

# Sources of Revenue and International Expenditures of US Faith-Based NGOs, based on IRS 990 Forms for Fiscal Years 2011-2014

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Faith-based NGOs are known to contribute substantial resources—financial, technical, human, and in-kind—to poverty alleviation, health care provision, and relief of suffering through international development activities and humanitarian assistance. Quantifying these resources and their sources remains challenging. Political pressure is increasing in some quarters to cut public spending on foreign assistance, with a corresponding call to leave this work to religious and voluntary sectors. It is critical to understand the necessary, complementary, and unique roles of public and private funding, the massive contribution of private resources secured through faith based entities, and the leveraging of public investment by private resources by those faith-based NGOs who receive public funding.

According to the Index of Global Philanthropy and Remittances analysis of US economic engagement with developing countries in 2010-2011, total US Official Development Assistance (ODA) was \$30.9 billion and US private philanthropy was \$39.0 billion, of which religious organizations accounted for \$7.2 billion (18%).<sup>2</sup> It should be noted that the Index total for “religious organizations” significantly understates the religious sector contribution as it does not include faith-based NGOs, who are classified by the Index as Private or Voluntary Organizations.

Data are limited on the amounts, sources, and allocations of the contributions of faith groups to international development.

One publicly available source of data on revenues and expenditures is the US Internal Revenue Service (IRS) annual filings required of tax-exempt Non-Governmental Organizations (NGOs). This report is based on research that uses publically available IRS 990 forms to quantify the private and public revenues and expenditures of US faith-based NGOs.

A list of 76 of the largest US faith-based NGOs engaged in international development and aid activities during FY2011 was created. Organizations were classified as “faith-based” by checking mission statements, NGO websites, membership in faith-based networks, and drawing upon the experience of the primary author.

U.S. Total Net Economic Engagement with Developing Countries, 2010-2011		
	Billions of \$	%
U.S. Official Development Assistance	\$30.9	11%
U.S. Private Philanthropy	\$39.0	14%
Foundations	\$4.6	12%
Corporations	\$7.6	19%
Private and Voluntary Organizations	\$14.0	36%
Volunteerism	\$3.7	9%
Universities and Colleges	\$1.9	5%
Religious Organizations*	\$7.2	18%
U.S. Remittances	\$100.2	36%
U.S. Private Capital Flows	\$108.4	39%
<b>U.S. Total Economic Engagement</b>	<b>\$278.5</b>	<b>100%*</b>

\*Data from last available year: 2010; \*Variation due to rounding  
Sources: OECD; Hudson Institute's remittances calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittance Team's *Bilateral Remittance Matrix*, 2011; Hudson Institute, 2013.

Figure 1: US Total Net Economic Engagement with Developing Countries, 2010-2011. (2013 Index of Global Philanthropy and Remittances. The Hudson Institute Center for Global Prosperity)

<sup>1</sup> Based on FY2011-2013 report by Jean Duff and Katie Roett, created for Advocates for Development Assistance  
<sup>2</sup> 2013 Index of Global Philanthropy and Remittances. The Hudson Institute Center for Global Prosperity, page 9.

Information about these US faith-based NGOs was extracted from their FY2011 – FY2014 990 forms regarding private and USG revenues and US and International program service expenses. Complete FY2011 – FY2014 reports were available for 71 of the 76 faith-based NGOs that were included in the original list. Reports from FY2013 and FY2014 were not available for one faith-based NGO, and FY2014 reports were not available for five faith-based NGOs.<sup>3</sup>

### Analysis of FY2014 Revenues & Expenditures from Leading US Faith-Based International Development NGOs

US Faith-based NGOs raise substantial revenues from a variety of sources:

- Total revenue for FY2014 was \$6.19 billion
- Total revenue from USG public funding for FY2014 was \$782 million (13% of total revenue). Total revenue from private sources for FY2014 was \$5.40 billion (87% of total revenue)
- Within the generated list, total revenues in FY2014 ranged broadly, from \$69,883 (Chap International) to \$1.03 billion (World Vision US)
- 50% of the faith-based NGOs had total revenues between \$2.91 million and \$53.9 million in FY2014
- 45% (32 out of 71) of the US faith-based NGOs generated less than \$10 million in total revenues in FY2014

Minimum	\$ 69,883	Chap International
Median	\$ 10,805,482	Partners International
Maximum*	\$ 460,090,492	Samaritan's Purse
Outlier 1	\$ 684,741,474	Catholic Relief Services
Outlier 2	\$ 716,295,390	Compassion International
Outlier 3	\$ 1,034,307,023	World Vision US

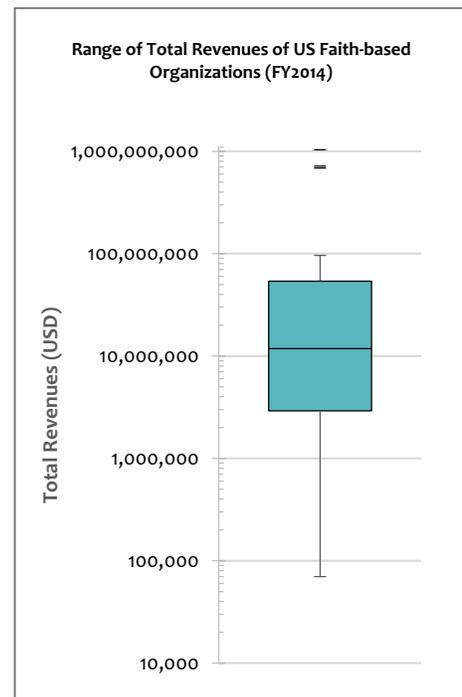


Table 1: Data points of the chart (right) describing the total revenues of US faith-based NGOs (FY2014). \*Describes maximum of the typical range of revenues, as shown in the box and whisker plot in Figure 2. Three outliers higher than the maximum are also listed.

Figure 2: Total revenues of the largest 71 US faith-based NGOs ranged broadly in FY2014.

Many faith-based NGOs are trusted implementing partners for the US government. 38% (27 out of 71) of the US faith-based NGOs received USG public funding.

- US public funding accounts for wide ranging proportion of faith-based NGO budgets, from less than 1% for Opportunity International to a high of 94% for Adventist Relief and Development Agency in FY2014. Several of the larger faith-based NGOs report substantial portions of their revenue in FY2014 from USG public sources:

## Range of Percentage of Revenue from USG Funding for Select Faith-based Organizations (FY2014)

Organization	% Revenue from USG
Adventist Development and Relief Agency	94%
Catholic Relief Services	46%
Church World Services	57%
Food for the Hungry	47%
World Relief	70%
World Vision US	19%

Table 2: USG funding contributes substantially to the total revenue of some US faith-based NGOs.

Public sector contributions to development are very substantially leveraged by non-government revenue sources raised privately by faith-based NGOs (and secular ones also—though this is not the focus of this report).

- 44 of the 71 the US faith-based NGOs (62%) do not accept or receive any public funds. Total annual faith-based NGO revenues from USG sources: \$782 million, or an average of 17% of revenue for the 27 NGOs receiving US public funding in FY2014.
- World Vision US, the largest US faith-based NGO with total revenues of about \$1.03 billion in FY2014, raised \$840 million from private sources, with US public funding amounting to \$195 million (19% of total revenue).
- Of the 27 FBOs that that did receive public funding in FY2014, an average of 83% of revenue is from private sources, amounting to \$3.88 billion, raising nearly \$5 for every \$1 invested by the government.

Almost half of the expenditures of US faith-based NGOs was allocated to grants and assistance outside the United States:

- Total annual expenditures: \$5.97 billion, of which 47% was allocated to “grants outside of the US”

This analysis significantly understates private contributions of the faith community to international development because it does not include data from:

- Faith-based organizations engaged in international development and not filing IRS form 990
- Religious and denominational bodies (eg the Catholic Church) and the thousands of individual congregations, mosques, temples and faith communities engaged in overseas mission and ministry, who are already tax exempt, and are not required to file financial statements with the government. The index of Global Philanthropy total of \$7.2 billion from “religious organizations” may be considered in estimating the size of congressional contributions.

### Trends from FY2011 to FY2014: Private Sources Outpace Decline in Public Funding

Total revenue from the 71 faith-based NGOs that were included in this FY2011 – FY2014 study increased by 6% from \$5.84 billion in FY2011 to \$6.19 billion FY2014. Revenue did fall slightly by less than 1% in

FY2012 and then rise again slightly in FY2013. Decline in total revenue was significantly reversed with a sharp 5% increase in total revenue from FY2013 to FY2014 (see Figure 3).

More than half of the US faith-based NGOs in this research (42 out of 76, 55%) received USG public funding between FY2011 – FY2014. However, revenue from USG public funding has declined overall among US faith-based NGOs. USG public funding declined sharply by 18% from \$940 million in FY2011 to \$775 million FY2013, then recovered slightly by 1% to \$782 million in FY2014. USG public funding amounted to 16% of total revenue in FY2011 and has dropped to less than 13% in FY2014. The total amount of US public funding among faith-based organizations receiving US public funds decreased by 17% from \$940 million to \$782 million (see Figure 3).

Organizations receiving public funds saw a significant decrease in US public funding per total dollar amount from FY2011 to FY2014. In FY2011, US faith-based NGOs receiving USG funding received \$1 of USG public funding for every \$4 of private funding. In FY2014, the proportion dropped to \$1 of USG public funding for every \$4 of private funding.

A few of the US faith-based NGOs once receiving USG public funding in FY2011 are no longer received USG public funding by FY2014. Six faith-based NGOs received USG public funding in FY2011 and FY2012 but did not receive any USG public funding by FY2014. Cumulatively, these NGOs had received \$5.45 million in USG public funding in FY2011.

#### **Private Sources Outpace Decline in Public Funding (FY2011-FY2014)**

As shown in Figure 3 below, the 6% increase in total revenue from FY2011 to FY2014 is due to private, non-government sources of revenue outpacing the decline in USG public funding, which experienced a 17% decrease in the same time period. A substantial portion of the 6% increase in total revenue from FY2011 to FY2014 is due to a spike in private contributions to revenue between FY2013 and FY2014.

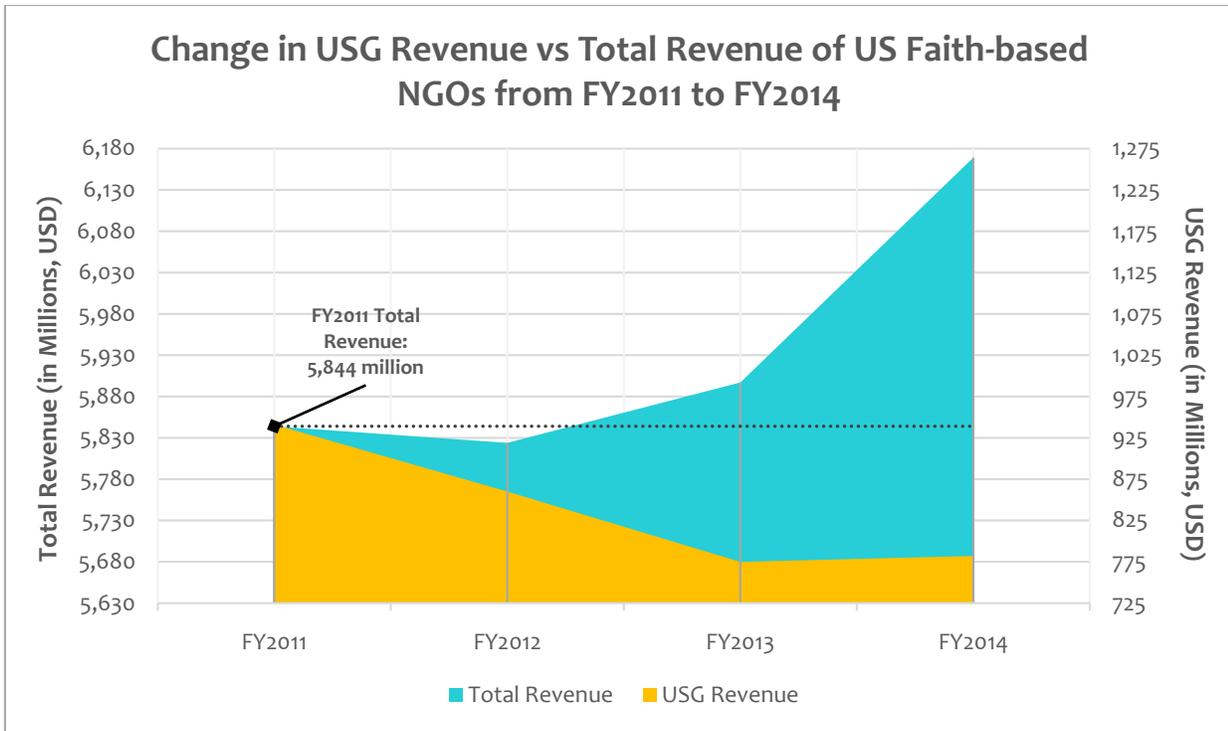


Figure 3: The increase in total revenue from FY2011 to FY2014 is due to increases in private, non-governmental sources of revenue, despite the overall decline of contributions of USG public funding to revenue. In a particular, a spike in private funding from FY2013 to FY2014, amidst a very slight increase in US public funding, substantially bolstered the total revenue in FY2014.

Both axes (total revenue and USG revenue) are scaled to units of 50 million dollars between intervals.

	FY2011	FY2012	FY2013	FY2014	% Change (FY2011 – FY2014)
<b>USG Revenue</b>	\$ 940,743,521	\$ 860,317,908	\$ 775,249,844	\$ 782,086,661	- 17%
<b>Private Revenue</b>	\$ 4,904,044,605	\$ 4,963,673,588	\$ 5,121,816,952	\$ 5,404,974,466	+ 10%
<b>Total Revenue</b>	\$ 5,844,788,126	\$ 5,823,991,496	\$ 5,897,066,796	\$ 6,187,061,127	+ 6%

Table 3: USG, Private, and Total Revenues, and percent change, from FY2011-FY2014.

### Next steps in making the case for sustaining and growing public funding for poverty-focused development assistance, and for maintaining close public-private partnerships with faith-based NGOs

- Summarize the unique and complementary roles in foreign assistance of government and civil society, each delivering development outcomes for people in need
- Estimate contributions by religious communities and congregations
- Further document leveraging of public investment by private funds
- Break out data about faith-based and secular entities within private and voluntary network organizations.