



Center for Business and Community Development
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Oswego, New York 13126

**Impact Analysis
Of
Eleven Nonprofits
In Oswego County, New York
2004/2005**

Prepared: July 2007

Preface

The nonprofit sector in the United States of America is large, diverse and growing. Most recent data indicates that 501(c) (3) organizations have grown by 70% in the last decade (1991 to 2001). Nonprofits are almost 1.6 million in number and contribute 8 percent of the gross national product¹. Over the past 25 years, the 2.5 percent annual average growth rate for employment in the nonprofit sector outpaced that of for-profit business (1.8%) and government (1.6%), currently, 1 in every 12 Americans works for a nonprofit. In every state in the U.S. you will find nonprofits working to better their communities by directly addressing issues of concern through service or civic engagement. The nonprofit sector spans the political spectrum of ideas and encompasses every aspect of human endeavor, from symphonies to little leagues to homeless shelters and day care centers. While every nonprofit is unique, each is based on the core value of people coming together around issues of mutual concern and common interest in pursuit of the common good. All of our lives are touched, in some cases transformed by nonprofits.

This report summarizes the most recently available data on eleven specific nonprofits in Oswego County. The data illustrates the significant role and presence of this sector across our county. While there is more attention given to the condition of business and government in our country, little timely information is available about the economic and social impact of the nonprofit sector's work. This report is one effort that attempts to shed light on the breadth and scope of the nonprofit sector in our society. Through this report we aim to build awareness about the vital role nonprofits play and to educate policymakers, the media, and the public about charitable activities in Oswego County. The primary sources for these data are annual reports filed with the IRS by charitable nonprofits with over \$25,000 in gross annual receipts. Some highlights of this report are:

- There were 1,110 people employed by these nonprofits in the Oswego County in 2005.
- There was \$44,192,971.00 in total revenue report by the participating nonprofits in 2004, and \$42,426,235.00 in 2005.²
- There was \$10,758,295.00 in assets reported by the participating nonprofits in 2004, and \$10,579,017.00 in 2005.³
- In 2005, the participating agencies paid \$618,594.00 in payroll taxes.
- In 2004, the participating agencies generated \$21,392,385.00 in user fees.

Yet these numbers don't tell the whole story. In addition to the reporting 501(c) (3) s, there are many more of the 196 Oswego County nonprofit organizations that are not

¹ IRS Data Books:2001-2003, www.irs.gov/pub/irs-soi/02eo01as.xls

² IRS Form 990 submitted by participating agencies

³ IRS Form 990 submitted by participating agencies

required to file with the IRS because they do not meet the minimum reporting requirements. These groups include booster clubs, local PTAs, youth soccer, Little League, and numerous other small organizations that are active in our communities.

Charitable nonprofits benefit us in ways that can't easily be quantified, by serving as tools for community building, fostering civil society, and strengthening our social fabric, and they are essential to improving the quality of life in our County. Americans have and will continue to place their trust in the responsiveness, performance, and quality of services provided by these organizations. SUNY Oswego is pleased to present this analysis to promote better understanding and appreciation of our County's nonprofit community.

This analysis explores the significant economic contribution of the agencies participating in this study on the economy of Oswego County. The analysis examines the employment, expenditure and other impacts of the agencies for the fiscal years 2004 and 2005 as reported to the Internal Revenue Service on the IRS form 990 that is required for organizations under section 501(c) of the Internal Revenue Code with gross receipts of \$25,000 or more. This report employs relevant economic multiplier factors to provide a comparable assessment of significant direct and indirect economic and employment impacts which the organization's operations contribute to our local economy.

Expenditure Impact

In terms of the employment and expenditure impacts, the impact analysis is based on the use of multiplier factors. All multiplier factors used in the study were developed by the U.S. Department of Commerce, Bureau of Economic Analysis. Direct spending by the agencies and employees in 2004 was \$44,192,971.00 in Oswego County and the six (Onondaga, Cayuga, Jefferson, Lewis, Oneida and Madison) neighboring counties.

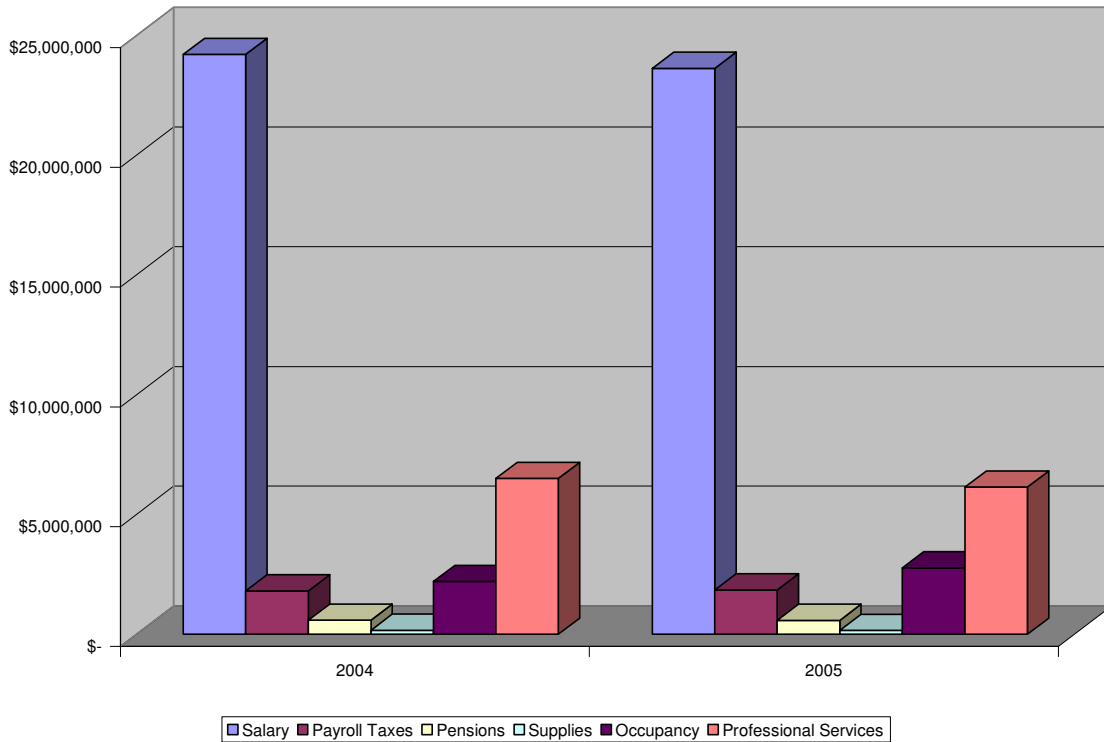
The data developed for this analysis was developed using an output multiplier originally used in a comparable study of a large Oswego County nonprofit organization with similar characteristics to the participating nonprofits⁴. If this information was used for the agency's spending in Oswego County, this expenditure is computed to a related expenditure of \$17,447,384.00 in the county. Using the weighted average regional output multiplier for the agency's spending in the seven-county region, agency based spending is shown to lead to an additional, related expenditure of \$35,402,989.00.⁵ The total spending impact, direct and related, is \$61,640,355.00 for Oswego County and \$79,595,960.00 for Central New York for 2004.

In 2005 direct spending by agencies and employees was \$42,282,723.00 in Oswego and the six neighboring counties. The output in Oswego County contributed an additional \$16,693,219.00 in spending and an additional \$33,872,689.00 in the seven county region. The total spending impact direct and related in 2005 was \$58,975,942.00 for Oswego County and \$76,155,412.00 for the Central New York.

⁴ "Prospering Together 2001-2002, State University of New York at Oswego and the Community"

⁵ Multipliers were calculated using *Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System* by the U.S. Department of Commerce Bureau of Economic Analysis, May 1986.

Expenditures by Category 04/05



The categories in the chart above take into account the following information, **Salary** – payroll, **Payroll Taxes** – only FICA, **Pension** – benefits paid to employees in the form of 401k, retirement systems, etc., **Occupancy** – payments made to others in the form of mortgages, rent, or space usage, **Professional Services** – includes insurance, accounting, regulatory mandated services, non-staff professionals required to do business.

Employment Impact

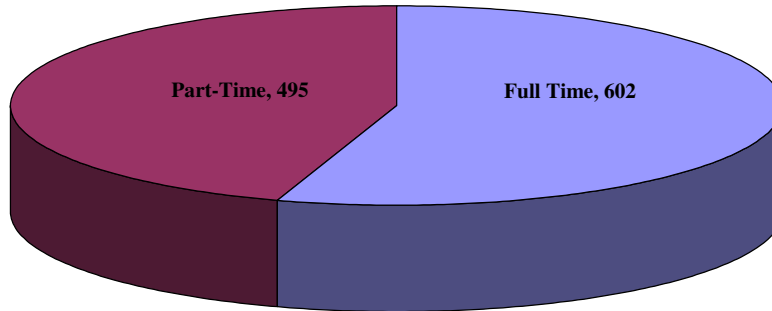
Nonprofit agencies in Central New York continue to lead in the area in job growth, currently outpacing the for profit sector. Yet the shift from full-time position to part-time positions has changed how the organizations conduct business and the level of benefits that they can provide to those employees.

In 2004 the participating agencies reported a total of 1,097 employees with 602 full-time and 495 part-time; in 2005 there were 1,110 total employees with 465 full-time and 645 part-time. These numbers reflect the downsizing of some of the larger agencies due to funding changes.

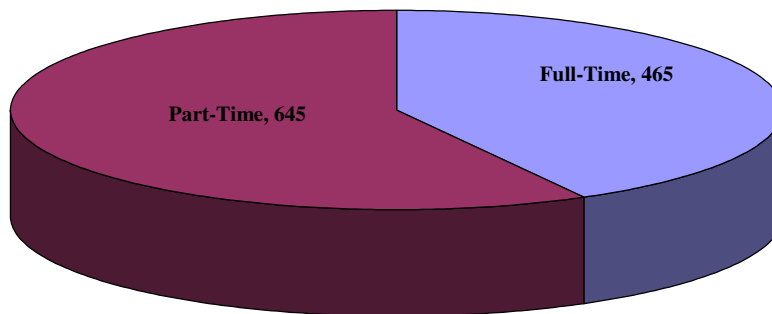
The result of these agencies impact on the communities in which they operate is directly related to employment indirectly created by their vendors is equal to 1,177 jobs in Oswego County and 1,477 jobs in the Central New York region in 2004 and 1,126 jobs in Oswego County and, 1,413 jobs in the Central New York region 2005⁶. It should also be noted that several agencies involved in this analysis have only one or two paid staff. Many of the agencies rely on volunteers to do a portion of their work.

⁶ \$1 million of direct spending leads to the creation of 26.7 jobs in Oswego County and 33.5 jobs in Oswego and neighboring counties.

2004 Employment



2005 Employment



Volunteer Impact

Volunteer support for many nonprofits allows them to accomplish their mission without expending financial resources and having caring committed persons assisting in accomplishing a wide variety of activities. In the agencies participating in this analysis volunteers are board members, pre-school assistants, program instructors, drivers, mentors, advocates, clerical support and fundraisers. The types of activities vary greatly by agency but are equally valuable to the people they benefit. In 2004 the agencies reported 1,443 total volunteers, with 1,413 adults and 30 volunteers under eighteen years old, who contributed 29,856 hours. In 2005 that number rose to 1,548 with 1,262 adults and 286 volunteers under 18 years old, who contributed 30,095 hours. The value of the hours, as calculated by the U.S. Bureau of Labor Statistics for New York State is an

hourly wage \$23.60. This method of reporting is supported by Statement 116 of the Financial Accounting Standards Board to be used in reporting volunteer time. Using the numbers, the 2004 value of volunteer time would be \$704,601.60, and in 2005 the value would be \$710,242.00. These numbers do not reflect the skill levels of the contributing volunteers that range from physicians, accountants, lawyers, and teaching professionals. The truth is that volunteers contribute thousands of hours annually to the nonprofit organizations and provide an outstanding service that creates a direct benefit to the organizations and the communities that may not be affordable if the organizations had to have employees providing these services.

Service Impact

The purpose of all the agencies involved in this analysis is to provide a service to the community. In 2004 the agencies served 25,450 persons and in 2005 the agencies served 27,691 persons. The ages of the persons served covers infants to seniors and the types of services varies as much. The agencies involved in this analysis provide the follow sample of services, and does not reflect the latest programs being developed to meet the needs and requests of the communities;

- | | |
|--|--|
| Recreation for youth with disabilities | Social skills training |
| Parent education | Supported employment |
| Health care services | Client advocacy |
| Medicaid service coordination | Residential habilitation |
| Consumer directed personal assistance | Transition services for High School students |
| Peer counseling | Camp Rainbow of Hope |
| Older adults' social programs | Transportation services |
| Domestic violence services | Homeless services |
| Drug and alcohol services | Youth mentoring |
| Teen dances | Arthritic swim programs |
| Aquatic exercise programs for adults' w/disabilities | School aged childcare programs |
| Progressive swim classes | Family fitness programs |
| Hosting international Visitors | Sponsoring community fitness activities |
| College intern programs | Service learning opportunities |
| Basic literacy | Computer literacy |
| GED preparation | Counseling and Crisis intervention |
| School based alcohol and other drug counseling | Health information fairs |
| Outpatient alcohol and other drug counseling | Safety item distribution |
| Child care provider credentialing | At risk youth programs |
| Low income youth programs | Life guard training |
| Benefits advisement | Rural after school programs |

Other Impacts

❖ Payroll

In 2004, all the agency payrolls, including fringe benefits totaled \$23,629,651.00. In 2005 payrolls totaled \$24,203,936.00. These fringe benefits include health insurance, and retirement plans that are used directly in the communities where the employees live with their families.

❖ Taxes

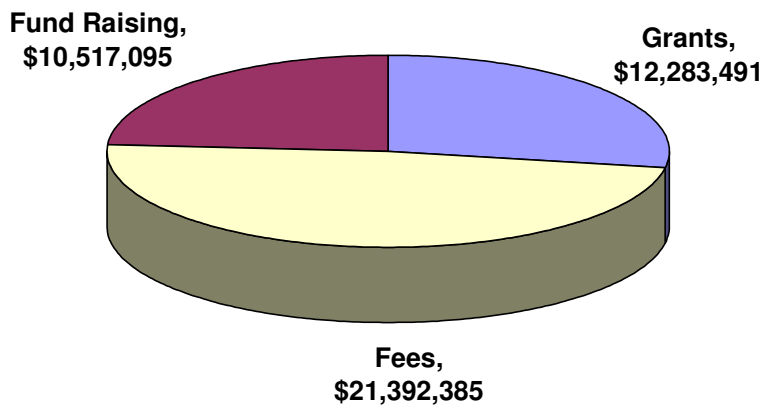
In 2004, the participating agencies paid \$1,807,668.00 in payroll taxes, and in 2005 the amount was \$1,851,601.00. In addition the 1,666 persons in 2004 and 1,563 persons in 2005 employed directly and indirectly pay sales, property and income taxes that this analysis did not calculate.

❖ Funding Sources

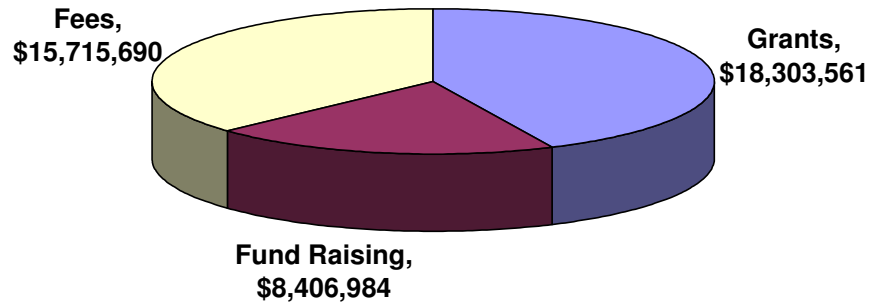
The participating agencies funded their activities in several major ways in 2004 and 2005. Grants from Federal, State, County, Foundations and United Way, attributed for \$12,283,491.00 in 2004. Fees for services provided \$21,392,385.00 and fund raising and other non-government sources provided \$10,517,095.00, totaling the \$44,192,971.00 required to operate. In 2005 the totals were \$18,303,561.00 for grants, \$15,715,690.00 for fees for service, and \$8,406,984.00 for fund raising and non-government sources, for a total of \$42,426,235.00. This number represents an influx of funding from outside Oswego County in 2004 in the amount of \$21,427,232.00 and in 2005 the figure was \$25,430,672.00 from non-local sources.

The need to use grants to operate presents a unique situation to the nonprofits, in that the performance requirements of each funder differ, depending on the focus of the grant. These differences place an added management and audit burden on the nonprofits that usually is not experienced by the For Profit organization and must be considered as an additional cost that the nonprofits are tightly controlled in assessing these costs to management.

2004 Funding



2005 Funding



❖ Financial Management

Nonprofits in today's world are highly aware of the necessity to insure sound financial practices and in light of the impact of the Sarbanes-Oxley Act on nonprofit organizations as well as for profit operations the financial reporting provided to the Internal Revenue Service in their Form 990s indicate the following:

In 2004, \$39,488,485.00 was spent on providing programs, \$ 3,839,262.00 was spent on managing the operations of the agencies and \$ 22,681.00 was spent on fund raising activities. This indicates that only 8.68% of the funds expended were for the management of the organization, and only .051% was spent on fund raising activities.

In 2005, \$34,350,294.00 was spent on providing programs, \$ 4,740,867.00 was spent on managing the operations of the agencies and \$ 28,138.00 was spent on fund raising activities. This indicates that only 11.17% of the funds expended were for the management of the organization, and only .066% was spent on fund raising activities. This equates to \$300 to \$450 raised for each dollar spent on fund raising, much of which is conducted by volunteers.

Management of nonprofits is unique in that most have local Boards of Directors who are given the fiduciary responsibility to see that the funds of the organizations are spent within the mission of the organization and due diligence is achieved in the decision making process. The goal of nonprofits is two fold, to make a profit that is reinvested in the organization and the community it serves, and balancing the profit making goal with providing the right services that meet the mission and needs of their clients.

Participating Agencies

<u>Agency</u>	<u>Address</u>	<u>Information Source</u>
1. Oswego County Opportunities	239 Oneida St. Fulton	2004, 2005 - IRS 990
2. ARC of Oswego County	7 Morrill Place, Fulton	2004, 2005 - IRS 990
3. Oswego Industries, Inc.	7 Morrill Place, Fulton	2004, 2005 - IRS 990
4. ARISE Child and Family Services (Oswego County Operations Only)	253 East 10 th St, Oswego	2004, 2005 - IRS 990
5. Farnham Family Service	238 West 2 nd St, Oswego	2004, 2005 - IRS 990
6. YMCA of Oswego	249 West 1 st Street, Oswego	2004, 2005 - IRS 990
7. Literacy Volunteers of Oswego Co.	100 East 1 st Street, Oswego	2004, 2005 - IRS 990
8. ICP of Oswego County	157 West 1 st Street, Oswego	2004, 2005 - IRS 990
9. Friends of Oswego Co. Hospice	34 East Bridge Street, Oswego	2004, 2005 - IRS 990
10. YMCA of Fulton	715 West Broadway, Fulton	2004, 2005 - IRS 990
11. Enable (Oswego County Operations Only)	1603 Court Street, Syracuse	2004, 2005 - IRS 990

❖ Summary

This analysis provides a sampling of information from a small portion of the nonprofit sector at work in Oswego County, but is a representation of some of the more financially active organizations. The figures used in this report are arrived at using numbers that closely relate to the services provided by these agencies, but the federal government does not accurately track their activity by their own admission. Therefore, best practices were used to arrive at the results to provide an objective representation of the activities of those involved. Result error on the side of under stating the results to avoid the premise of exaggeration. Therefore, using this information becomes more impressive, that if given more time and resources to fully investigate the activities of the nonprofit organizations, the impact would prove to be greater than what is depicted here. Recent changes in IRS regulations are attempting to rectify the lack of centralized information reported by nonprofits and hopefully in the future a report similar to that available to the for profit sector will be able to be compiled for this sector.