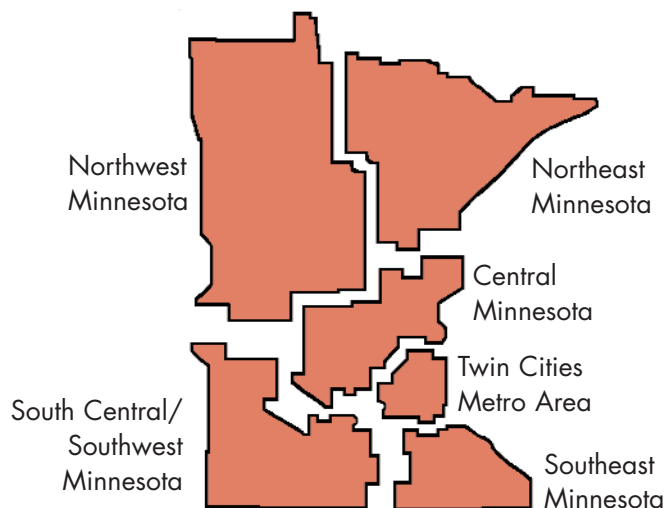


Minnesota Nonprofit Economy Report

A Statewide and Regional Analysis



2010



An annual study that describes the role of nonprofit organizations in Minnesota's economy.

Using this Report

Like every other industry in the United States, the nonprofit sector benefits from having timely information on economic performance. The Minnesota Council of Nonprofits' *Minnesota Nonprofit Economy Report*, published annually for the last fourteen years, provides the most comprehensive nonprofit economic information available in the nation. Minnesota ranks at or near the top in virtually every measure of nonprofit and philanthropic activity. This success is due to substantial donations of time and financial resources by the people of Minnesota, generous support from Minnesota's business community and strong partnerships with state and local governments.

The *Minnesota Nonprofit Economy Report* – when used together with the *Minnesota Salary and Benefits Survey*, the *Nonprofit Current Conditions Report* and other publications from the Minnesota Council of Nonprofits – has important uses for five distinct audiences:

- **Managers of nonprofit organizations:** planning budgets, evaluating revenue streams and identifying potential partnerships
- **Nonprofit boards of directors:** developing strategic plans, informing board trainings and evaluating staffing and compensation plans
- **Government officials:** understanding nonprofit funding streams and identifying partnership opportunities
- **Donors to nonprofits:** understanding the sources of support and nature of expenditures of nonprofit organizations
- **Economic and community development planners:** incorporating nonprofit employment trends into economic development plans and understanding regional differences and local economies

The Authors

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The Minnesota Council of Nonprofits (MCN) is the statewide association of more than 2,000 Minnesota nonprofit organizations. Through its website, publications, workshops and events, cost-saving programs and advocacy, MCN works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector.

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2010 Minnesota Nonprofit Economy Report

Executive Summary

Nonprofit organizations play an important role in Minnesota's communities – providing vital services, employing local residents and improving the quality of life. The current economic downturn has highlighted the value of these contributions, but it is also placing considerable strain on the state's nonprofit infrastructure.

The *Minnesota Nonprofit Economy Report* is an annual study by the Minnesota Council of Nonprofits (MCN) that analyzes public data on nonprofit employers, employment, wages and finances to describe the role nonprofit organizations play in the state's economy. MCN also produces the *Nonprofit Current Conditions Report*, which surveys member organizations to assess financial and programmatic changes being made during the year. Together, these reports provide a unique and detailed look at the health of Minnesota's nonprofit sector.

Nonprofit sector employment still growing

Nonprofits in Minnesota have shown a great deal of resiliency in the face of a recession and prolonged economic slowdown. Between 2001 (the end of the last recession) and 2007 (the beginning of the recent recession), the size of the nonprofit workforce in Minnesota grew an average of three percent per year. When the recession started in late 2007, that growth slowed slightly, but did not stop. Between 2007 and 2009, nonprofit employment in the state continued to *increase* an average of two percent per year. During the same period of time, for-profit employment in the state *declined* an average of three percent per year.

Growth in nonprofit employment during the recession has been broadly distributed. Every region of the state experienced an increase in its nonprofit workforce, although the increase in Northeast Minnesota was minimal. Likewise, nearly all major nonprofit industries have experienced growth

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in employment since 2007. This likely reflects the widespread need for nonprofit services during these difficult economic times, since the strongest percentage increases have been among social assistance organizations, like food shelves and job counseling.

Recession begins to impact nonprofit finances

Although many nonprofits appear to be maintaining employment levels during these difficult times, other data suggests this may be coming at a cost to the financial health of the sector. As of September 2010, financial data was available for just over 1,500 Minnesota nonprofits that had filed a Form 990 with the IRS for both the 2007 and 2009 fiscal years (for the majority of nonprofits, 2008 was still the most recent fiscal year available).

Among these organizations, revenues had fallen slightly between 2007 and 2009, while expenditures had increased an average of eight percent per year. As a result, 34 percent of these organizations reported an operating deficit in 2007, and that percentage increased to 48 percent in 2009. [It should be noted that standard accounting practices of counting multi-year commitments in the first year may overstate income in that year and understate income in subsequent years, significant in a recession when there are fewer multi-year commitments.] Nevertheless, assets have also fallen an average of two percent per year.

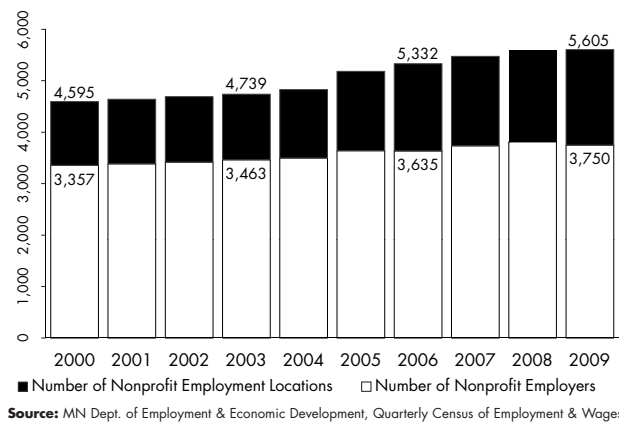
The nonprofit sector has been rising to the occasion – continuing to provide vital services and enriching Minnesota's communities even in the face of economic turmoil. While nonprofits can weather a downturn by experiencing deficits for one or two years, like other sectors nonprofits need the economy to recover if they are to continue to maintain current levels of employment and services. ❖



Statewide Nonprofit Employment

Statewide Overview: The nonprofit sector in Minnesota plays an important role in the state's economy, employing one out of every nine workers and paying \$13.2 billion in wages in 2009. Health care, social assistance and educational services are the largest nonprofit industries, together accounting for 86 percent of nonprofit employment in the state. The nonprofit sector is beginning to show the impact of the prolonged economic slowdown. Although nonprofit employment in the state has continued to rise between 2007 and 2009, preliminary data suggests that nonprofit finances are being

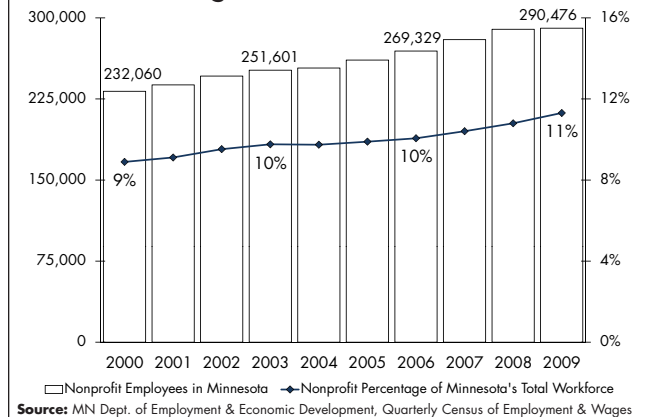
Number of Nonprofit Employers and Nonprofit Employment Locations in Minnesota



- In 2009, there were approximately 3,750 nonprofit employers in Minnesota. A single nonprofit employer, however, may operate in more than one location. In 2009, nonprofits operated more than 5,600 employment locations in Minnesota. Over the last decade, the number of nonprofit employment locations has increased an average of two percent per year.
- In 2009, just over half, or 51 percent, of Minnesota's nonprofit employment locations were located in the seven-county Twin Cities metro area, 12 percent were in Northwest Minnesota, eight percent were in Central Minnesota, eight percent were in South Central/Southwest Minnesota, eight percent were in Southeast Minnesota, and seven percent were in the Northeast.

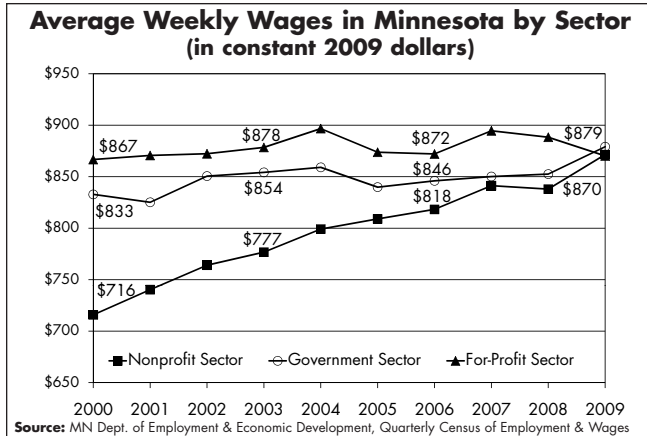
- The nonprofit sector provided more than 290,000 jobs in Minnesota in 2009, employing one out of every nine workers in the state. The prolonged economic slowdown did not dampen growth in the sector. Since the recession began in 2007, the nonprofit workforce in Minnesota has increased an average of two percent per year. During the same period of time, for-profit employment declined an average of two percent per year.
- In 2009, more than half of the nonprofit workforce in Minnesota was located in the Twin Cities metro area (53 percent), another 17 percent in Southeast Minnesota (where the Mayo Clinic is located), nine percent in Central Minnesota, eight percent in Northwest Minnesota, seven percent in Northeast Minnesota and six percent in South Central/Southwest Minnesota.

Number of Nonprofit Employees in Minnesota and Percentage of the State's Total Workforce



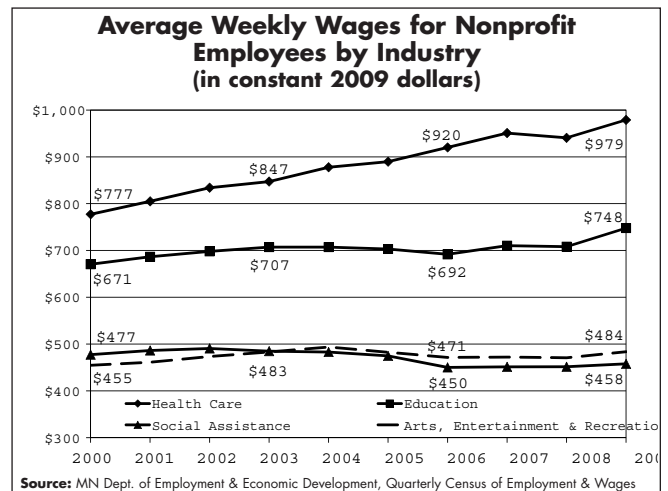


Statewide Nonprofit Wages



- Health care – which includes ambulatory health care services, hospitals, and nursing and residential care facilities – makes up the largest segment of the nonprofit economy. In 2009, these health care industries accounted for 27 percent of nonprofit employment locations and 66 percent of the nonprofit workforce.
- The nonprofit sector is also associated with providing social assistance, such as delivering individual and family services; food, housing, emergency and other relief services; vocational rehabilitation services; and child day care services. In 2009, 20 percent of nonprofit employment locations and 11 percent of the nonprofit workforce was involved in delivering social assistance.
- The nonprofit health care and social assistance industries have both been experiencing strong growth in employment. Since 2000, nonprofit employment in these two areas has increased an average of three percent per year. However, since the recession began in 2007, growth in nonprofit health care employment has slowed to just one percent per year, while employment in social assistance has continued to grow at three percent.

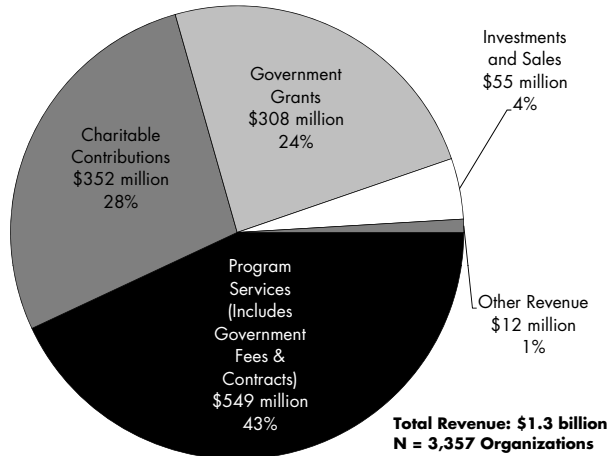
- In 2009, nonprofit employers in Minnesota paid \$13.2 billion in wages, or 11 percent of all wages paid in the state. Since the recession began in 2007, inflation-adjusted total nonprofit payroll has increased an average of four percent per year. During the same period of time, total for-profit payroll declined an average of five percent per year.
- Average weekly wages in the nonprofit sector have been steadily increasing, closing the gap with the government and for-profit sectors. Over the last decade, the nonprofit average weekly wage has increased an average of two percent per year, which was significantly faster than growth in either the government or for-profit sector.
- This growth in nonprofit wages has been driven largely by the health care sector, where average weekly wages have increased about three percent per year since 2000. Almost all of that growth is attributable to wages in hospitals and ambulatory health care services. During the same period of time, average weekly wages for nursing and residential care facilities declined slightly.





Statewide Nonprofit Finances

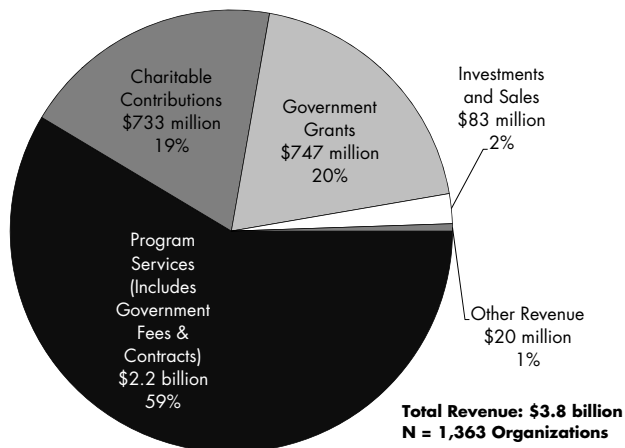
Revenue Sources for Small Nonprofits (with assets under \$1 million)



Source: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS)

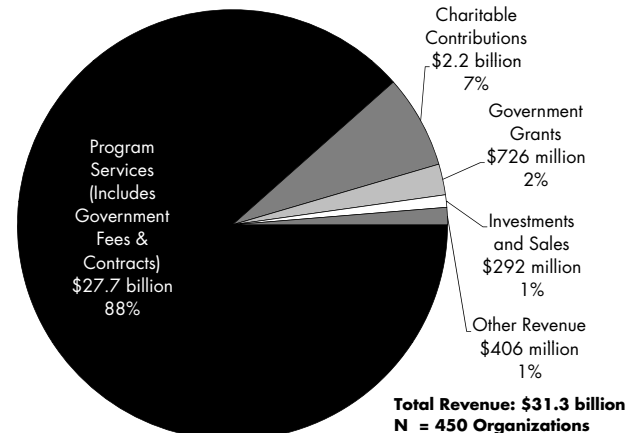
- There are a substantial number of nonprofits in Minnesota that operate without any paid employees, so focusing only on nonprofit employment data overlooks a large portion of the nonprofit sector. Looking at nonprofit finances — revenues, expenditures and assets — captures the economic activity of nonprofits with and without paid staff. This report analyzes the most recent financial return for nearly 5,200 charitable organizations in the state. The analysis includes most of the 501(c)(3) and 501(c)(4) organizations that were required to file a Form 990 return with the IRS, but notably excludes private foundations and thousands of small nonprofits that file the Form 990EZ or the Form 990-N (also known as the ePostcard).
- Nonprofit organizations in Minnesota receive their revenues from four main sources: program services (which includes revenue from government fees and contracts), charitable contributions (which includes corporate and foundation grants), government grants, and returns from investments, sales and special events.

Revenue Sources for Medium-Sized Nonprofits (with assets between \$1 and \$10 million)



Source: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS)

Revenue Sources for Large Nonprofits (with assets over \$10 million)



Source: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS)



Statewide Nonprofit Finances

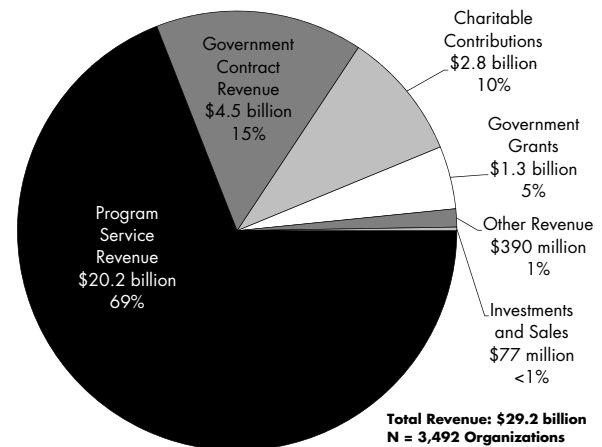
Minnesota Nonprofit Assets, Revenues and Expenses by Selected Activity Areas

	All Minnesota Nonprofits	Health	Human Services	Education	Arts, Culture and Humanities	Environmental and Animal-related
Total Assets	\$59.2 billion	\$31.0 billion	\$6.5 billion	\$14.7 billion	\$2.1 billion	\$281 million
Revenues	Program Services	84%	93%	60%	68%	29%
	Charitable Contributions	9%	4%	18%	15%	46%
	Government Grants	5%	2%	19%	12%	15%
	Investments and Sales	1%	<1%	3%	5%	8%
	Other Revenue	1%	1%	<1%	1%	2%
	Total Revenues	\$36.4 billion	\$27.3 billion	\$4.0 billion	\$3.2 billion	\$633 million
Expenditures	Program Services	87%	87%	88%	87%	83%
	Management and General	12%	12%	11%	11%	10%
	Fundraising	1%	<1%	2%	2%	7%
	Total Expenses	\$36.4 billion	\$27.4 billion	\$4.1 billion	\$3.0 billion	\$644 million

Source: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS). This analysis includes 5,170 501(c)(3) and (c)(4) organizations located in Minnesota that filed a Form 990 financial return with the IRS for fiscal year 2008 or 2009. The financial information does not include all other types of 501(c) organizations, nonprofits that filed Form 990EZ, private foundations that filed form 990PF, some charitable trusts, and nonprofits with minimal financial activity that are not required to file a return with the IRS. More information on these activity areas is available in Appendix A.

- The Charities Review Council of Minnesota recommends that nonprofits spend at least 65 percent of their total annual expenses on program services and no more than 35 percent on management and fundraising. In 2009, nonprofits in Minnesota spent, on average, 87 percent of their revenues on program services and 13 percent on management and fundraising.
- The IRS recently made significant revisions to the Form 990, including requiring nonprofits to provide more detailed revenue information. In Minnesota, nearly 3,500 nonprofits have filed the new Form 990 (the remaining nonprofits filed using the old version of the Form 990). The organizations filing the new Form 990 reported that five percent of their revenue came from government grants and at least another 15 percent came from government contracts for services, indicating that public resources are an important revenue source.

Revenue Sources for All Nonprofits With Government Contracts Separated from Program Service Revenue



Source: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS)

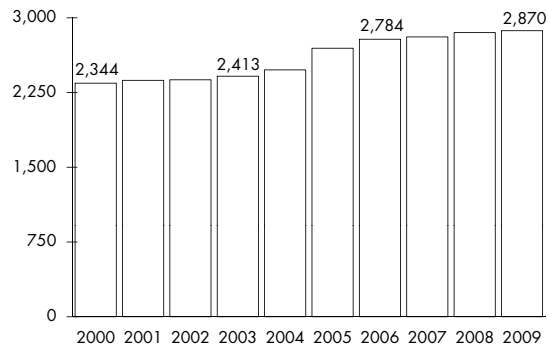


Twin Cities Metro Area Nonprofit Employment

Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

Regional Overview: With nearly 2,900 nonprofit employment locations and over 153,000 nonprofit jobs, the seven-county Twin Cities metro area was home to a majority of nonprofit activity in the state in 2009. The nonprofit sector in the region has had mixed success in weathering the recent recession. The number of nonprofit employment locations, nonprofit employees and nonprofit wages have continued to grow, although at a slower rate than before the recession. However, evidence suggests that nonprofits in the region have seen revenues fall, expenses rise and assets decline since 2007.

Number of Nonprofit Employment Locations in the Twin Cities Metro Area

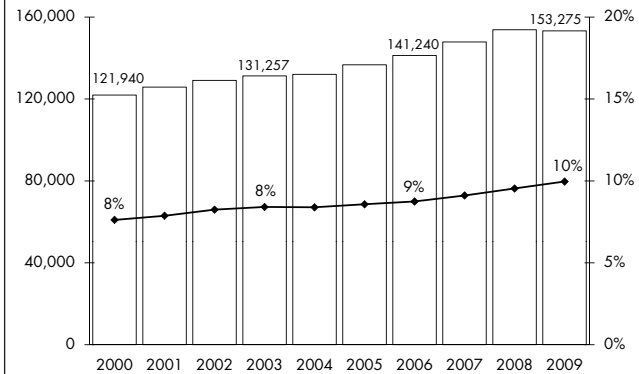


Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

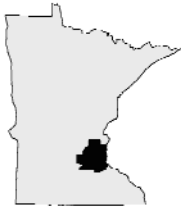
- The majority of the state's nonprofit employment locations, 51 percent, were located in the Twin Cities metro area in 2009. Since 2000, the number of nonprofit employment locations in the region has increased an average of two percent each year, although that growth has slowed to one percent per year since the recession started in 2007.
- In 2009, the nonprofit workforce played a prominent role in the Twin Cities metro area, with one out of every 10 workers employed by a nonprofit. The region also hosts the majority of the state's nonprofit workforce, accounting for 53 percent of all nonprofit jobs in Minnesota.
- The nonprofit workforce in the region has grown steadily over the last decade, increasing an average of three percent a year between 2000 and 2009.

- Nonprofit activity in the region is concentrated in Hennepin and Ramsey counties. In 2009, Hennepin County was home to 54 percent of all nonprofit jobs in the region and 49 percent of all nonprofit employment locations. Ramsey County was home to another 30 percent of nonprofit jobs in the region and 30 percent of nonprofit employment locations.
- Over the last decade, nonprofits in Scott and Washington counties have experienced the strongest percentage growth within the region. In Scott County, nonprofit employment has increased an average of five percent per year since 2000. Washington County experienced even stronger growth, with nonprofit employment increasing an average of eight percent per year since 2000.

Number of Nonprofit Employees in the Twin Cities and Nonprofit Percentage of All Twin Cities Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Twin Cities Metro Area Nonprofit Wages

Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

- The nonprofit health care industry is not as dominant in this region as it is in others. In 2009, health care accounted for 58 percent of nonprofit jobs and 25 percent of nonprofit employment locations in the region.

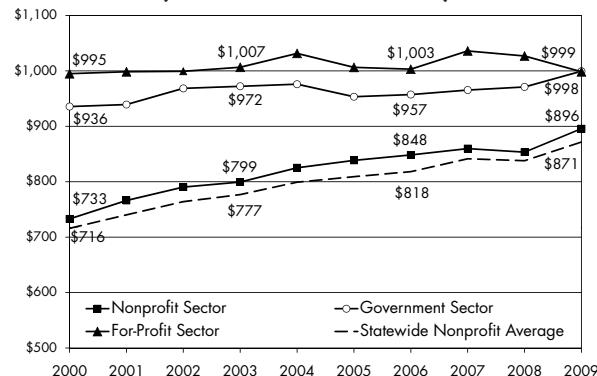
Median Hourly Wages for Full-Time Employees in the Twin Cities Metro Area

Industry	Full-Time Median Hourly Wage by Sector (% of the sector's total employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$20.62 (3%)	\$16.71 (2%)	\$20.70 (1%)
Educational Services	\$22.02 (11%)	\$23.05 (1%)	\$22.34 (47%)
Health Care			
Ambulatory Health Care Services	\$19.88 (10%)	\$21.41 (4%)	NA
Hospitals	\$31.62 (35%)	\$24.02 (<1%)	\$22.96 (2%)
Nursing & Residential Care Facilities	\$16.71 (13%)	\$14.56 (2%)	\$16.17 (1%)
Social Assistance			
Individual & Family Services	\$17.31 (6%)	\$11.85 (2%)	NA
Community Food, Housing, Emergency & Other Relief Services	\$18.36 (1%)	\$20.54 (<1%)	NA
Vocational Rehabilitation Services	\$15.50 (4%)	\$18.75 (<1%)	\$26.39 (<1%)
Child Day Care Services	\$13.52 (1%)	\$12.61 (1%)	\$12.90 (<1%)
Other Services			
Religious Organizations	\$17.26 (1%)	\$13.29 (<1%)	NA
Grantmaking & Giving Services	\$25.67 (1%)	\$28.64 (<1%)	NA
Social Advocacy Organizations	\$17.02 (2%)	\$17.42 (<1%)	\$30.45 (<1%)
Civic & Social Organizations	\$16.54 (3%)	\$15.25 (<1%)	NA

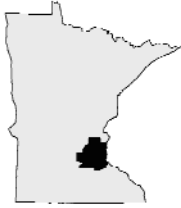
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 4th Quarter 2009
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represent 89 percent of nonprofit employment, 12 percent of for-profit employment and 52 percent of government employment in the region in 2009. More extensive descriptions of these industries are available in Appendix A.

- Nonprofit organizations in the Twin Cities metro area paid \$7.1 billion in wages in 2009, or nine percent of all wages paid in the region. After adjusting for inflation, total nonprofit payroll in the region has increased an average of four percent per year since the recession began in 2007. During the same period of time, total for-profit payroll in the region has fallen an average of five percent per year.
- The same trend holds true for nonprofit and for-profit average weekly wages in the Twin Cities metro area. Between 2007 and 2009, after adjusting for inflation, for-profit average weekly wages fell two percent per year while nonprofit average weekly wages increased two percent a year.
- According to the JOBS NOW Coalition, in the Twin Cities metro area, each adult in a family of four needed to earn \$14.78 an hour to support the basic needs of a family of four (two adults working full-time, two children). In 2009, all but one nonprofit industry in the region – child day care services – exceeded the minimum amount necessary to meet these costs.

Average Weekly Wages in the Twin Cities by Sector (in constant 2009 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Twin Cities Metro Area Nonprofit Finances

Counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, Washington

Assets, Revenues and Expenses by Selected Activity Areas for Nonprofits in the Twin Cities Metro Area

		All Twin Cities Nonprofits	Health	Human Services	Education	Arts, Culture and Humanities	Environmental and Animal-related
Total Assets		\$36.2 billion	\$12.9 billion	\$5.3 billion	\$12.0 billion	\$2.0 billion	\$207 million
Revenues	Program Services	85%	95%	63%	69%	37%	27%
	Charitable Contributions	10%	3%	20%	16%	42%	48%
	Government Grants	4%	1%	14%	12%	15%	14%
	Investments and Sales	<1%	(1%)	3%	2%	5%	8%
	Other Revenue	1%	2%	<1%	1%	1%	2%
	Total Revenues	\$23.7 billion	\$16.8 billion	\$2.9 billion	\$2.3 billion	\$582 million	\$124 million
Expenditures	Program Services	87%	88%	87%	87%	81%	84%
	Management and General	11%	12%	11%	11%	13%	8%
	Fundraising	1%	<1%	2%	2%	7%	8%
	Total Expenses	\$23.8 billion	\$16.8 billion	\$3.0 billion	\$2.2 billion	\$601 million	\$120 million

Source for both tables: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS). This analysis includes 2,962 501(c)(3) and (c)(4) organizations that filed a 990 financial return from an address located in the Twin Cities metro area for fiscal year 2008 or 2009. More information is available in the appendices.

Assets, Revenues and Expenses by Size of Organization for Nonprofits in the Twin Cities Metro Area

		Small: Assets under \$1 million	Medium: Assets between \$1 and \$10 million	Large: Assets over \$10 million
Total Assets		\$424 million	\$2.8 billion	\$33.0 billion
Revenues	Program Services	43%	53%	90%
	Charitable Contributions	30%	25%	7%
	Government Grants	22%	19%	2%
	Investments and Sales	3%	2%	<1%
	Other Revenue	1%	<1%	2%
	Total Revenues	\$872 million	\$2.3 billion	\$20.5 billion
Expenditures	Program Services	84%	86%	88%
	Management and General	13%	11%	11%
	Fundraising	3%	2%	1%
	Total Expenses	\$861 million	\$2.3 billion	\$20.6 billion

- Evidence suggests that the recession is putting significant pressure on nonprofit finances in the region. Among the 867 organizations in the Twin Cities metro area that have filed a Form 990 with the IRS for both 2007 and 2009, nonprofit revenues fell an average of two percent per year, while expenditures increased an average of eight percent per year. During that same period of time, their assets fell an average of three percent per year.
- In the Twin Cities metro area, 2,030 nonprofits have filed the new Form 990 which provides more detailed information about nonprofit sources of revenue. These nonprofits reported that four percent of their revenue came from government grants and at least another 21 percent came from government contracts for services, particularly health care services.

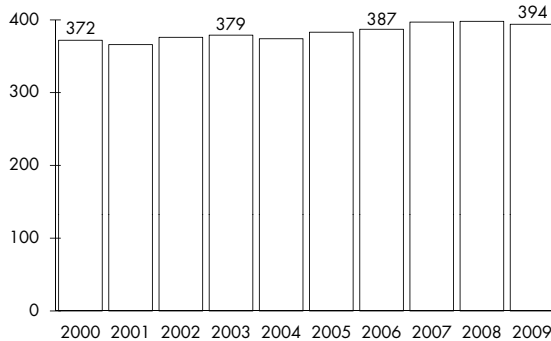


Northeast Minnesota Nonprofit Employment

Counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

Regional Overview: The seven-county Northeast region is the second largest region in Minnesota in terms of square miles, but nonprofit activity is heavily concentrated in the largest county – St. Louis. The nonprofit sector in the Northeast is showing the effects of the recent recession and prolonged economic slowdown. Since the recession began in 2007, the number of nonprofit employment locations has fallen slightly and growth in nonprofit employment has leveled off. Evidence suggests nonprofit revenues in the region have been increasing since 2007, but nonprofit expenses have been rising more rapidly.

Number of Nonprofit Employment Locations in Northeast Minnesota

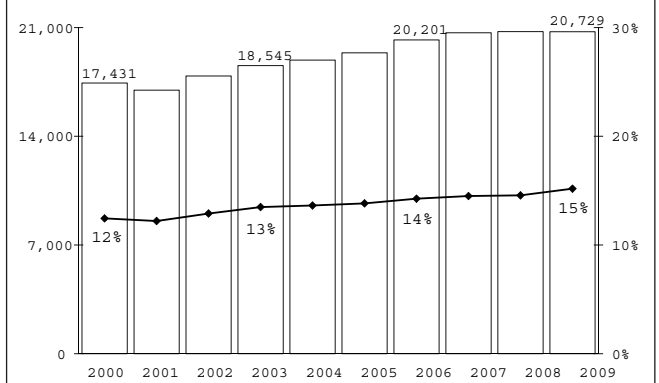


Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- With fewer than 400 nonprofit employment locations, the Northeast region has the fewest nonprofit employers in the state. Over the last decade, there has been little increase in the number of nonprofit employment locations in the Northeast, with growth averaging just one percent per year.
- Growth in the nonprofit workforce in Northeast Minnesota has been below the statewide rate, increasing an average of just two percent per year since 2000. Since the recession began in 2007, growth in nonprofit employment in the region has virtually stopped.
- Due to the large presence of the health care industry in the Northeast, 15 percent of the region’s workforce was employment by the nonprofit sector in 2009. That was well above the statewide average of 11 percent.

- The majority of nonprofit activity in the Northeast is concentrated in St. Louis County, the largest county in the region and home to the city of Duluth. In 2009, St. Louis County accounted for 58 percent of the region’s nonprofit employment locations and 80 percent of the region’s nonprofit workforce. However, since the recession began in 2007, St. Louis County has experienced a small decline in the number of nonprofit employment locations and virtually no growth in nonprofit employment.
- Itasca County is a distant second in nonprofit activity to St. Louis County. In 2009, Itasca was home to 15 percent of the region’s nonprofit employment locations and nine percent of the nonprofit workforce. The nonprofit sector in the county has continued to grow during the recession.

Number of Nonprofit Employees in the Northeast and Nonprofit Percentage of All Northeast Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Northeast Minnesota Nonprofit Wages

Counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

- Northeast Minnesota has a high percentage of nonprofit employment in the health care sector. In 2009, 76 percent of the region's nonprofit workforce was employed in one of the three health care industries.

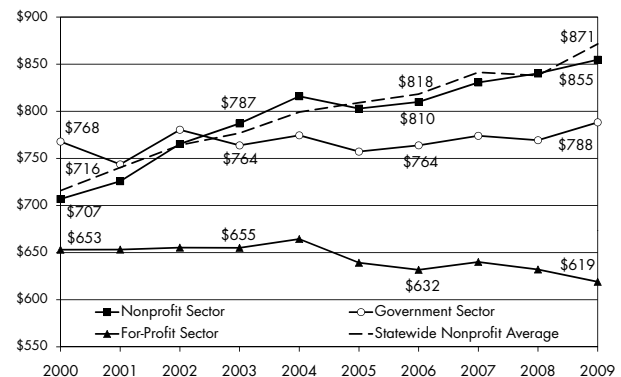
Median Hourly Wages for Full-Time Employees in Northeast Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of the sector's total employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$14.97 (2%)	\$13.72 (2%)	\$13.03 (7%)
Educational Services	\$21.95 (6%)	\$15.84 (<1%)	\$23.76 (36%)
Health Care			
Ambulatory Health Care Services	\$16.21 (20%)	\$18.57 (4%)	NA
Hospitals	\$21.61 (39%)	NA	\$19.26 (7%)
Nursing & Residential Care Facilities	\$13.23 (17%)	\$11.20 (7%)	\$19.58 (3%)
Social Assistance			
Individual & Family Services	\$16.84 (4%)	\$11.30 (2%)	\$23.54 (2%)
Community Food, Housing, Emergency & Other Relief Services	\$16.77 (1%)	\$15.82 (<1%)	NA
Vocational Rehabilitation Services	\$11.24 (3%)	\$13.65 (<1%)	\$24.50 (<1%)
Child Day Care Services	\$11.13 (1%)	\$10.51 (<1%)	NA
Other Services			
Religious Organizations	\$12.80 (<1%)	NA	NA
Grantmaking & Giving Services	\$22.93 (<1%)	NA	NA
Social Advocacy Organizations	\$15.39 (1%)	\$12.20 (<1%)	NA
Civic & Social Organizations	\$9.97 (3%)	\$11.27 (1%)	NA

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 4th Quarter 2009
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represent 97 percent of nonprofit employment, 15 percent of for-profit employment and 54 percent of government employment in the region in 2009. More extensive descriptions of these industries are available in Appendix A.

- In 2009, nonprofits paid \$921 million in wages, or 19 percent of all wages in the region. After adjusting for inflation, the total nonprofit payroll in the region has increased an average of two percent per year since the recession began in 2007. During the same period of time, total for-profit payroll in the region has fallen an average of five percent per year.
- Growth in the health care industries has pushed nonprofit average weekly wages in the region higher than average weekly wages in the for-profit and government sectors. If health care wages are removed, the average weekly wage for all other nonprofits falls from \$855 to \$508 a week in 2009.
- With three exceptions – vocational rehabilitation, child day care, and civic and social organizations – the median hourly wages for a full-time nonprofit employee in the industries examined exceeded the minimum amount necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, each adult needed to earn \$12.60 an hour to meet these costs in the Northeast.

Average Weekly Wages in the Northeast by Sector (in constant 2009 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Northeast Minnesota Nonprofit Finances

Counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, St. Louis

Assets, Revenues and Expenses by Selected Activity Areas for Nonprofits in Northeast Minnesota

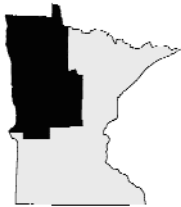
		All Northeast Nonprofits	Health	Human Services	Education	Arts, Culture and Humanities	Environmental and Animal-related
Total Assets		\$5.8 billion	\$5.2 billion	\$236 million	\$146 million	\$45 million	\$18 million
Revenues	Program Services	88%	95%	40%	72%	22%	46%
	Charitable Contributions	4%	1%	23%	6%	42%	44%
	Government Grants	5%	1%	34%	21%	27%	6%
	Investments and Sales	2%	2%	3%	(1%)	8%	4%
	Other Revenue	1%	1%	1%	1%	2%	1%
	Total Revenues	\$2.3 billion	\$1.9 billion	\$209 million	\$124 million	\$15 million	\$9 million
Expenditures	Program Services	84%	84%	88%	87%	79%	77%
	Management and General	15%	16%	11%	12%	15%	19%
	Fundraising	<1%	<1%	1%	1%	6%	3%
	Total Expenses	\$2.3 billion	\$1.9 billion	\$198 million	\$120 million	\$14 million	\$7 million

Source for both tables: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS). This analysis includes 358 501(c)(3) and (c)(4) organizations that filed a 990 financial return from an address located in Northeast Minnesota for fiscal year 2008 or 2009. More information on which organizations are included and how the activity areas are defined is available in the appendices.

- Evidence suggests that nonprofits in the region have been facing financial pressures during the recession. Among the 92 organizations in the region that have filed a Form 990 with the IRS in both 2007 and 2009, nonprofit revenues increased an average of four percent per year, while expenses increased an average of seven percent per year.
- In the Northeast, 227 nonprofits have filed the new Form 990 which provides more detailed information about nonprofit sources of revenue. These nonprofits reported that nine percent of their revenue came from government grants and at least another seven percent came from government contracts for services. Given the importance of health care in this region, it is likely these figures underestimate the revenue coming from government contracts.

Assets, Revenues and Expenses by Size of Organization for Nonprofits in Northeast Minnesota

		Small: Assets under \$1 million	Medium: Assets between \$1 and \$10 million	Large: Assets over \$10 million
Total Assets		\$55 million	\$362 million	\$5.4 billion
Revenues	Program Services	41%	63%	93%
	Charitable Contributions	25%	14%	2%
	Government Grants	29%	20%	2%
	Investments and Sales	4%	3%	1%
	Other Revenue	1%	1%	1%
	Total Revenues	\$60 million	\$327 million	\$1.9 billion
Expenditures	Program Services	85%	87%	85%
	Management and General	13%	12%	16%
	Fundraising	2%	1%	<1%
	Total Expenses	\$59 million	\$314 million	\$1.9 billion

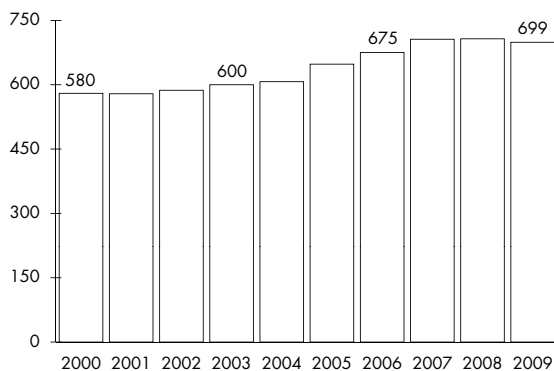


Northwest Minnesota Nonprofit Employment

Counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomon, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, Wilkin

Regional Overview: Northwest Minnesota, comprising 26 counties and more than 28,000 square miles, is the largest region in the state. Although the nonprofit sector in the region was expanding during the 2000s, the recent recession has slowed nonprofit growth in the Northwest. There has been no increase in the number of nonprofit employment locations in the region and only a slight increase in the size of the nonprofit workforce since the recession began in 2007. Nonprofit revenues in the region increased between 2007 and 2009, but expenses have been growing even more quickly.

Number of Nonprofit Employment Locations in Northwest Minnesota

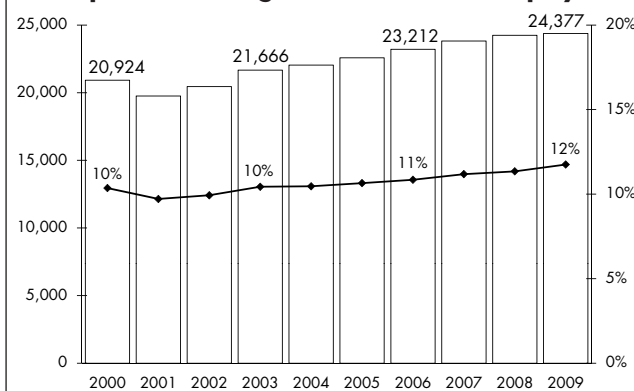


Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- With nearly 700 nonprofit employment locations, the Northwest region has the largest share of nonprofit employers outside of the Twin Cities metro area. Between 2000 and 2007, the number of nonprofit employment locations in the region increased an average of three percent per year. However, since the recession began in 2007, the number has declined slightly.
- Nonprofit employment in the Northwest has fared slightly better during the recession, growing an average of one percent per year since 2007. During the same period of time, for-profit employment declined an average of two percent per year. As a result, the nonprofit share of the total workforce in Northwest Minnesota has continued to increase, with nonprofits employing 12 percent of all employees in the region in 2009.

- In 2009, Crow Wing County was one of several centers of nonprofit activity in the region – home to 12 percent of nonprofit employment locations and nine percent of the nonprofit workforce in the Northwest. Between 2007 and 2009, the county experienced an increase in both the number of nonprofit employers and employees.
- In the Northwest, however, nonprofit activity is widely dispersed, reflecting that the region has more, but smaller, population centers than other regions. Other counties with a strong share of the region's nonprofit activity include Beltrami, Clay, Otter Tail and Polk counties. In 2009, each of these counties was home to at least seven percent of the region's nonprofit employment locations and eight percent of the nonprofit workforce.

Number of Nonprofit Employees in the Northwest and Nonprofit Percentage of All Northwest Employees



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Northwest Minnesota Nonprofit Wages

Counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahanomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, Wilkin

- In the Northwest, the nonprofit health care workforce is more evenly divided between hospitals and nursing and residential care facilities. In more urban areas – like the Twin Cities, Rochester and Duluth – hospitals dominate.

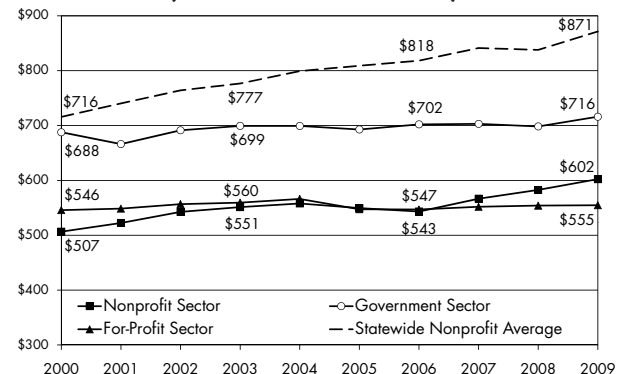
Median Hourly Wages for Full-Time Employees in Northwest Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of the sector's total employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$11.76 (1%)	\$13.98 (1%)	\$12.36 (5%)
Educational Services	\$17.28 (7%)	\$18.81 (<1%)	\$22.92 (42%)
Health Care			
Ambulatory Health Care Services	\$17.55 (9%)	\$17.13 (4%)	\$24.52 (1%)
Hospitals	\$18.99 (31%)	NA	\$18.72 (6%)
Nursing & Residential Care Facilities	\$12.68 (28%)	\$10.87 (3%)	\$14.30 (2%)
Social Assistance			
Individual & Family Services	\$13.23 (8%)	\$10.37 (1%)	\$8.48 (<1%)
Community Food, Housing, Emergency & Other Relief Services	\$13.10 (1%)	\$13.00 (<1%)	NA
Vocational Rehabilitation Services	\$13.63 (3%)	\$10.71 (<1%)	NA
Child Day Care Services	\$12.07 (1%)	\$9.99 (<1%)	NA
Other Services			
Religious Organizations	\$13.97 (1%)	NA	NA
Grantmaking & Giving Services	\$23.89 (<1%)	NA	NA
Social Advocacy Organizations	\$17.33 (2%)	\$10.13 (<1%)	NA
Civic & Social Organizations	\$12.45 (1%)	\$10.52 (1%)	NA

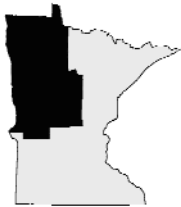
Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 4th Quarter 2009
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represent 93 percent of nonprofit employment, 12 percent of for-profit employment and 57 percent of government employment in the region in 2009. More extensive descriptions of these industries are available in Appendix A.

- The composition of the nonprofit health care workforce in the region, however, is changing. Since the beginning of the decade, there has been a slight decrease in the number of nonprofit nursing and residential care workers in the region. During the same period of time, nonprofit employment has increased an average of nine percent per year in ambulatory health care services and three percent per year in hospitals.
- Nonprofits in the Northwest paid \$763 million in wages in 2009, or 12 percent of all wages in the region. After adjusting for inflation, total nonprofit payroll in the region has increased an average of four percent per year since the recession began in 2007. During the same period of time, total for-profit payroll in the region has fallen an average of two percent per year.
- In all but two of the industries examined, the median hourly wage for a full-time nonprofit employee exceeded the amount needed to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, each adult needed to earn \$12.41 an hour to meet these costs.

Average Weekly Wages in the Northwest by Sector (in constant 2009 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Northwest Minnesota Nonprofit Finances

Counties: Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahanomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, Wilkin

Assets, Revenues and Expenses by Selected Activity Areas for Nonprofits in Northwest Minnesota

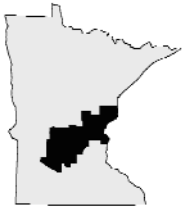
		All Northwest Nonprofits	Health	Human Services	Education	Arts, Culture and Humanities	Environmental and Animal-related
Total Assets		\$1.8 billion	\$1.2 billion	\$281 million	\$67 million	\$13 million	\$31 million
Revenues	Program Services	80%	94%	47%	13%	28%	27%
	Charitable Contributions	6%	1%	14%	31%	38%	49%
	Government Grants	11%	2%	35%	56%	30%	10%
	Investments and Sales	3%	2%	3%	(6%)	3%	12%
	Other Revenue	1%	1%	1%	6%	1%	3%
	Total Revenues	\$1.3 billion	\$974 million	\$270 million	\$29 million	\$6 million	\$5 million
Expenditures	Program Services	86%	86%	88%	75%	77%	76%
	Management and General	13%	14%	12%	22%	16%	21%
	Fundraising	<1%	<1%	1%	2%	8%	3%
	Total Expenses	\$1.3 billion	\$926 million	\$257 million	\$30 million	\$6 million	\$5 million

Source for both tables: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS). This analysis includes 532 501(c)(3) and (c)(4) organizations that filed a 990 financial return from an address located in Northwest Minnesota for fiscal year 2008 or 2009. More information on which organizations are included and how the activity areas are defined is available in the appendices.

Assets, Revenues and Expenses by Size of Organization for Nonprofits in Northwest Minnesota

		Small: Assets under \$1 million	Medium: Assets between \$1 and \$10 million	Large: Assets over \$10 million
Total Assets		\$87 million	\$392 million	\$1.4 billion
Revenues	Program Services	42%	61%	91%
	Charitable Contributions	26%	8%	3%
	Government Grants	25%	27%	3%
	Investments and Sales	6%	2%	2%
	Other Revenue	1%	1%	1%
	Total Revenues	\$92 million	\$349 million	\$887 million
Expenditures	Program Services	85%	87%	86%
	Management and General	13%	12%	14%
	Fundraising	2%	1%	<1%
	Total Expenses	\$91 million	\$331 million	\$839 million

- Evidence suggests that nonprofits in Northwest Minnesota have been facing some financial pressures during the recent recession. Among the 164 organizations in the Northwest that have filed a Form 990 with the IRS for both 2007 and 2009, nonprofit revenues increased an average of four percent per year. However, during that same period of time, expenses increased an average of eight percent per year.
- In Northwest Minnesota, 334 nonprofits have filed the new Form 990 which provides more detailed information about nonprofit sources of revenue. These nonprofits reported that 16 percent of their revenue came from government grants and at least another six percent came from government contracts for services. It is likely that these figures still underestimate the revenue coming from government sources.

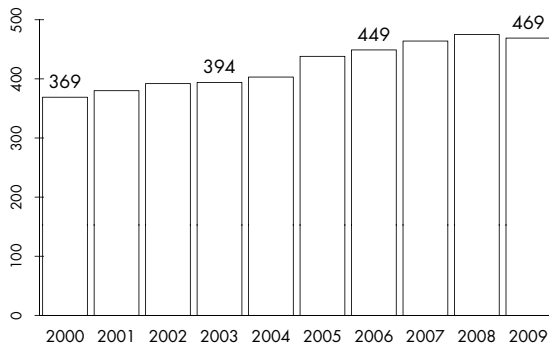


Central Minnesota Nonprofit Employment

Counties: Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns, Wright

Regional Overview: The Central Minnesota region may be a distant third in the state in terms of the size of the nonprofit workforce and the number of nonprofit employment locations, but the nonprofit sector in this region has experienced the strongest percentage increases in the state in both categories over the last decade. Although growth in the number of nonprofit employment locations in the region has leveled off since the recession began in 2007, nonprofit employment in the region has continued to increase an average of four percent per year – the strongest percentage growth in the state.

Number of Nonprofit Employment Locations in Central Minnesota

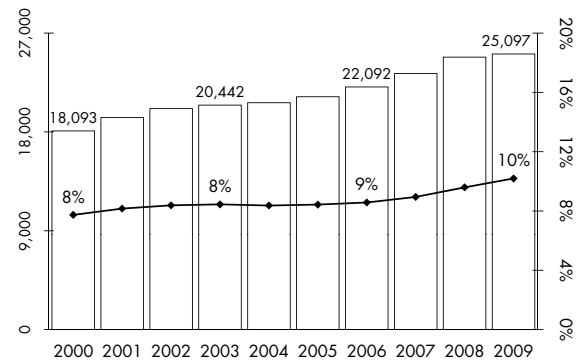


Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages

- Over the last decade, Central Minnesota experienced the strongest percentage growth in the number of nonprofit employment locations in the state, increasing an average of three percent per year. As a result, the region went from having the fewest nonprofit employment locations in 2000 to have the third-most locations in 2009 (behind the Twin Cities metro area and Northwest Minnesota).
- In 2009, nonprofit employees accounted for 10 percent of the total workforce in Central Minnesota. The size of the nonprofit workforce in the region has been increasing rapidly, growing an average of four percent per year – even through the recession. By 2009, Central Minnesota had surpassed Northwest Minnesota and now has the third largest nonprofit workforce in the state (behind the Twin Cities metro area and Southeast Minnesota).

- Stearns County, where most of the city of St. Cloud is located, accounts for 24 percent of the region's nonprofit employment locations and 37 percent of the nonprofit workforce in 2009. Sherburne and Wright counties, which lie between St. Cloud and the Twin Cities metro area, are also centers of nonprofit activity in Central Minnesota, each with at least 10 percent of the region's nonprofit employment and eight percent of nonprofit employees in 2009.
- Since the beginning of the recession, some of the strongest percentage growth in nonprofit employment in Central Minnesota has occurred in less populous counties. Kanabec, McLeod and Meeker counties all saw nonprofit employment grow an average of at least ten percent a year for the last two years.

Number of Nonprofit Employees in Central MN and Nonprofit Percentage of All Employees in the Region



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Central Minnesota Nonprofit Wages

Counties: Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns, Wright

- In 2009, 72 percent of nonprofit workers and 31 percent of nonprofit employment locations in Central Minnesota were in health care – ambulatory health care services, hospitals, and nursing and residential care facilities.

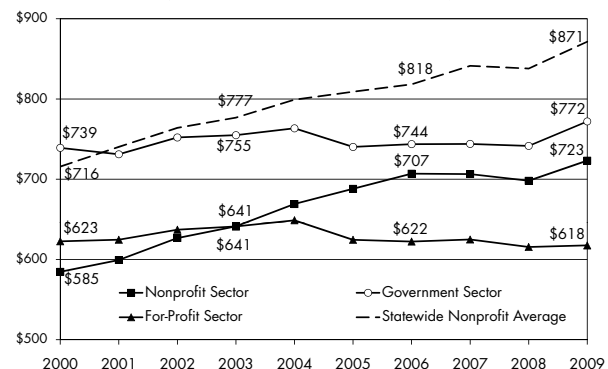
Median Hourly Wages for Full-Time Employees in Central Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of the sector's total employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$16.88 (1%)	\$11.02 (2%)	\$12.78 (7%)
Educational Services	\$20.39 (7%)	\$17.32 (<1%)	\$23.48 (47%)
Health Care			
Ambulatory Health Care Services	\$19.48 (10%)	\$19.15 (5%)	NA
Hospitals	\$21.86 (34%)	\$13.57 (<1%)	\$18.94 (10%)
Nursing & Residential Care Facilities	\$15.18 (28%)	\$11.74 (4%)	\$20.56 (1%)
Social Assistance			
Individual & Family Services	\$13.51 (6%)	\$10.54 (1%)	\$20.78 (<1%)
Community Food, Housing, Emergency & Other Relief Services	\$14.72 (<1%)	\$14.90 (<1%)	NA
Vocational Rehabilitation Services	\$11.78 (6%)	\$17.22 (<1%)	NA
Child Day Care Services	\$11.63 (1%)	\$10.66 (1%)	NA
Other Services			
Religious Organizations	\$12.78 (1%)	NA	NA
Grantmaking & Giving Services	\$20.34 (<1%)	NA	NA
Social Advocacy Organizations	\$15.50 (2%)	\$17.86 (<1%)	NA
Civic & Social Organizations	\$14.37 (2%)	\$10.56 (1%)	NA

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 4th Quarter 2009
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represent 97 percent of nonprofit employment, 13 percent of for-profit employment and 64 percent of government employment in the region in 2009. More extensive descriptions of these industries are available in Appendix A.

- Over the last decade, employment in nearly all nonprofit industries in Central Minnesota has been increasing. The strongest percentage growth was in individual and family services, where nonprofit employment in the region increased an average of 13 percent a year between 2000 and 2007. That growth ended when the recession began.
- Nonprofits in Central Minnesota paid \$944 million in wages in 2009, or 11 percent of all wages paid in the region. Since the recession began in 2007, total nonprofit payroll in the region has increased an average of five percent per year, after adjusting for inflation. Over the same period of time, total for-profit payroll in the region fell an average of five percent per year.
- According to the JOBS Now Coalition each adult in a family of four needed to earn about \$13.24 an hour to meet the costs necessary to support their basic needs (two adults working full-time, two children). In 2009, three of the nonprofit industries examined did not meet this minimum median wage (vocational rehabilitation, child day care and religious organizations).

Average Weekly Wages in Central MN by Sector (in constant 2009 dollars)



Source: MN Dept. of Employment & Economic Development, Quarterly Census of Employment & Wages



Central Minnesota Nonprofit Finances

Counties: Benton, Chisago, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Pine, Renville, Sherburne, Stearns, Wright

Assets, Revenues and Expenses by Selected Activity Areas for Nonprofits in Central Minnesota

		All Central Minnesota Nonprofits	Health	Human Services	Education	Arts, Culture and Humanities	Environmental and Animal-related
Total Assets		\$2.5 billion	\$1.8 billion	\$273 million	\$232 million	\$11 million	\$8 million
Revenues	Program Services	87%	95%	56%	69%	49%	40%
	Charitable Contributions	5%	2%	10%	12%	28%	39%
	Government Grants	5%	1%	30%	14%	14%	6%
	Investments and Sales	2%	1%	3%	4%	7%	13%
	Other Revenue	1%	1%	1%	<1%	1%	2%
	Total Revenues	\$1.7 billion	\$1.4 billion	\$201 million	\$128 million	\$5 million	\$3 million
Expenditures	Program Services	87%	87%	88%	86%	81%	81%
	Management and General	12%	13%	11%	11%	15%	15%
	Fundraising	1%	<1%	1%	3%	4%	3%
	Total Expenses	\$1.7 billion	\$1.3 billion	\$198 million	\$121 million	\$5 million	\$3 million

Source for both tables: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS). This analysis includes 496 501(c)(3) and (c)(4) organizations that filed a 990 financial return from an address located in Central Minnesota for fiscal year 2008 or 2009. More information on which organizations are included and how the activity areas are defined is available in the appendices.

- Evidence suggests that nonprofit finances in Central Minnesota have been facing good news and bad news during the recent recession. Among the 162 organizations in the region that have filed a Form 990 with the IRS for both 2007 and 2009, nonprofit revenues increased an average of three percent per year. However, nonprofit expenses increased an average of seven percent per year.
- In Central Minnesota, 330 nonprofits have filed the new Form 990 which provides more detailed information about nonprofit sources of revenue. These nonprofits reported that 12 percent of their revenue came from government grants and at least another seven percent came from government contracts for services. It is likely that these figures still underestimate the revenue coming from government sources.

Assets, Revenues and Expenses by Size of Organization for Nonprofits in Central Minnesota

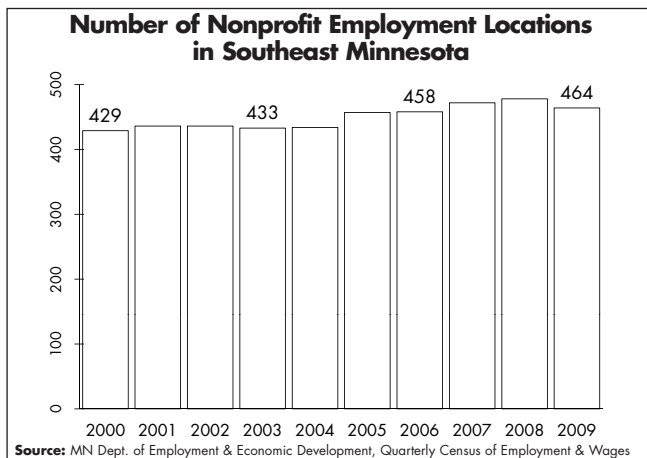
		Small: Assets under \$1 million	Medium: Assets between \$1 and \$10 million	Large: Assets over \$10 million
Total Assets		\$79 million	\$341 million	\$2.1 billion
Revenues	Program Services	44%	71%	94%
	Charitable Contributions	19%	8%	4%
	Government Grants	31%	19%	1%
	Investments and Sales	6%	2%	1%
	Other Revenue	1%	1%	1%
	Total Revenues	\$107 million	\$282 million	\$1.3 billion
Expenditures	Program Services	86%	87%	87%
	Management and General	12%	12%	12%
	Fundraising	2%	1%	1%
	Total Expenses	\$106 million	\$277 million	\$1.3 billion



Southeast Minnesota Nonprofit Employment

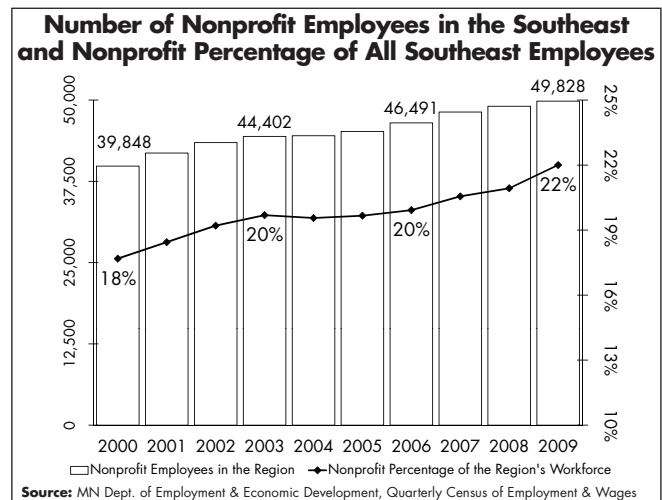
Counties: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

Regional Overview: The 11-county region of Southeast Minnesota, home to the city of Rochester, enjoys international recognition for its health care facilities. The recent recession, however, has put significant pressures on nonprofit activity in the region. The nonprofit sector in Southeast Minnesota has continued to see growth in nonprofit employment. However, evidence suggests that nonprofit revenues have fallen and expenditures have increased since the recession began. As a result, the number of nonprofits in the region reporting an operating deficit for the year increased significantly between 2007 and 2009.



- Over the last decade, Southeast Minnesota has experienced very little growth in the number of nonprofit employment locations. Since 2000, the number of nonprofit employers has increased by an average of just one percent per year.
- In contrast to nonprofit employment locations, the nonprofit workforce in the region has grown steadily over the last decade. Since 2000, nonprofit employment in the Southeast has grown an average of three percent a year.
- With nearly 50,000 employees, the Southeast region has the largest nonprofit workforce outside of the Twin Cities metro area. In 2009, nonprofits in Southeast Minnesota employed 22 percent of the region's workforce, or more than one out of every five workers.

- In 2009, 68 percent of the region's nonprofit workforce was located in Olmsted County, home to the city of Rochester and the Mayo Clinic. In 2009, the 34,000 nonprofit jobs in Olmsted County also accounted for 12 percent of all nonprofit employment in the state, making Olmsted not only the regional center of nonprofit activity, but also a major center for the state.
- Other counties in the Southeast with a significant nonprofit presence in 2009 included Winona (11 percent of nonprofit employment locations and seven percent of nonprofit jobs), Rice (11 percent of nonprofit employment locations and six percent of nonprofit jobs), and Goodhue (10 percent of nonprofit employment locations and four percent of nonprofit jobs).





Southeast Minnesota Nonprofit Wages

Counties: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

- There is no question that health care is the dominant industry in Southeast Minnesota. In 2009, health care accounted for 84 percent of nonprofit employment and 91 percent of nonprofit wages in the region.

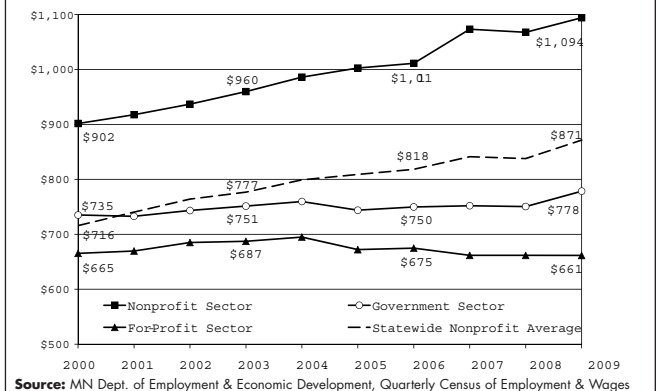
Median Hourly Wages for Full-Time Employees in Southeast Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of the sector's total employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$16.61 (<1%)	\$15.20 (2%)	\$16.04 (5%)
Educational Services	\$23.08 (7%)	\$17.90 (<1%)	\$23.69 (47%)
Health Care			
Ambulatory Health Care Services	\$26.40 (46%)	\$19.83 (3%)	NA
Hospitals	\$29.70 (26%)	NA	\$24.65 (3%)
Nursing & Residential Care Facilities	\$13.23 (12%)	\$12.04 (4%)	\$14.59 (3%)
Social Assistance			
Individual & Family Services	\$13.02 (2%)	\$11.02 (1%)	\$29.07 (<1%)
Community Food, Housing, Emergency & Other Relief Services	\$15.48 (<1%)	\$16.48 (<1%)	NA
Vocational Rehabilitation Services	\$12.14 (1%)	\$13.50 (<1%)	NA
Child Day Care Services	\$10.66 (1%)	\$11.86 (1%)	NA
Other Services			
Religious Organizations	\$12.24 (<1%)	\$22.08 (<1%)	NA
Grantmaking & Giving Services	\$21.67 (<1%)	NA	NA
Social Advocacy Organizations	\$14.95 (1%)	NA	NA
Civic & Social Organizations	\$14.52 (1%)	\$11.98 (1%)	\$22.33 (<1%)

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 4th Quarter 2009
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represent 99 percent of nonprofit employment, 11 percent of for-profit employment and 58 percent of government employment in the region in 2009. More extensive descriptions of these industries are available in Appendix A.

- Nonprofit employers are a particularly large part of the economy in the Southeast, paying \$2.8 billion in total wages in 2009, or 31 percent of all wages paid in the region. After adjusting for inflation, total nonprofit payroll in the region has increased an average of three percent per year since the recession began in 2007. During the same period of time, total for-profit payroll in the region has fallen an average of three percent per year.
- The average weekly wage for nonprofit employees in Southeast Minnesota was \$1,094 in 2009, which was well above the average weekly wage for both government and for-profit employees in the region. If the health care industries are removed from the equation, however, the average weekly wage in the nonprofit sector drops to \$590.
- According to the JOBS NOW Coalition each adult in a family of four in Southeast Minnesota needed to earn \$13.38 an hour to support the basic needs of that family (two adults working full-time, two children). In 2009, five of the nonprofit industries examined did not meet this minimum median wage for the region.

Average Weekly Wages in the Southeast by Sector (in constant 2009 dollars)





Southeast Minnesota Nonprofit Finances

Counties: Dodge, Fillmore, Freeborn, Goodhue, Houston, Mower, Olmsted, Rice, Steele, Wabasha, Winona

Assets, Revenues and Expenses by Selected Activity Areas for Nonprofits in Southeast Minnesota

		All Southeast Nonprofits	Health	Human Services	Education	Arts, Culture and Humanities	Environmental and Animal-related
Total Assets		\$11.6 billion	\$9.4 billion	\$259 million	\$1.7 billion	\$48 million	\$13 million
Revenues	Program Services	79%	82%	66%	63%	15%	47%
	Charitable Contributions	10%	10%	11%	11%	72%	33%
	Government Grants	5%	4%	19%	4%	6%	10%
	Investments and Sales	5%	4%	3%	21%	6%	10%
	Other Revenue	1%	1%	<1%	1%	<1%	1%
	Total Revenues	\$6.4 billion	\$5.6 billion	\$246 million	\$503 million	\$19 million	\$6 million
Expenditures	Program Services	86%	86%	90%	87%	74%	83%
	Management and General	13%	13%	9%	10%	20%	13%
	Fundraising	1%	1%	1%	3%	6%	5%
	Total Expenses	\$6.6 billion	\$5.9 billion	\$241 million	\$409 million	\$12 million	\$5 million

Source for both tables: MCN's analysis of Form 990 information filed with the Internal Revenue Service (IRS). This analysis includes 461 501(c)(3) and (c)(4) organizations that filed a 990 financial return from an address located in Southeast Minnesota for fiscal year 2008 or 2009. More information on which organizations are included and how the activity areas are defined is available in the appendices.

Assets, Revenues and Expenses by Size of Organization for Nonprofits in Southeast Minnesota

		Small: Assets under \$1 million	Medium: Assets between \$1 and \$10 million	Large: Assets over \$10 million
Total Assets		\$76 million	\$445 million	\$11.1 billion
Revenues	Program Services	45%	72%	80%
	Charitable Contributions	23%	13%	10%
	Government Grants	24%	13%	4%
	Investments and Sales	7%	2%	5%
	Other Revenue	<1%	<1%	1%
	Total Revenues	\$85 million	\$351 million	\$6.0 billion
Expenditures	Program Services	85%	89%	87%
	Management and General	12%	10%	12%
	Fundraising	2%	1%	1%
	Total Expenses	\$83 million	\$358 million	\$1.3 billion

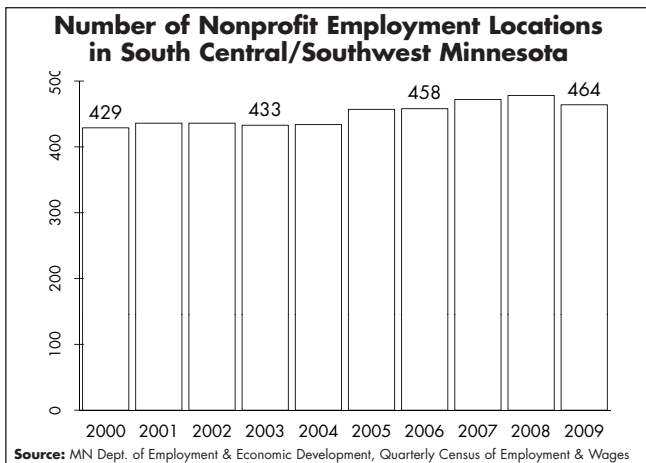
- Evidence suggests that nonprofit finances in the Southeast have been hit hard by the recent recession. Among the 100 nonprofits in the region that have filed a Form 990 with the IRS for both 2007 and 2009, nonprofit revenues have fallen an average of five percent per year and expenses have increased an average of seven percent per year. As a result, the percentage of these nonprofits reporting a deficit for the fiscal year increased from 24 percent in 2007 to 44 percent in 2009.
- In Southeast Minnesota, many health care and human services organizations are not taking advantage of the new Form 990 to separate out government contracts from other forms of program service revenue. As a result, it was not possible to properly examine the role government revenues are playing in the region.



South Central/Southwest Minnesota Nonprofit Employment

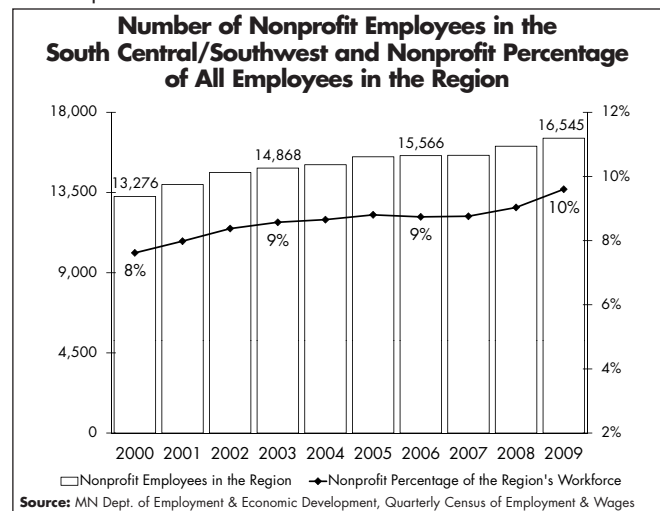
Counties: Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac Qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, Yellow Medicine

Regional Overview: The nonprofit sector in the 23-county South Central/Southwest region of Minnesota is by some measures one of the smallest in the state. The region is tied with the Southeast in having the fewest nonprofit employment locations and it has by far the smallest nonprofit workforce in the state. Nonprofit employment in South Central/Southwest Minnesota has continued to expand since the recession began in 2007, but finances for nonprofits in the region are stretched thin as growth in expenditures has far exceeded growth in nonprofit revenues over the last two years.



- In 2009, eight percent of the state's nonprofit employment locations were located in South Central/Southwest Minnesota. The number of nonprofit employment locations in the region has been growing slowly, increasing an average of just one percent per year over the last decade.
- The nonprofit sector in South Central/Southwest Minnesota has experienced steady growth in the size of its workforce in recent years. Since the recession began in 2007, nonprofit employment in the region has increased an average of three percent per year. Nonprofits now employ one out of every 10 workers in the region. However, the nonprofit workforce in South Central/Southwest Minnesota still remains the smallest in the state.

- The largest center of nonprofit activity in the region is Blue Earth County, where the city of Mankato is largely located. In 2009, this county was home to 12 percent of the region's nonprofit employment locations and 30 percent of the nonprofit workforce. Over the last decade, nonprofit employment in the county has increased an average of seven percent per year.
- Other counties in South Central/Southwest Minnesota with a significant nonprofit presence in 2009 included Brown, Lyon and Nicollet counties. Since the recession began in 2007, all four of these counties (including Blue Earth) have experienced growth in both the number of nonprofit employment locations and the size of the nonprofit workforce.





South Central/Southwest Minnesota Nonprofit Wages

Counties: Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac Qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, Yellow Medicine

- In 2009, health care was the largest nonprofit industry in South Central/Southwest Minnesota, accounting for 67 percent of the nonprofit workforce and 35 percent of nonprofit employment locations.

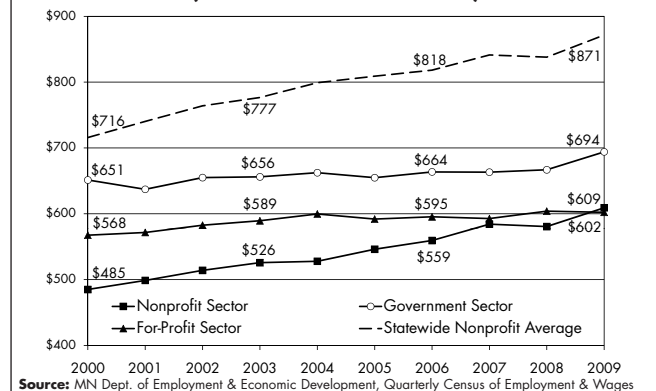
Median Hourly Wages for Full-Time Employees in South Central/Southwest Minnesota

Industry	Full-Time Median Hourly Wage by Sector (% of the sector's total employment in the region)		
	Nonprofit	For-Profit	Government
Arts, Entertainment & Recreation	\$13.58 (1%)	\$15.56 (1%)	\$13.86 (1%)
Educational Services	\$20.94 (7%)	\$16.92 (<1%)	\$21.99 (43%)
Health Care			
Ambulatory Health Care Services	\$17.12 (7%)	\$17.02 (4%)	\$22.40 (<1%)
Hospitals	\$18.42 (30%)	\$21.06 (<1%)	\$19.76 (12%)
Nursing & Residential Care Facilities	\$12.51 (31%)	\$11.46 (4%)	\$13.84 (2%)
Social Assistance			
Individual & Family Services	\$13.86 (2%)	\$10.63 (1%)	\$19.13 (<1%)
Community Food, Housing, Emergency & Other Relief Services	\$12.96 (1%)	NA	NA
Vocational Rehabilitation Services	\$13.00 (12%)	\$13.91 (<1%)	NA
Child Day Care Services	\$10.54 (1%)	\$9.31 (<1%)	NA
Other Services			
Religious Organizations	\$16.33 (1%)	NA	NA
Grantmaking & Giving Services	\$16.66 (1%)	NA	NA
Social Advocacy Organizations	\$16.02 (4%)	NA	NA
Civic & Social Organizations	\$14.44 (2%)	\$10.42 (1%)	NA

Source: MN Dept. of Employment & Economic Development, Enhanced Wage Records, 4th Quarter 2009
Notes: "NA" indicates either that the sector did not have any employees in that industry or that the information for that category was suppressed for reasons of privacy. The selected industries represent 98 percent of nonprofit employment, 12 percent of for-profit employment and 59 percent of government employment in the region in 2009. More extensive descriptions of these industries are available in Appendix A.

- Since the recession began, many nonprofit industries in the region have continued to experience growth in employment. The number of nonprofit jobs in vocational rehabilitation services has increased an average of nine percent per year and ambulatory health care services has increased an average of four percent since 2007.
- In 2009, nonprofit organizations in South Central/Southwest Minnesota paid \$524 million in wages, or nine percent of all wages paid in the region. Since the recession began in 2007, inflation-adjusted total nonprofit payroll in the region increased an average of five percent per year. During the same period of time, for-profit payroll declined by two percent per year.
- In all but one of the industries examined – child day care – the median hourly wage for a full-time nonprofit employee in 2009 exceeded the minimum wage necessary to support the basic needs of a family of four (two adults working full-time, two children). According to the JOBS NOW Coalition, each adult needed to earn \$12.33 an hour to meet these costs in the region.

Average Weekly Wages in South Central/Southwest Minnesota by Sector (in constant 2009 dollars)





South Central/Southwest Minnesota Nonprofit Finances

Counties: Big Stone, Blue Earth, Brown, Chippewa, Cottonwood, Faribault, Jackson, Lac Qui Parle, Le Sueur, Lincoln, Lyon, Martin, Murray, Nicollet, Nobles, Pipestone, Redwood, Rock, Sibley, Swift, Waseca, Watonwan, Yellow Medicine

Assets, Revenues and Expenses by Selected Activity Areas for Nonprofits in South Central/Southwest MN

		All South Central/ Southwest Nonprofits	Health	Human Services	Education	Arts, Culture and Humanities	Environmental and Animal-related
Total Assets		\$1.2 billion	\$519 million	\$163 million	\$506 million	\$17 million	\$4.5 million
Revenues	Program Services	84%	95%	57%	80%	17%	3%
	Charitable Contributions	6%	2%	8%	15%	38%	23%
	Government Grants	9%	2%	32%	8%	37%	65%
	Investments and Sales	1%	1%	3%	(3%)	8%	9%
	Other Revenue	1%	1%	1%	<1%	<1%	1%
	Total Revenues	\$938 million	\$578 million	\$176 million	\$163 million	\$5.6 million	\$5.6 million
Expenditures	Program Services	89%	89%	87%	91%	71%	81%
	Management and General	10%	11%	11%	6%	21%	17%
	Fundraising	1%	<1%	<1%	3%	7%	2%
	Total Expenses	\$914 million	\$548 million	\$170 million	\$175 million	\$5.8 million	\$5 million

Source for both tables: MCN's analysis of Form 990 information filed with the Internal Revenue Service. This analysis includes 361 501(c)(3) and (c)(4) organizations that filed a 990 financial return from an address located in South Central/Southwest MN for fiscal year 2008 or 2009. More information on which organizations are included and how the activity areas are defined is available in the appendices.

- Among the 100 organizations from South Central/Southwest Minnesota that have filed a Form 990 with the IRS for both 2007 and 2009, there is evidence that nonprofits in the region have been facing significant financial pressures during the recent recession. Between 2007 and 2009, nonprofit revenues in the region increased an average of six percent, but nonprofit expenditures increased an average of 13 percent per year.
- In South Central/Southwest Minnesota, 237 nonprofits have filed the new Form 990 which provides more detailed information about nonprofit sources of revenue. These nonprofits reported that seven percent of their revenue came from government grants and at least another four percent came from government contracts for services.

Assets, Revenues and Expenses by Size of Organization for Nonprofits in South Central/Southwest Minnesota

		Small: Assets under \$1 million	Medium: Assets between \$1 and \$10 million	Large: Assets over \$10 million
Total Assets		\$60 million	\$258 million	\$924 million
Revenues	Program Services	38%	66%	93%
	Charitable Contributions	19%	7%	5%
	Government Grants	36%	24%	2%
	Investments and Sales	8%	2%	<1%
	Other Revenue	<1%	1%	1%
	Total Revenues	\$59 million	\$215 million	\$664 million
Expenditures	Program Services	83%	86%	90%
	Management and General	14%	12%	9%
	Fundraising	2%	1%	1%
	Total Expenses	\$59 million	\$208 million	\$647 million

Appendix A

Nonprofit Classification Systems

North American Industry Classification System (NAICS)

This report uses the NAICS for the analysis of nonprofit employers, employees and wages.

Ambulatory Health Care Services (NAICS 621) – provide health care services to ambulatory patients, and include physicians’ offices, mental health practitioners, dentists, optometrists, physical, occupational and speech therapists, family planning centers, outpatient mental health and substance abuse centers, medical and diagnostic laboratories and home health care services.

Arts, Entertainment & Recreation (NAICS 71) – establishments that are involved in producing, promoting or participating in live performances, events or exhibits intended for public viewing; establishments that preserve and exhibit objects and sites of historical, cultural or educational interest; and establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby and leisure-time interests.

Child Day Care Services (NAICS 6244) – establishments primarily engaged in providing day care of infants or children.

Civic & Social Organizations (NAICS 8134) – establishments engaged in promoting the civic and social interests of their members, including alumni associations, ethnic associations, scouting organizations, student clubs and social senior citizens’ associations.

Community Food, Housing, Emergency & Other Relief Services (NAICS 6242) – Community food service establishments primarily collect and deliver food for the needy. Community housing service establishments provide short-term emergency shelter, transitional housing for low-income people, volunteer construction of low-cost housing, or repair of homes for elderly or disabled homeowners. Emergency and other relief service establishments primarily provide food, shelter, clothing, medical relief, resettlement and counseling to victims of domestic or international disasters or conflicts.

Educational Services (NAICS 611) – establishments that provide instruction and training through specialized establishments, such as schools, colleges, universities and training centers.

Grantmaking & Giving Services (NAICS 8132) – grantmaking foundations and charitable trusts, as well as establishments primarily engaged in raising funds for a range of social welfare activities.

Hospitals (NAICS 622) – provide medical, diagnostic and treatment services that include physician, nursing and other health services to inpatients. Hospitals may provide outpatient services as a secondary activity.

Individual & Family Services (NAICS 6241) – establishments

primarily engaged in providing nonresidential social assistance services for children and youth, such as adoption and foster care, drug prevention, life skills training and positive social development.

Nursing & Residential Care Facilities (NAICS 623) – provide residential care combined with nursing or other types of care as required by the residents. Examples include nursing care facilities, residential mental health facilities and community care facilities for the elderly.

Religious Organizations (NAICS 8131) – churches, religious temples, monasteries and establishments primarily engaged in administering an organized religion or promoting religious activities.

Social Advocacy Organizations (NAICS 8133) – establishments primarily engaged in promoting a particular cause or working for the realization of a specific social or political goal to benefit a broad or specific constituency. These organizations may solicit contributions or offer memberships to support these goals.

Vocational Rehabilitation Services (NAICS 6243) – establishments engaged in providing services such as job counseling, job training and work experience to unemployed and underemployed persons, persons with disabilities and persons who have a job market disadvantage because of lack of education, job skills or experience.

National Taxonomy of Exempt Entities (NTEE)

This report uses the NTEE for the analysis of nonprofit finances.

Health – activities include, but are not limited to, hospitals, ambulatory health care, rehabilitative care, public health, nursing care, mental health treatment, substance abuse treatment, HMOs and medical research.

Human Services – activities include, but are not limited to, crime prevention and rehabilitation, abuse prevention, legal services, vocational counseling and rehabilitation, food programs, housing and shelter, disaster preparedness and relief, recreation and sports, youth development, child and youth services, emergency assistance and centers for specific populations.

Education – activities include, but are not limited to, nonprofit elementary and secondary schools, vocational and technical schools, higher education, adult education, libraries, educational services and student services.

Arts, Culture and Humanities – activities include, but are not limited to, arts education, media and communications, visual arts, museums, performing arts and historical preservation.

Environmental and Animal-Related – activities include, but are not limited to, natural resources conservation and protection, pollution abatement and control, horticulture, animal protection and welfare, wildlife preservation, veterinary services, and zoos and aquariums.

Appendix B

Data Sources

Quarterly Census of Employment and Wages

The Quarterly Census of Employment and Wages (QCEW), a cooperative endeavor between the U.S. Department of Labor's Bureau of Labor Statistics (BLS) and the Minnesota Department of Employment and Economic Development (DEED), is a virtual census of Minnesota employers, covering 97 percent of nonagricultural employment and wage data in Minnesota. Total wages include gross wages and salaries, pay for vacation and other paid leave, tips and other gratuities that are reported to the employer, bonuses (including severance pay), stock options, some sickness and disability payments, and the cash value of meals and lodging. This report uses QCEW data to analyze 501(c)(3) nonprofit employers, employment locations, employees and wages. Each year, DEED provides new data for the most current year and revised data for the previous year. Therefore, data for 2008 may differ slightly from what was reported in the *2009 Minnesota Nonprofit Economy Report*. Information on the number of nonprofit employers is only available at the state level, so regional analysis focuses on the number of nonprofit employment locations. This report uses the Consumer Price Index (CPI-U) to adjust total payroll and average weekly wages for inflation.

Enhanced Wage Records

The median wage data used in this report is from the Minnesota Department of Employment and Economic Development (DEED). DEED merges data from the QCEW program (described above) from the 4th quarter of 2009 with Unemployment Insurance (UI) Wage Records for the same quarter. UI records contain individual-level employment and wage data on all employees and employers covered under the UI program. Merging these data sets enables DEED to determine an individual employee's wages as paid by a unique employer during that quarter. In order to be included in the analysis, each employee needed to have earnings in the 3rd and the following 1st quarter with the same employer as in the 4th quarter. This report uses the data to examine median hourly wages, or the mid-point in the range of wages, by region for full-time employees in selected industries. Full-time is defined as working 35 hours or more per week, or over 454 hours during the quarter.

Financial Information

The financial information used for this report was compiled from data obtained from the Minnesota Attorney General's (AG) office and the National Center for Charitable Statistics (NCCS). The report uses Form 990 financial reports filed by charitable organizations exempted under IRS subsection 501(c)(3) and (c)(4). The report excludes financial information from nonprofit organizations exempted under IRS subsection 501(c)(5) through (c)(19), nonprofits filing Form 990EZ, private foundations filing Form 990PF, and certain charitable trusts. Some organizations with physical operations in Minnesota, but with headquarters outside of the state, may not be captured in this analysis. Certain other organizations that are exempt from filing with the Attorney General's Office are also not reflected in the data, including organizations that do not employ paid staff and have less than \$500,000 in gross receipts, and churches and other religious organizations that are not required to file a Form 990 federal return. This report analyzes the financial data for 5,170 organizations filing from an address located in Minnesota. We attempted to use financial information reported for the fiscal year that closed in 2009. However, for 68 percent of the organizations, fiscal year 2008 was the most current financial information available. In addition, in 2008, the IRS made significant revisions to Form 990. For this report, it was necessary to combine data from organizations filing different versions of the form. It was possible to successfully bridge both revenue and expenditure data from the two forms. In this analysis, 32 percent of the organizations filed an old Form 990, and 68 percent filed the revised form.

JOBS NOW Coalition, *The Cost of Living in Minnesota*

In *The Cost of Living in Minnesota*, the JOBS NOW Coalition calculates the wage necessary for a family to cover its basic needs, looking at a variety of family compositions as well as geographic differences. The "basic needs budget" constructs a realistic budget by measuring the actual costs of meeting basic needs for food, housing, health care, child care, clothing and transportation in 2009. The budget does not include any money for entertainment, vacation, eating out, emergencies, retirement or education. *The Cost of Living in Minnesota* report and budget calculator are available online at www.jobsnowcoalition.org.



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