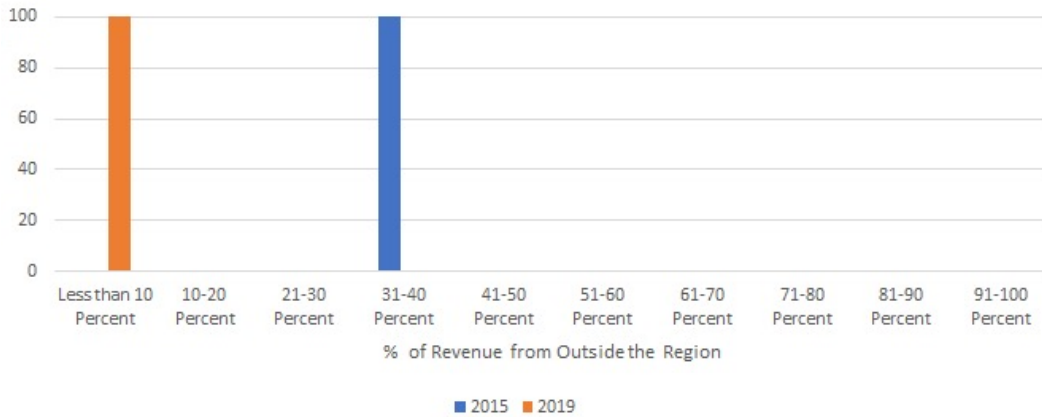
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 33 – Environment – Change in Revenue from Outside the Nashville/Clarksville MSAs**



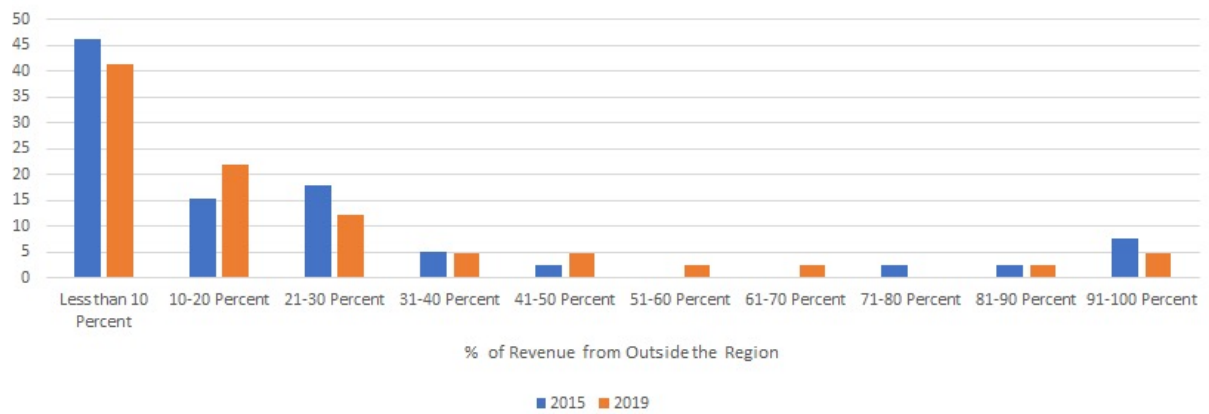
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 34 – Government – Change in Revenue from Outside the Nashville/Clarksville MSAs**



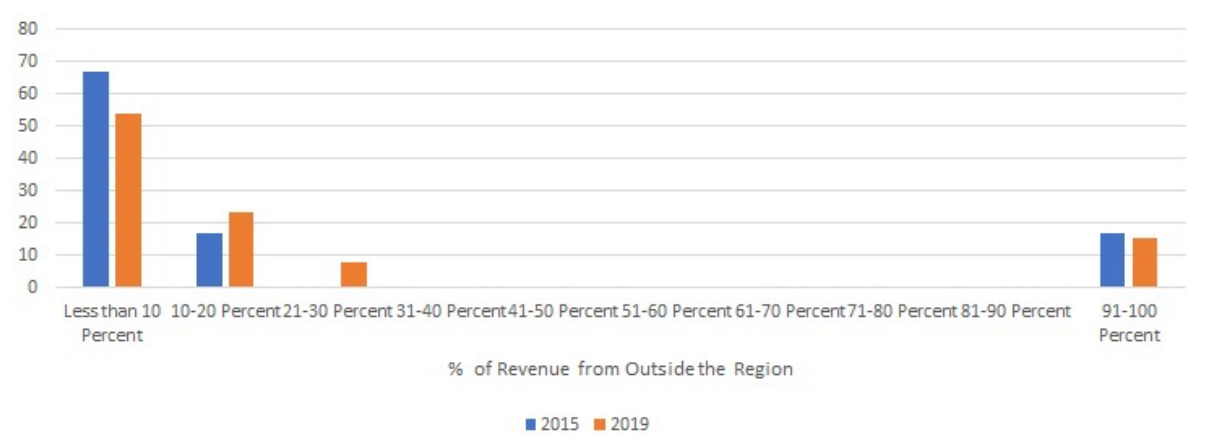
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey  
 Note that "Government" has a very small sample size, resulting in an unusual pattern.

**Figure 35 – Health – Change in Revenue from Outside the Nashville/Clarksville MSAs**



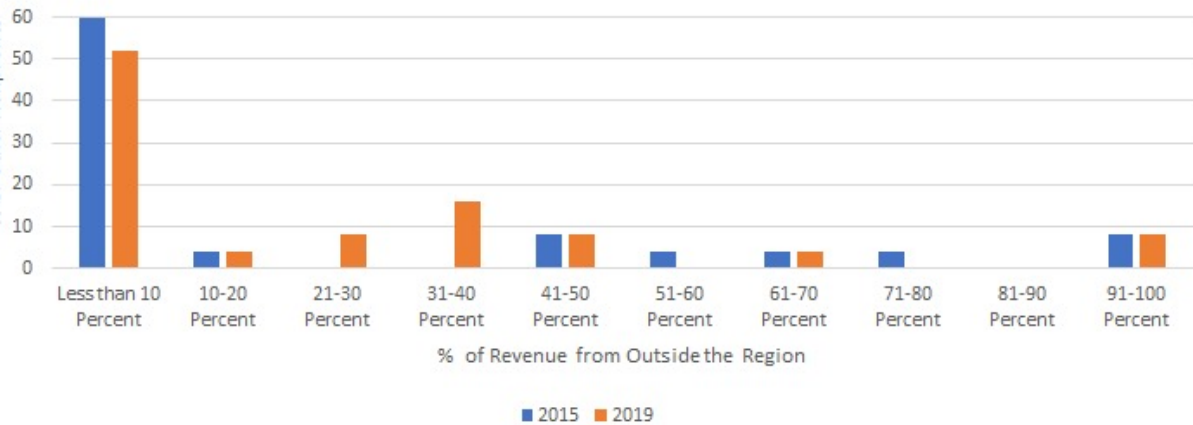
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 36 – Housing – Change in Revenue from Outside the Nashville/Clarksville MSAs**



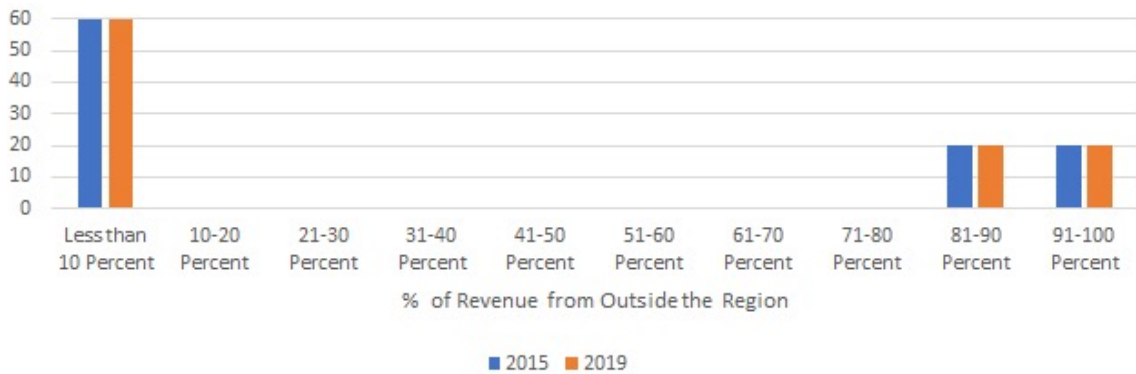
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 37 – Other Nonprofits – Change in Revenue from Outside the Nashville/Clarksville MSAs**



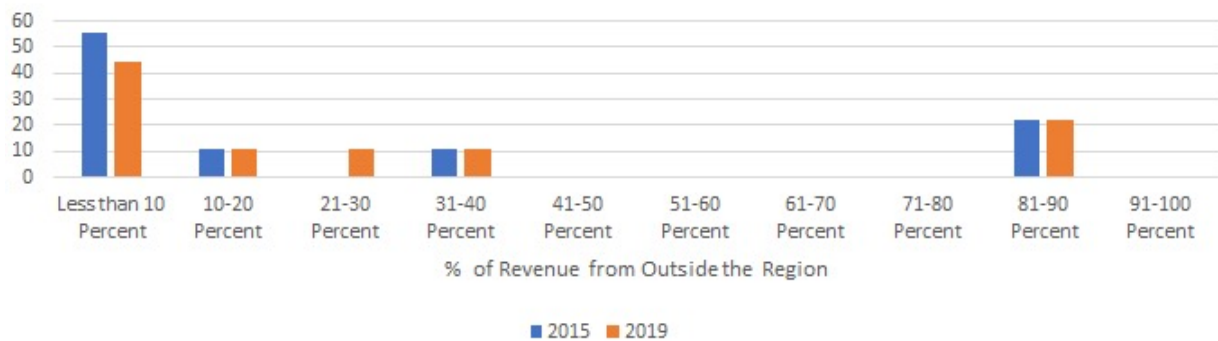
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 38 – Philanthropy/CSR – Change in Revenue from Outside the Nashville/Clarksville MSAs**



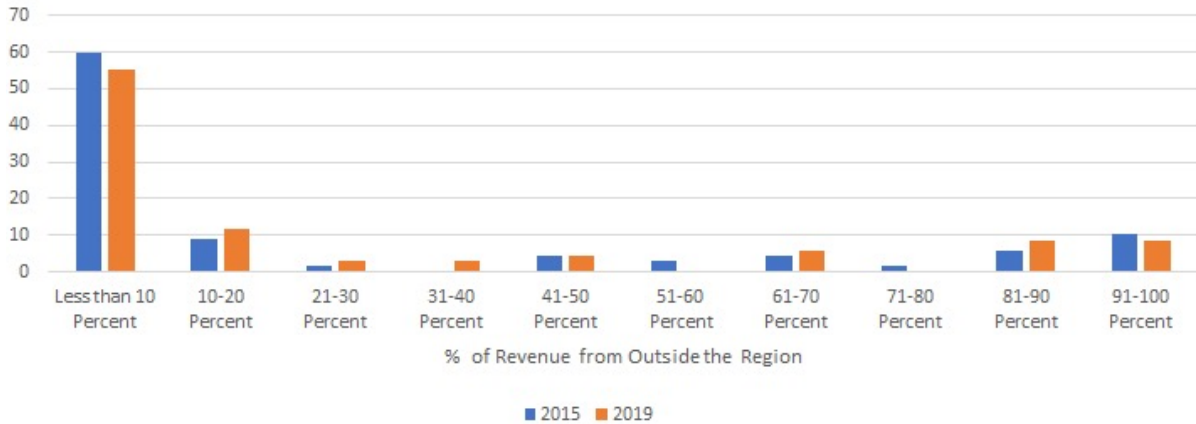
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 39 – Religious – Change in Revenue from Outside the Nashville/Clarksville MSAs**



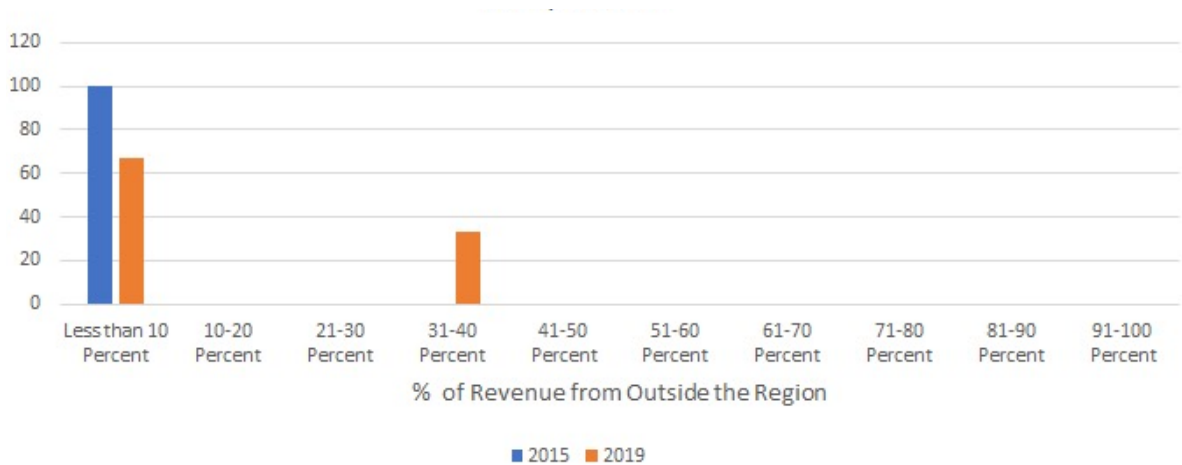
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 40 – Social/Human Services  
Change in Revenue from Outside the Nashville/Clarksville MSAs**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 41 – Transportation – Change in Revenue from Outside the Nashville/Clarksville MSAs**



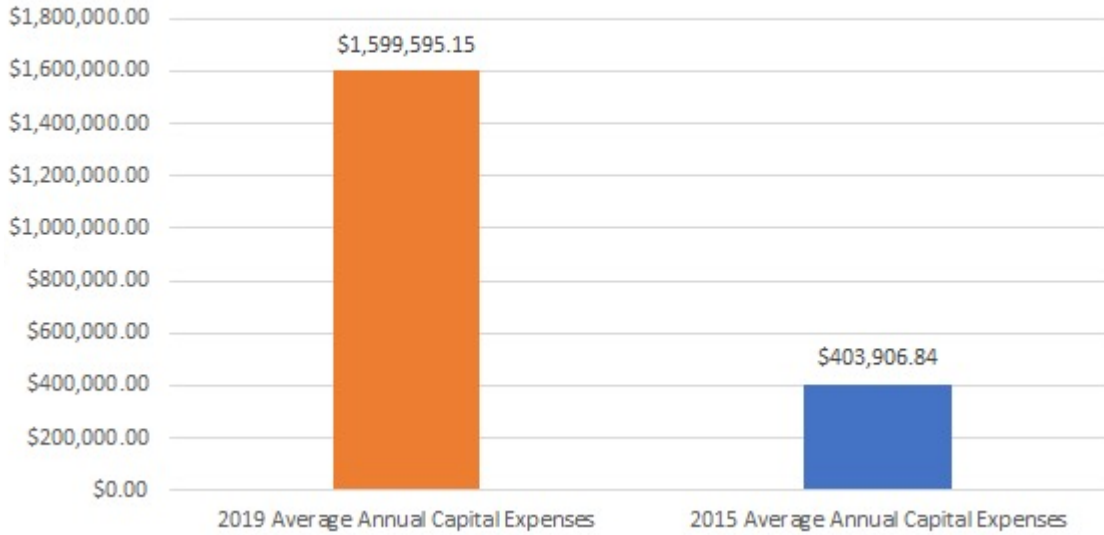
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

Philanthropy/CSR, Environment and Religious organizations do consistently have higher contributions from outside of the MSA.

**Capital Expenses and In-Kind Contributions**

Respondents were asked to report on their 2015 and 2019 capital expenses and in-kind contributions. Capital expenses include construction, equipment, collection, etc.

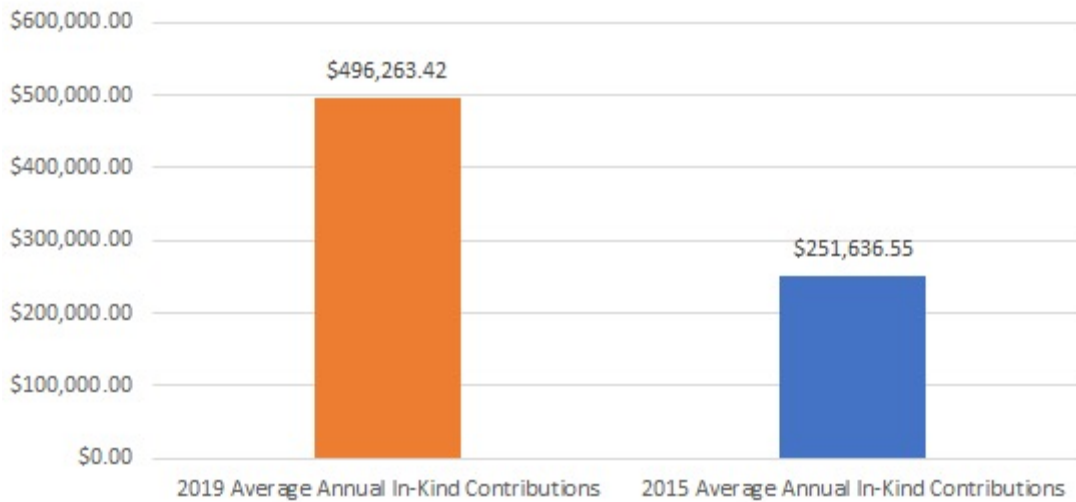
**Figure 42 – Average Annual Capital Expenses**



*Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey*

On average, capital expenses have risen by over 200%. The change between the average expenses from 2015 to 2019 is approximately \$1,000,000. This large change is reflective of the fact that 90% of respondents saw an increase in capital expenses over this period of four years.

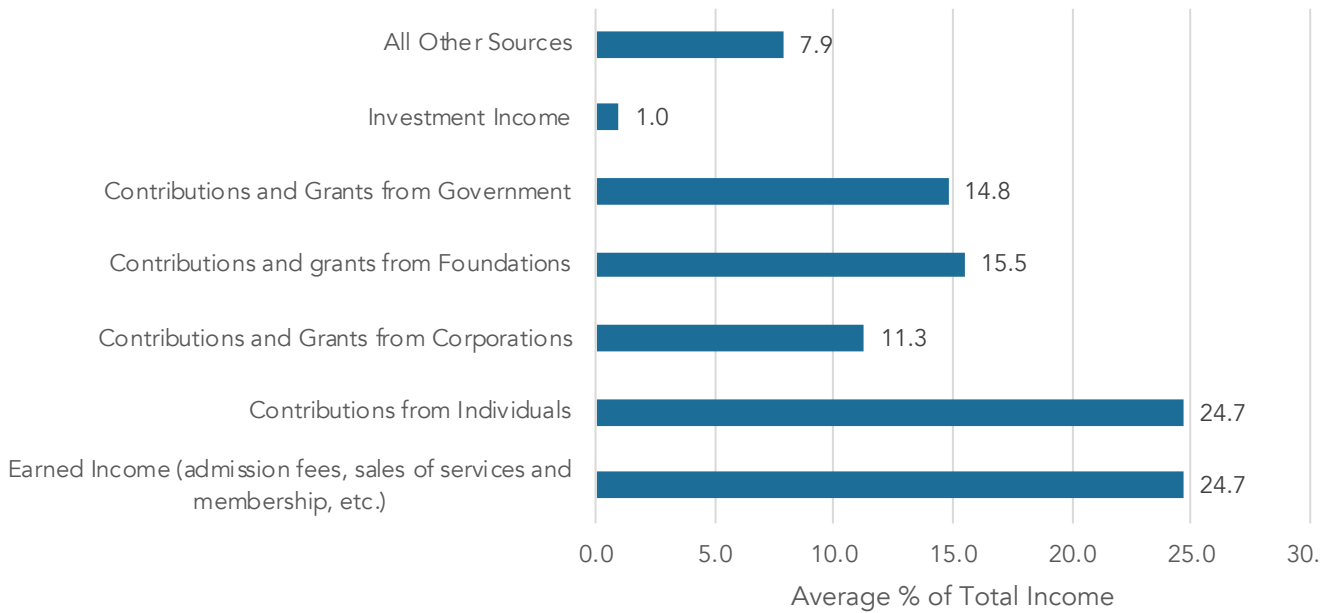
**Figure 43 – Average Annual In-Kind Contributions**



*Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey*

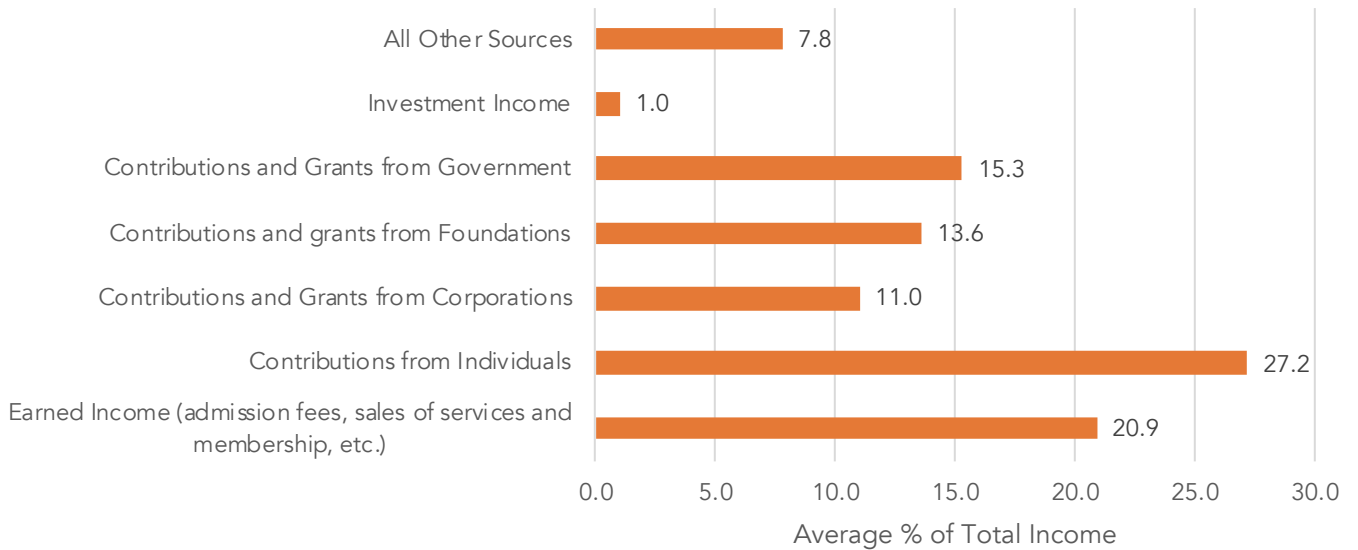
On average, in-kind contributions have risen by approximately 97%. The change between the two years' average in-kind contributions is approximately \$244,626.87. The number of organizations that have seen decreases in in-kind contributions over this time-period is at least double those who have seen decreases in capital expenses, approximately 20 survey participants.

**Figure 44 – Annual Income Sources for 2019 or Most Recently Filed Fiscal Year**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 44 – Annual Income Sources for 2015 Fiscal Year**

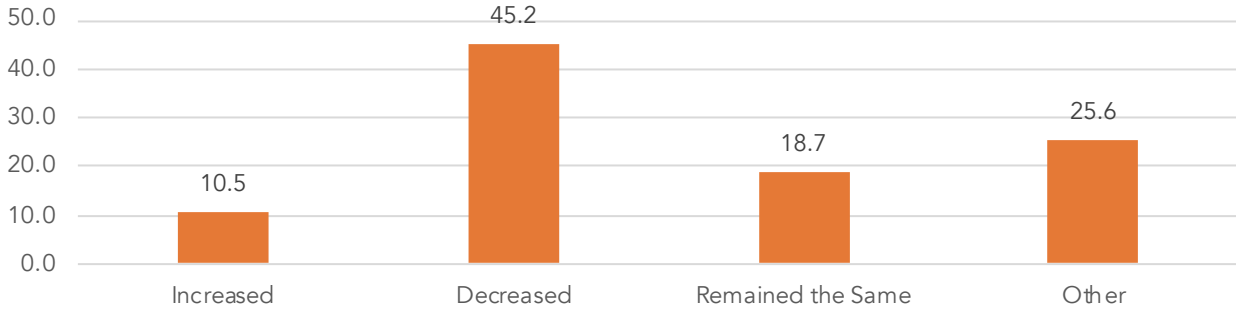


Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Economic Recession**

Respondents were asked to report how their organization’s revenue changed as a result of the economic crisis (recession) of 2009.

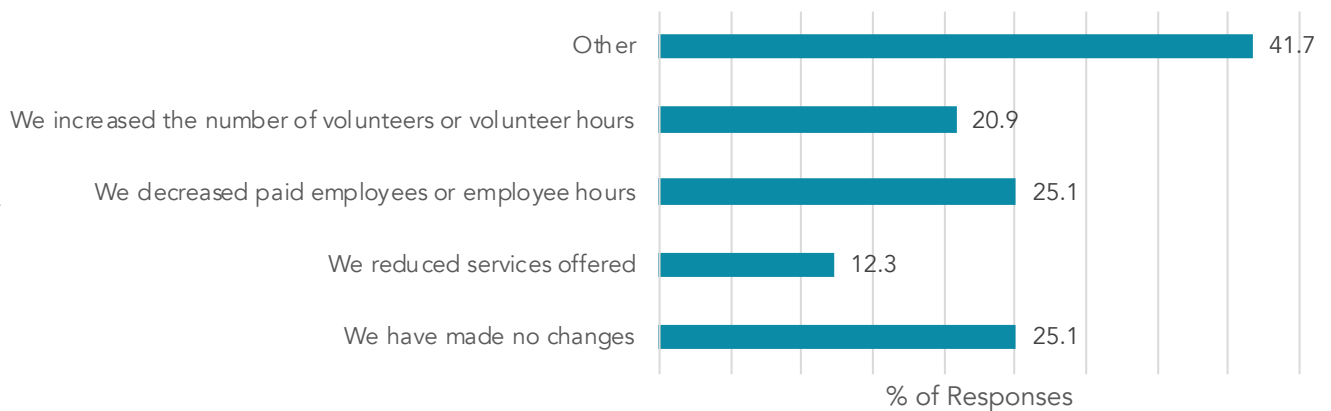
**Figure 45 – Organization’s Revenue Changes as Result of 2009 Recession**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

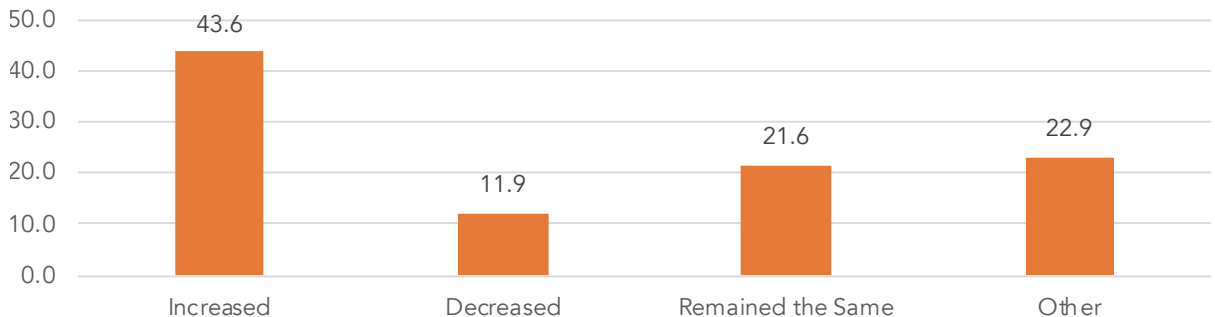
While a small amount of responding organizations’ revenue increased, most organizations saw decreases in revenue. The group of respondents that indicated “Other” is primarily made up of organizations that did not exist in 2009.

**Figure 46 – Organization’s Responses to 2009 Recession**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 47 – Change in Demand for Services in Response to the 2009 Recession**

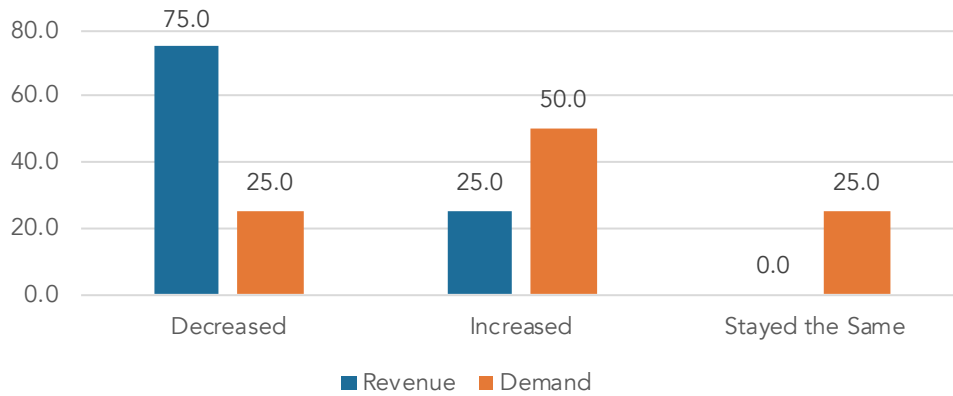


Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

Most organizations saw an increase in demand for their services. The group of respondents that indicated "Other" is primarily made up of organizations that did not exist in 2009.

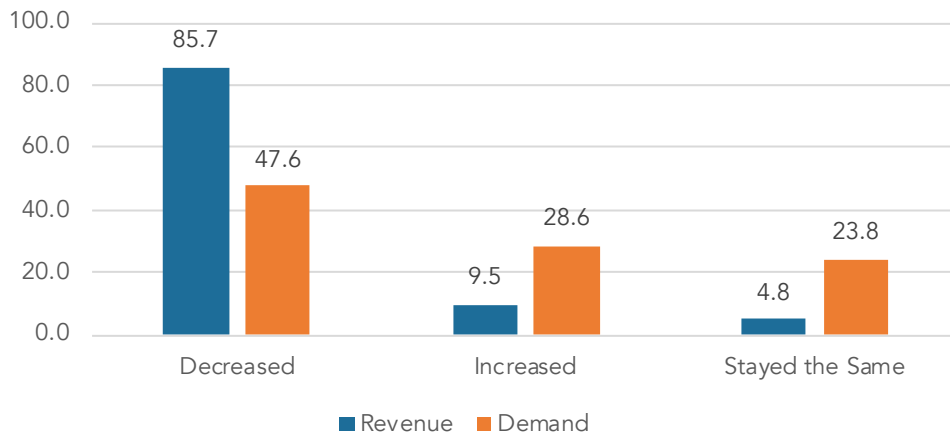
Revenue and demand trends resulting from the 2009 crisis can be broken down by primary service area, where some primary service areas had to be removed because of statistical significance.

**Figure 48 – Animal Welfare – Revenue and Demand Trends from 2009 Recession**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

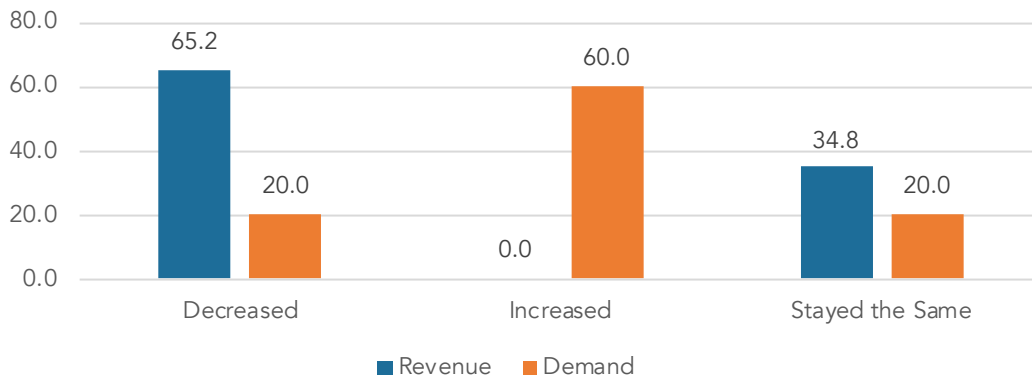
**Figure 49 – Arts/Culture – Revenue and Demand Trends from 2009 Recession**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

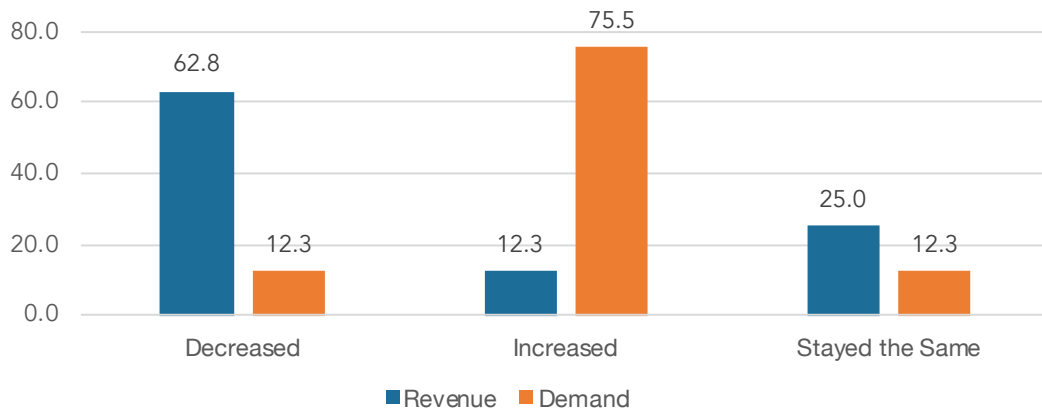


**Figure 50 – Children/Youth – Revenue and Demand Trends from 2009 Recession**



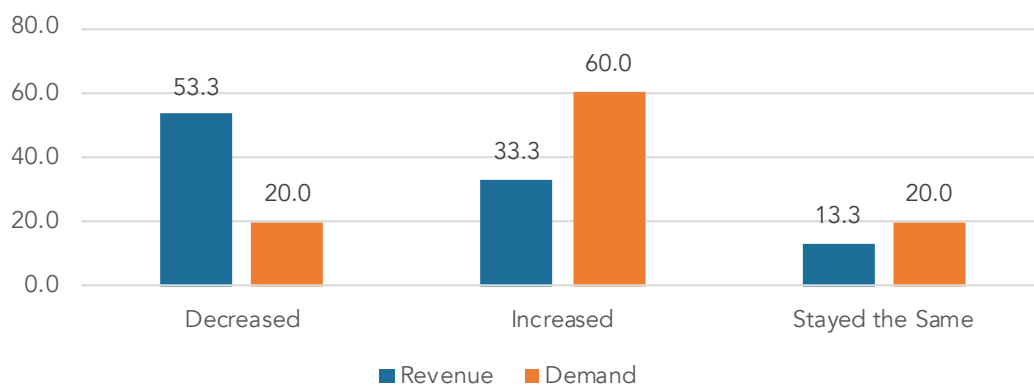
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 51 – Community Development – Revenue and Demand Trends from 2009 Recession**



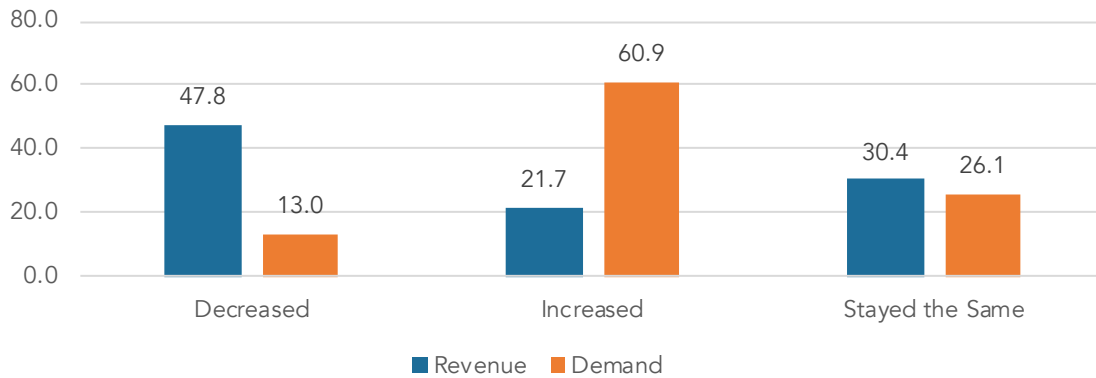
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 52 – Education – Revenue and Demand Trends from 2009 Recession**



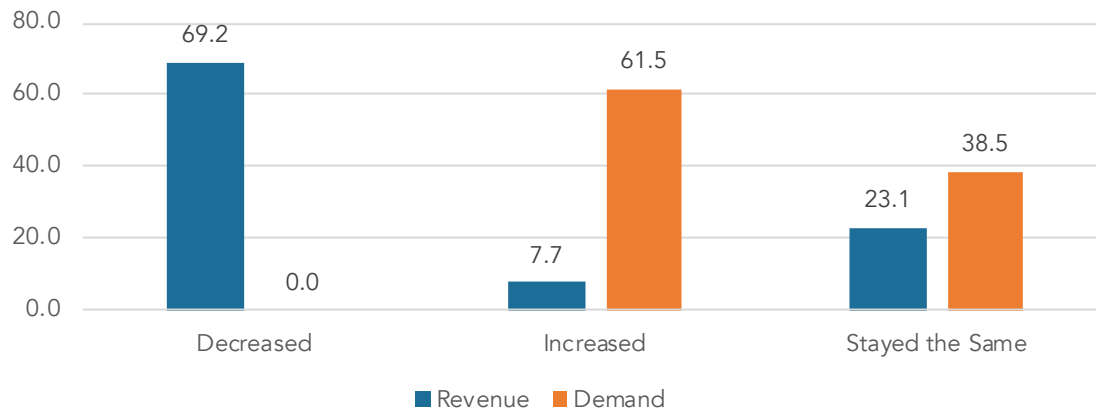
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 53 – Health – Revenue and Demand Trends from 2009 Recession**



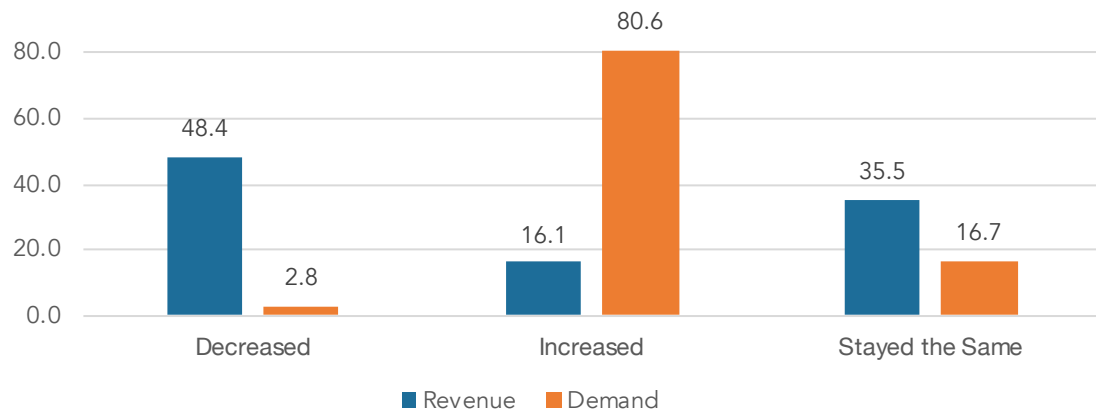
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 53 – Other – Revenue and Demand Trends from 2009 Recession**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

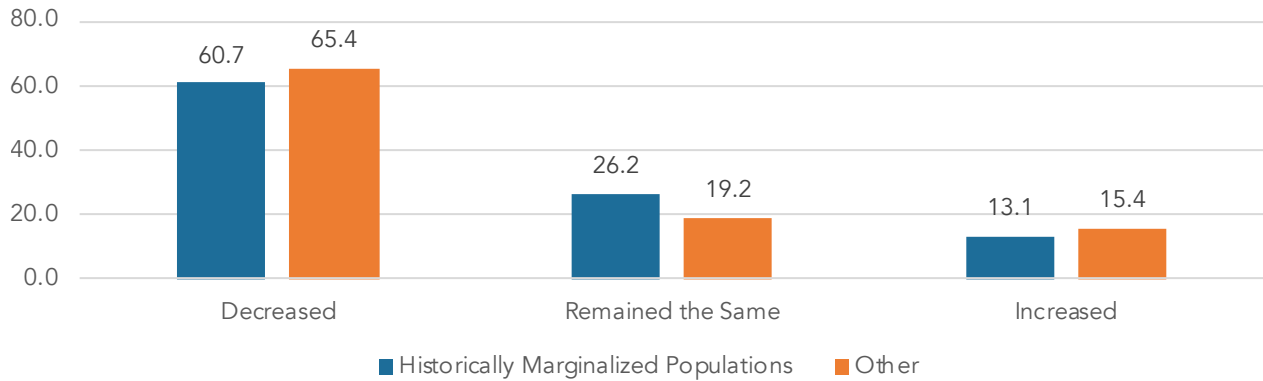
**Figure 54 – Social/Human Services – Revenue and Demand Trends from 2009 Recession**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

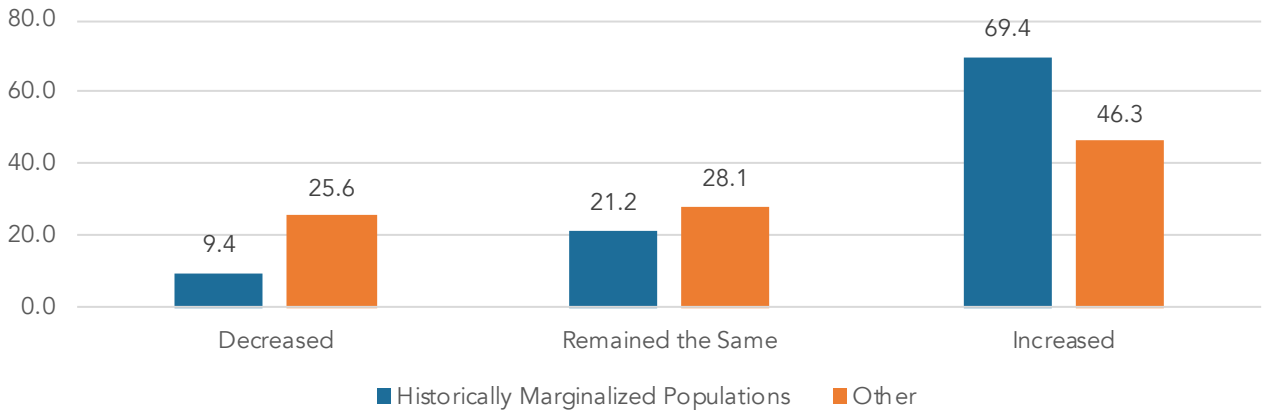
In every category, except for Arts/Culture, revenue decreased while demand increased. This can also be examined by organizations who serve historically marginalized and underserved populations.

**Figure 55 – Revenue Change by Populations Served**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Figure 56 – Demand Change by Populations Served**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**It is notable that while revenue change is relatively consistent regardless of populations served, demand rose at a 23% higher rate for organizations that serve historically marginalized and underserved populations, as opposed to those that do not serve these populations.**

Respondents were then asked to indicate what strategies their organization utilized in response to the economic crisis.

**Figure 57 – Strategies Used in Response to 2009 Recession**



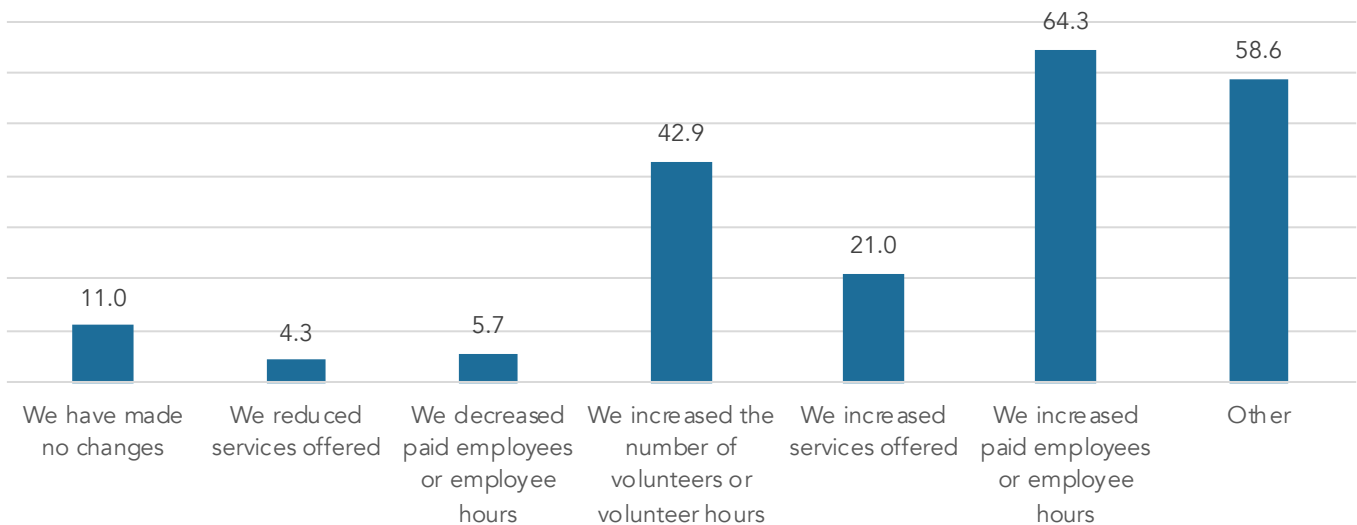
*Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey  
Note that respondents were asked to check all that apply so answers will not total to 100%.*

Again, many organizations (as many as 100 of the total sample size) were not yet in existence in 2009. However, some organizations that responded “Other” did have alternative strategies to share such as: added programs/types and amounts of service, received funding increases from sponsors, diversified funding sources, worked with collaborative organizations, increased community outreach to increase visibility, increased communication efforts with donors, removed pay increases, or decreased pay and increased hours for staff.

**Economic Recovery**

Respondents were asked to describe how their organization operated in response to the economic recovery, beginning in 2013.

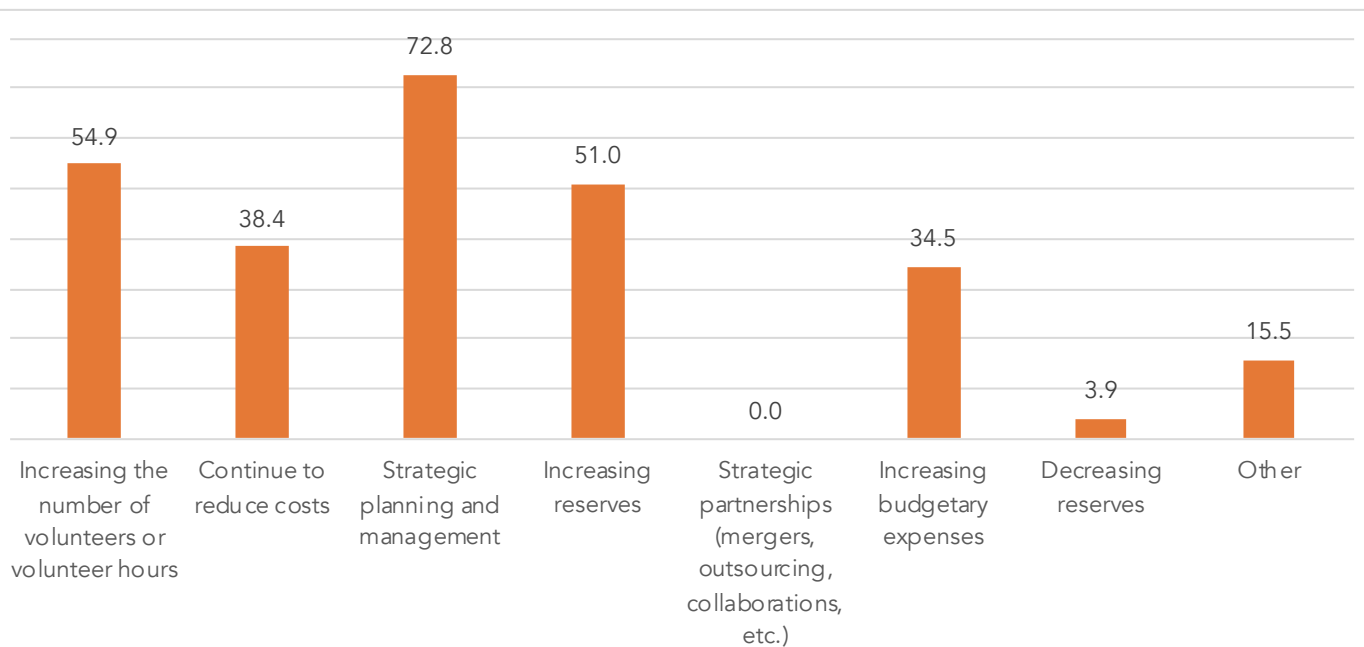
**Figure 58 – Adjustments Made Since Economic Recover from 2009 Recession**



*Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey  
Note that respondents were asked to check all that apply so answers will not total to 100%.*

While many organizations increased the number of paid employees or employee hours, it is unclear whether they increased wages for employees. This uncertainty is notable since many organizations reported that they made pay cuts or stopped giving pay increases as a response to the economic crisis. It is clear from this data that many organizations experienced growth in volunteers, services and staff during this time. Those organizations that indicated that they adjusted in some "Other" way reported that they were either not in existence yet, or that they were continuing to diversify funding and increase reserves. Some organizations reported that they made improvements to their facilities, created endowments, began participating in social enterprise programming and increased collaboration to offer more services.

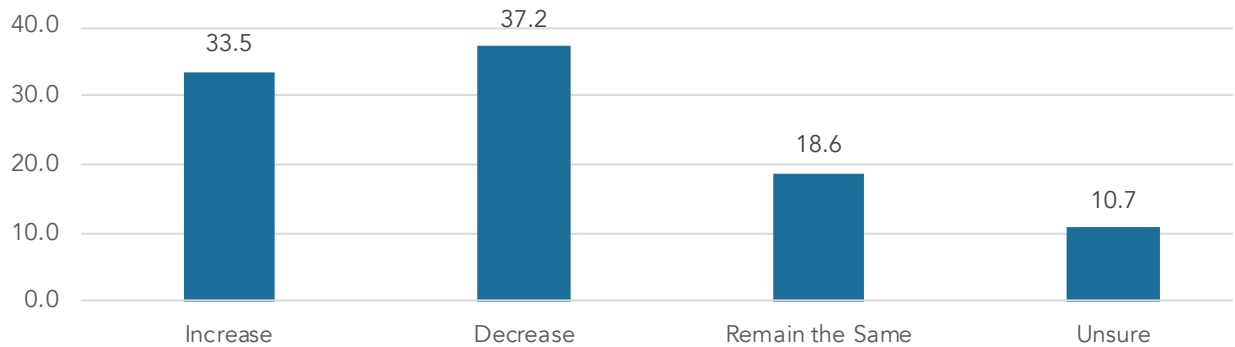
**Figure 59 – Strategies Used Since Economic Recover from 2009 Recession**



*Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey  
Note that respondents were asked to check all that apply so answers will not total to 100%.*

In response to the economic recovery in 2013, more organizations used strategic planning and management as a strategy than in direct response to the economic crisis of 2009. More organizations also increased their volunteer count and hours. Approximately 40% of organizations continued to reduce costs. Approximately 35% of organizations began increasing their budgetary expenses. Those respondents who reported "Other" were largely not yet in existence. However, some organizations reported increasing requests for donations, some applied for additional grants and others reported making no changes.

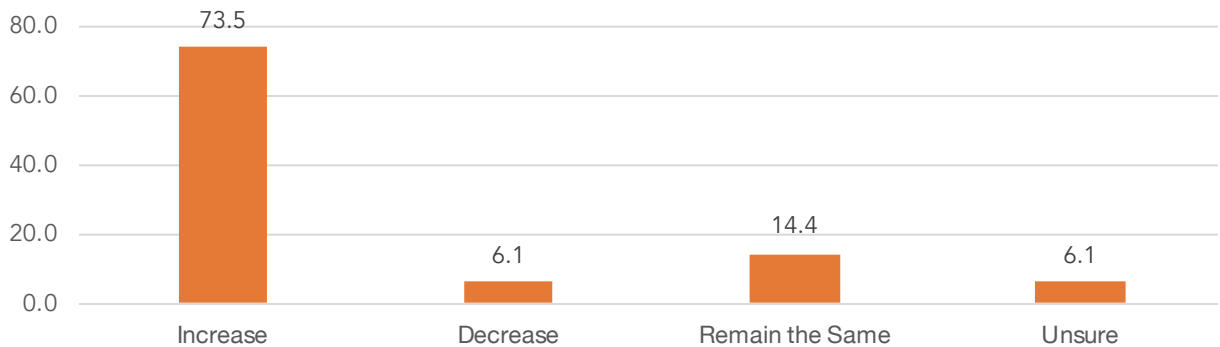
**Figure 60 – Revenue Projections for Next Fiscal Year**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

A slightly higher percentage of respondents expect a decrease in revenue in the next fiscal year than those who expect an increase, with approximately 19% of organizations expecting revenue to remain the same and 11% of organizations were unsure. This uncertainty was overwhelmingly reported to be a result of COVID-19 and the associated shutdowns. Uncertainty is primarily because of donation amounts, but some organizations are programmed around in-person events and are unsure of when they can safely resume operations. However, some organizations cited their uncertainty as due to much of their revenue being from grant funding.

**Figure 61 – Service Demand Projections for Next Fiscal Year**



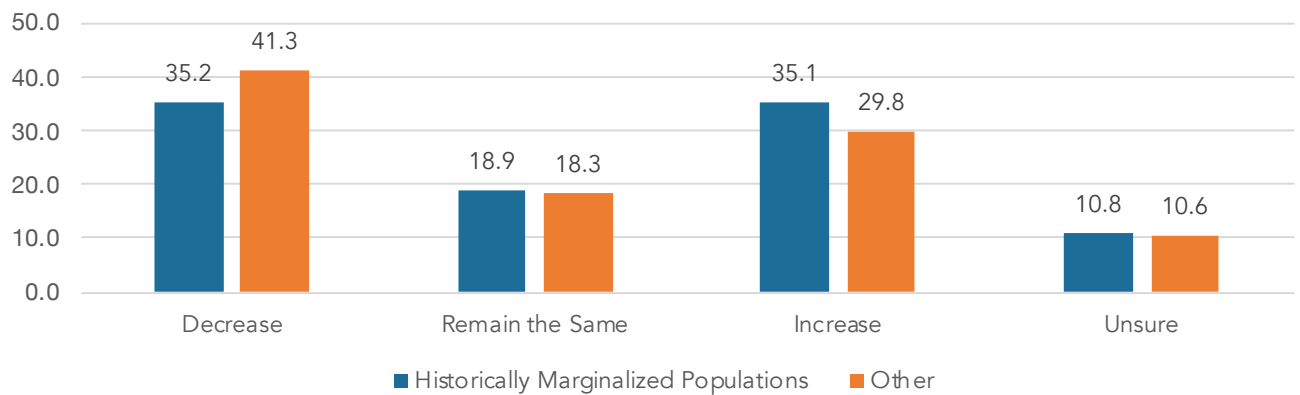
Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

**Notably, 74% of all organizations expect the demand for their organization's services to increase. Based on revenue projections, this increase in demand will often be juxtaposed against tight budgets going into the next fiscal year.**

Comparing these projections to the data about the 2009 economic crisis, there is a higher projection for increased services today than there was reported as a result of the 2009 crisis. Discounting respondents that said “Other” in 2009, or “Unsure” relative to the next fiscal year, in 2009 57% of organizations reported that the demand for their services increased, and today 78% of organizations reported an expected increase in demand for services. This increase can perhaps be attributed to the survey sample group’s diversity of service areas and populations served that correlates to the diversity of crises including the March tornado, COVID-19, organized actions for racial and social justice immediately following the death of George Floyd and the December bombing of historic downtown Nashville. Many organizations in the Nashville and Clarksville regions have programming related to disaster relief, health and economic strife due to COVID-19 and racial equity. In 2009, 16% of organizations saw a decrease in demand for their services. Today, 6% of organizations project a decrease in demand for their services.

These projections can also be broken down by service populations including those that were unsure.

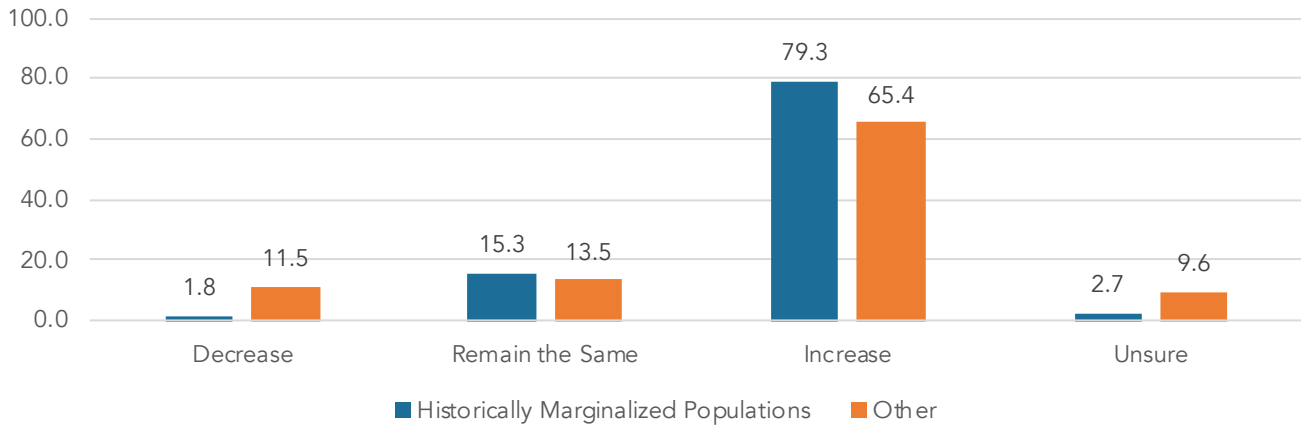
**Figure 62 – Projected Revenue Change by Populations Served Historically Marginalized Populations**



Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey

Organizations that serve historically marginalized populations are more likely to project revenue increases than those that do not serve these populations.

**Figure 63 – Projected Demand for Service Change by Populations Served Historically Marginalized Populations**



*Note: Center for Nonprofit Management and Nashville Area Chamber of Commerce Survey*

While high rates of organizations that do and do not serve historically marginalized populations expect demand for their services to increase, organizations that serve historically marginalized and underserved populations expect a very high rate of increased demand.

Overall, comparing today’s revenue projections to observed effects of the 2009 crisis, the data shows that more organizations today expect their revenue to increase. Discounting those that said “Other” in 2009 and “Unsure” today, only 14% of organizations in 2009 saw their revenue increase, where 38% of organizations today expect their revenue to increase over the next fiscal year. Fewer organizations today expect decreases in revenue over the next fiscal year than were reported following the 2009 crisis. Sixty-one percent of organizations saw decreased revenue after 2009, while 42% expect decreases in the next year. Fewer organizations today expect that their revenue will remain the same than was reported following the 2009 crisis. Overall, revenue projections present a more positive picture than what occurred following the 2009 economic crisis and demand is high; the outlook today is relatively positive.



# COPY OF SURVEY QUESTIONS

**The Center for Nonprofit Management (CNM) and the Nashville Area Chamber of Commerce (NACC) thank you for participating in this survey.**

*The Nashville MSA refers to the following 13 counties: Cannon, Cheatham, Davidson, Dickson, Macon, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, and Wilson counties. The Clarksville MSA refers to the following four (4) counties: Montgomery and Stewart counties in Tennessee and Christian and Trigg counties in Kentucky.*

**All information will be treated confidentially.**

**Q1 How old is your organization?**

**Q2 Please indicate your primary service area: Animal Welfare (1)**

- Arts/Culture (2)
- Children/Youth (3)
- Community Development (4)
- Education (5)
- Environment (6)
- Government (7)
- Health (Physical, Mental) (8)
- Housing (9)
- Other (10)
- Philanthropy/CSR (11)
- Religious (12)
- Social/Human Services (13)
- Transportation (14)

**Q3 Please indicate your secondary service area:**

- Animal Welfare (1)
- Arts/Culture (2)
- Children/Youth (3)
- Community Development (4)
- Education (5)
- Environment (6)
- Government (7)
- Health (Physical, Mental) (8)
- Housing (9)
- Other (10)
- Philanthropy/CSR (11)
- Religious (12)
- Social/Human Services (13)
- Transportation (14)

**Q4 How many full-time employees currently work for your organization?**

**Q5 In a typical month, what is the average number of hours worked by your organization's full-time employees? Ex. your answer = (# of hours per week typically worked by a full-time employee at your organization) \*(4.3, the average number of weeks per month)**

**Q6 How many part-time employees currently work for your organization?**

**Q7 In a typical month, what is the average number of hours worked by your organization's part-time employees? Ex. your answer = (# of hours per week typically worked by a part-time employee at your organization)\*(4.3, the average number of weeks per month)**

**Q8 How many volunteers currently serve your organization?**

**Q9 In a typical month, what is the average number of hours served by your organization's volunteers? Ex. your answer = (# of hours per week typically worked by a volunteer at your organization)\*(4.3, the average number of weeks per month)**

---

**Annual Operating Expenses**

**(for the following questions please do not include capital and in-kind expenditures)**

**Please estimate your expenses for each of the following fiscal years indicated:**

**Q10 What was your organization's total expenses for the (2019, or 2018; most recent) fiscal year (\$)?** [This information should be obtained from your 990, line 18] (please pick one category)

Below 25,000 (1)

25,000-50,000 (2)

50,001- 100,000 (3)

100,001-250,000 (4)

250,001-500,000 (5)

500,001-1,000,000 (6)

1,000,001-2,500,000 (7)

2,500,001-5,000,000 (8)

5,000,001-10,000,000 (9)

10,000,001-15,000,000 (10)

15,000,001-20,000,000 (11)

**Q11 What was your organization's total expenses for the 2015 fiscal year (\$)?** [This information should be obtained from your 990, line 18] (please pick one category)

- Below 25,000 (1)
- 25,000-50,000 (2)
- 50,001- 100,000 (3)
- 100,001-250,000 (4)
- 250,001-500,000 (5)
- 500,001-1,000,000 (6)
- 1,000,001-2,500,000 (7)
- 2,500,001-5,000,000 (8)
- 5,000,001-10,000,000 (9)
- 10,000,001-15,000,000 (10)
- 15,000,001-20,000,000 (11)
- 20,000,001-25,000,000 (14)
- 25,000,001-50,000,000 (12)
- 50,000,000 and Above (13)

**Q12 What was your organization's total revenue from all sources for the recent (2019, or 2018; most recent) fiscal year (\$)?** [This information should be obtained from your 990, line 12] (please pick one category)

- Below 25,000 (1)
- 25,000-50,000 (2)
- 50,001- 100,000 (3)
- 100,001-250,000 (4)
- 250,001-500,000 (5)
- 500,001-1,000,000 (6)
- 1,000,001-2,500,000 (7)
- 2,500,001-5,000,000 (8)
- 5,000,001-10,000,000 (9)
- 10,000,001-15,000,000 (10)
- 15,000,001-20,000,000 (11)
- 20,000,001-25,000,000 (14)
- 25,000,001-50,000,000 (12)
- 50,000,000 and Above (13)

**Q13 What percent of your 2019 fiscal year revenue is from sources OUTSIDE the Nashville/Clarksville MSAs?** (please pick one)

- Less than 10 percent (1)
- 10-20 percent (2)
- 21-30 percent (3)
- 31-40 percent (4)
- 41-50 percent (5)
- 51-60 percent (6)
- 61-70 percent (7)
- 71-80 percent (8)
- 81-90 percent (9)
- 91-100 percent (10)

**Q14 What was your organization's total revenue from all sources for the 2015 fiscal year (\$)? [This information should be obtained from your 990, line 12] (please pick one category)**

- Below 25,000 (1)
- 25,000-50,000 (2)
- 50,001- 100,000 (3)
- 100,001-250,000 (4)
- 250,001-500,000 (5)
- 500,001-1,000,000 (6)
- 1,000,001-2,500,000 (7)
- 2,500,001-5,000,000 (8)
- 5,000,001-10,000,000 (9)
- 10,000,001-15,000,000 (10)
- 15,000,001-20,000,000 (11)
- 20,000,001-25,000,000 (14)
- 25,000,001-50,000,000 (12)
- 50,000,000 and Above (13)

**Q15 What percent of your 2015 fiscal year revenue is from sources OUTSIDE the Nashville/Clarksville MSAs? (please pick one)**

- Less than 10 percent (1)
- 10-20 percent (2)
- 21-30 percent (3)
- 31-40 percent (4)
- 41-50 percent (5)
- 51-60 percent (6)
- 61-70 percent (7)
- 71-80 percent (8)
- 81-90 percent (9)
- 91-100 percent (10)

**Q16 Please estimate your organization's annual capital expenses and in-kind contributions for the 2019 fiscal year. [This information should be obtained from your 990, part II]**

\_\_\_\_\_ 2019 Annual Capital Expenses (for construction, equipment, collection, etc.)( $\$$ )

\_\_\_\_\_ 2019 Annual In-kind Contributions (monetary value  $\$$ )

**Q17 Please estimate your organization's annual capital expenses and in-kind contributions for the 2015 fiscal year. [This information should be obtained from your 990, part II]**

\_\_\_\_\_ 2015 Annual Capital Expenses (for construction, equipment, collection, etc.)

\_\_\_\_\_ 2015 Annual In-kind Contributions (monetary value \$)

**Q18 Please estimate the sources of your organization's annual income for the 2019 fiscal year as a percentage of total income. Your best guess is appreciated.**

Earned Income (admission fees, sales of services and membership, etc.) : \_\_\_\_\_ (1)

Contributions from individuals : \_\_\_\_\_ (2)

Contributions and grants from corporations : \_\_\_\_\_ (3)

Contributions and grants from foundations : \_\_\_\_\_ (4)

Contributions and grants from government : \_\_\_\_\_ (5)

Investment income : \_\_\_\_\_ (6)

All other sources : \_\_\_\_\_ (7)

Total : \_\_\_\_\_

**Q19 Please estimate the sources of your organization's annual income for the 2015 fiscal year as a percentage of total income. Your best guess is appreciated.**

Admission fees, sales of services and membership, etc. : \_\_\_\_\_ (1)

Contributions from individuals : \_\_\_\_\_ (2)

Contributions and grants from businesses : \_\_\_\_\_ (3)

Contributions and grants from foundations : \_\_\_\_\_ (4)

Contributions and grants from government : \_\_\_\_\_ (5)

Investment income : \_\_\_\_\_ (6)

All other sources : \_\_\_\_\_ (7)

Total : \_\_\_\_\_

**This section includes six questions designed to understand the impact of the economic landscape on nonprofit organizations as well as gauge future expectations and economic confidence of decision-makers.**

**Q20 How did your organization's revenue change as a result of the economic crisis (recession) of 2009?**

- Increased (1)
- Decreased (2)
- Remained the same (3)
- Other (please specify) (4)

**Q21 How did the demand for your services change as a result of the economic crisis (recession) of 2009?**

- Increased (1)
- Decreased (2)
- Remained the same (3)
- Other (please specify) (4)

**This section includes six questions designed to understand the impact of the economic landscape on nonprofit organizations as well as gauge future expectations and economic confidence of decision-makers.**

**Q22 What was your organization's response to the economic crisis (recession) of 2009? (Please select all that apply)**

- We have made no changes (1)
- We reduced services offered (2)
- We decreased paid employees or employee hours (3)
- We increased the number of volunteers or volunteer hours (4)
- Other (please specify) (5)

**Q23 In response to the economic crisis (recession) of 2009, did your organization attempt to use any of the following strategies? (Please select all that apply.)**

- Increasing the number of volunteers or volunteer hours (1)
- Reducing costs (2)
- Strategic planning and management (3)
- Increasing reserves (4)
- Strategic partnerships (mergers, outsourcing, collaborations, etc.) (5)
- Other (please specify) (6)

**This section includes six questions designed to understand the impact of the economic landscape on nonprofit organizations as well as gauge future expectations and economic confidence of decision-makers.**

**Q24 In response to the economic recovery which began in 2013, has your organization adjusted any of the following in the last 5 years? (Please select all that apply)**

- We have made no changes (1)
- We increased services offered (6)
- We reduced services offered (2)
- We increased paid employees or employee hours (7)
- We decreased paid employees or employee hours (3)
- We increased the number of volunteers or volunteer hours (4)
- Other (please specify) (5)

**Q25 In response to the economic recovery which began in 2013, has your organization attempted to use any of the following strategies in the past five years? (Please select all that apply.)**

- Increasing the number of volunteers or volunteer hours (1)
- Continue to reduce costs (2)
- Increasing budgetary expenses (7)
- Strategic planning and management (3)
- Increasing reserves (4)
- Decreasing reserves (8)
- Strategic partnerships (mergers, outsourcing, collaborations, etc.) (5)
- Other (please specify) (6)

**Q26 In the next fiscal year do you expect your organization's revenue to**

- Increase (1)
- Decrease (2)
- Remain the same (3)
- Unsure (please explain why you are uncertain) (4)

**Q27 In the next fiscal year do you expect the demand for your organization's services to**

- Increase (1)
- Decrease (2)
- Remain the same (3)
- Unsure (please explain why you are uncertain) (4)

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