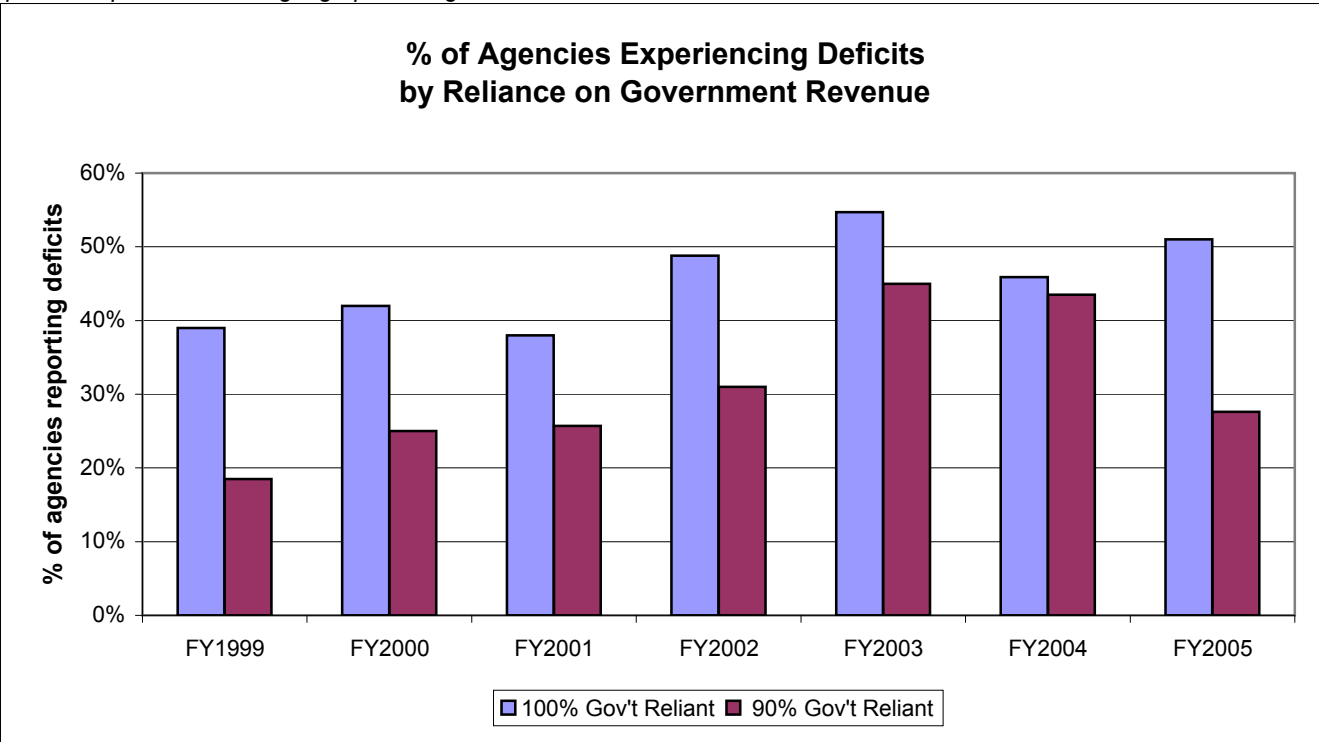


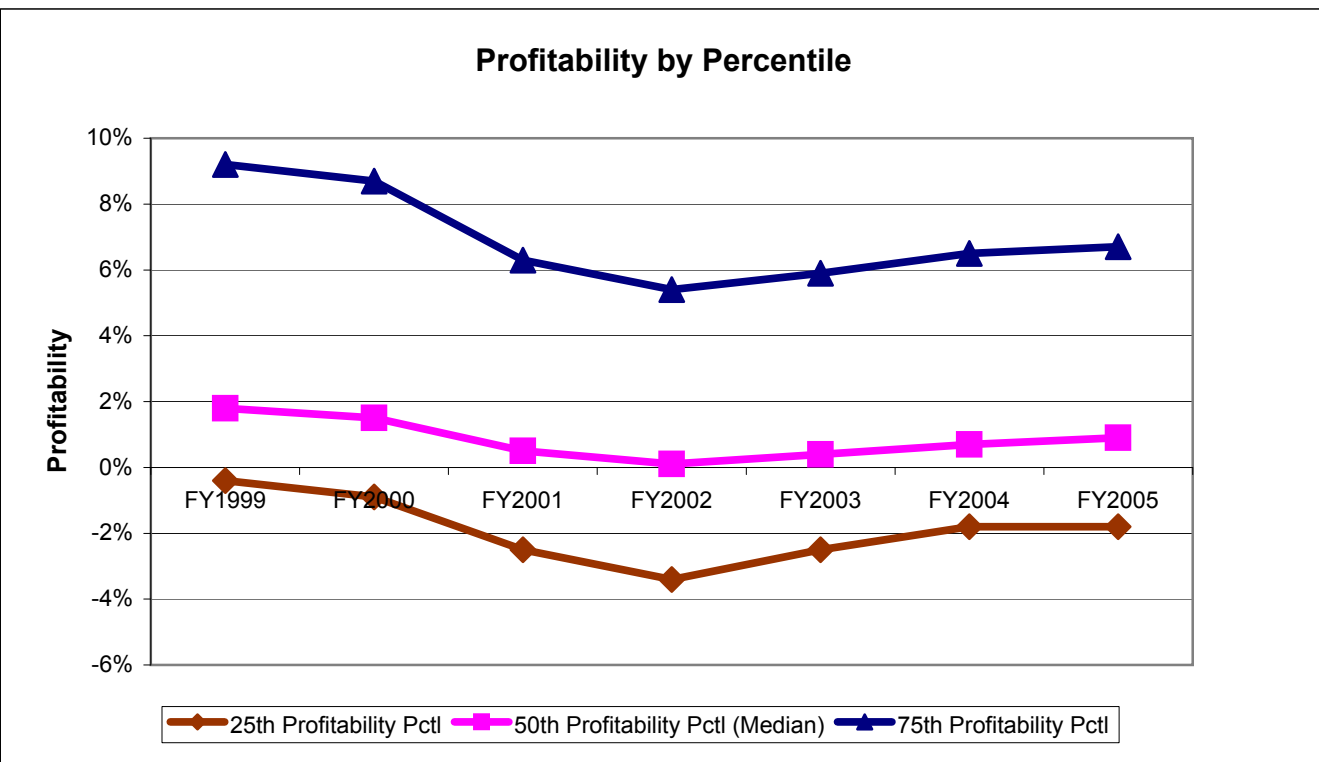
# NONPROFIT TRENDS: THE 2001 ECONOMIC SLOWDOWN AND ITS AFTERMATH

## An analysis by Nonprofit Finance Fund February 13, 2008

**About the data:** The Nonprofit Finance Fund data on nonprofits in the 2001 economic downturn period was drawn by a randomized process from GuideStar's database of IRS 990 forms for Fiscal Years Ending in 1999 through 2005 for mid-sized agencies (those with annual expenses between \$500,000 and \$20,000,000). The 6,585 501(c)(3) agencies represent all philanthropic sectors and geographical regions of the United States.

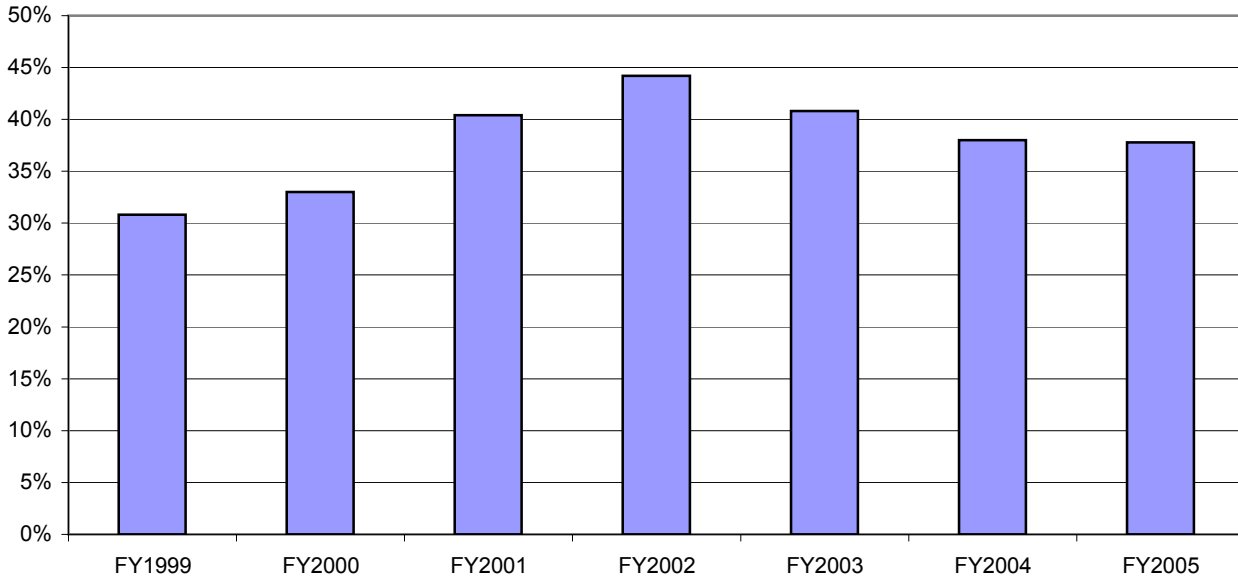


More of the organizations that are entirely supported by government feel the pinch during challenging economic times than those with even 10% of funding from another source.



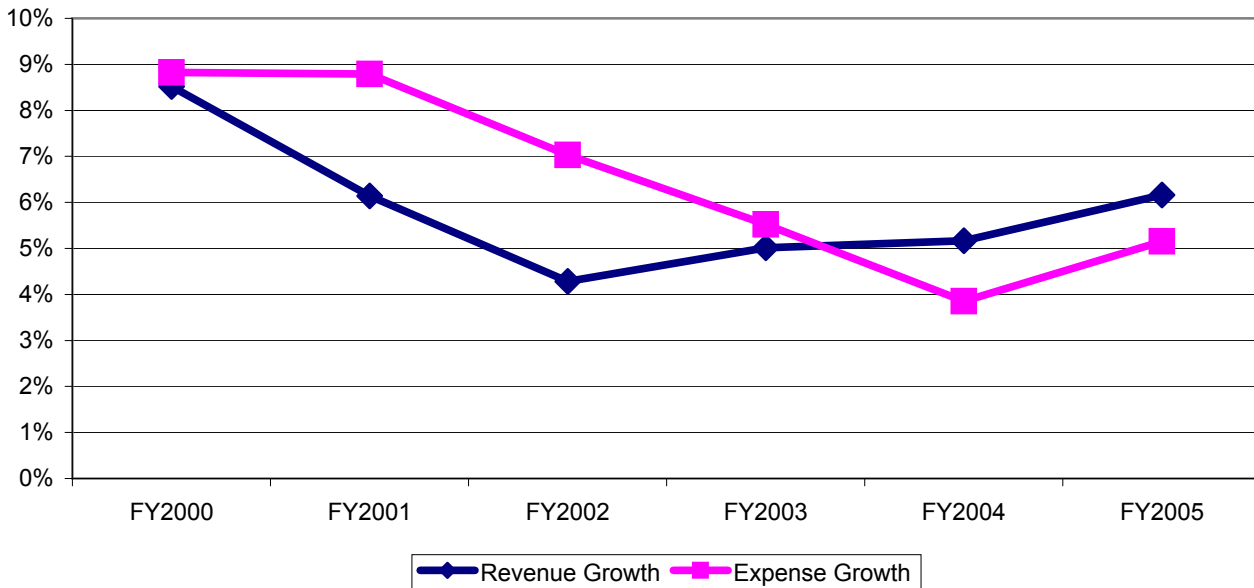
Profitability dipped for mid-sized organizations in 2001, and fell further in the challenging economic conditions of the following year.

### Percentage of Agencies Reporting (post depreciation) Deficits



The number of nonprofits that suffered deficits grew by 20 percent in fiscal year 2001, and had not returned to 2000 levels by 2005. Over 40 percent of the nonprofits reported a deficit in 2001, as well as in the two years immediately thereafter.

### Revenue and Expense Growth



From 2001-2003, expenses generally grew at a significantly faster pace than revenue, suggesting that organizations may have been providing more services than they could afford in response to increased need from their constituencies. It was not until 2004 that expense growth rates reflected a full adjustment to the lower revenue growth rates.