

Philanthropy, Demographics, and Growth in US Islamic Nonprofits: Evidence from IRS Form 990

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Abstract

An analysis of national-level data shows that Muslim nonprofits are relatively younger, smaller, located in more diverse urban settings, and growing more rapidly both in number and in contributions received compared with other religious and nonreligious nonprofits. No prior studies appear to have summarized national-level data on giving to US charitable organizations affiliated with Islam. As a first attempt to address this gap, this descriptive study compares the characteristics of Muslim-affiliated nonprofits to those of Christian-affiliated, Jewish-affiliated, and all other nonprofits using a dataset of e-filed IRS Form 990s with classifications using keywords appearing in organizational names or mission statements. Muslim nonprofits grew in number at a faster rate, were newer, spent less on fundraising as a percentage of total contributions, and received less in total contributions. However, when controlling for other organizational factors, Muslim nonprofits experienced significantly greater growth in total contributions than did Christian, Jewish, or other nonprofits. Finally, Muslim-affiliated organizations were more likely to be headquartered in demographically younger, more diverse, urban settings.

Introduction

Religious giving accounts for 31% of all US charitable contributions, twice as much as the next largest type of charitable giving (Giving USA, 2018), and US charitable contributions have grown consistently over the last decade, reaching \$410 billion in 2017, a 5.2% increase over 2016 (Giving USA, 2018). Many people in the US are religious—71% of Americans identify as at least somewhat

religious (Pew Research Center, 2018)—and many religions emphasize the importance of charitable giving. For example, Judaism encourages charitable giving (Ottoni-Wilhelm, 2010), and some Christian sects urge their followers to donate a fixed portion of their income as a tithe (James & Jones, 2011; Poplaski, 2017). Islam requires its followers to pay *zakat*, a yearly gift to those in need designed to purify the giver's heart of greed and remind them to be thankful for what they have (Iqbal, 2015; Islam-Guide, 2016; Khan, 2017; Lambarraa & Riener, 2015; Ottoni-Wilhelm, 2010). Although research on giving by Christians and to Christian organizations has been substantial, relatively little research has focused on giving by Muslims or to Muslim organizations.

Purpose and Contribution of Study

This study helps fill this gap in the research by using national data from IRS Form 990 to compare the reported contributions, and other characteristics, of Islamic nonprofit organizations to those of Christian nonprofit organizations, Jewish nonprofit organizations, and nonprofit organizations unaffiliated with Islam, Christianity, or Judaism.

This results in two contributions. First, some sense of the overall landscape of Islamic nonprofit organizations is delineated by an initial, descriptive analysis. This shows differences based on organizations' religious affiliation in characteristics such as organization age, total contributions, fundraising expenditures, professional fundraising services expenditures, fundraising efficiency ratio, and other demographic characteristics. These address the broad question: How do Muslim nonprofit organizations compare with Christian, Jewish, and unaffiliated nonprofits? Second, a more focused analysis explores the research question: Are contributions to Muslim nonprofits growing faster than those of other nonprofits? Given contemporaneous increases in the Muslim population in the US, our hypothesis is an affirmative answer.

Addressing this research question motivates a regression analysis that compares the growth in total contributions during the available years from this dataset (between 2011 and 2015) for Muslim organizations with the growth in total contributions over the same time for Christian organizations, Jewish organizations, and other nonprofit organizations while controlling for various organizational characteristics such as total assets, organization age, fundraising expenditures, and income from operations.

Literature Review

Previous National Studies on Muslim Charitable Giving

Despite the importance of this topic, no previous studies appear to have examined national level data on giving to US charitable organizations affiliated with Islam. Further, no nationally representative individual-level data appears to have been gathered on the charitable giving of Muslims in the US (Kasri, 2013; Opoku, 2013; Pollard et al., 2016; Rizal & Amin, 2017; Yaghi, 2009). Instead, studies into religious charitable giving have focused on giving to Christian and Jewish

nonprofit organizations and have grouped Muslim nonprofit organizations with other types of religious nonprofit organizations.

For example, in investigating the association between religion and individual giving to organizations that help people in need, Regnerus et al. (1998) grouped religions other than Christianity under “all other religions.” The Pew Research Center (2018) groups hundreds of religious denominations into three categories (“Christian,” “Non-Christian,” and “Unaffiliated”), the Health and Retirement Study groups individuals into five categories (“Protestant,” “Catholic,” “Jewish,” “No preference,” and “Other”) (University of Michigan Institute for Social Research, 2019), and the Panel Study of Income Dynamics groups Muslims under “other-non-Christian” (University of Michigan Institute for Social Research, 2017). Other studies use a single category for all types of religious giving (e.g., “Religious Giving”) (Consumer Expenditure Survey, 2020), or otherwise do not ask specifically about giving to Muslim charities (American Community Survey, 2018; Current Population Survey, 2019; Federal Reserve Board, 2016), or ask about religious affiliation but not about religious contributions (NORC at the University of Chicago, 2018). While analysis of small population subsamples such as Muslims in the US may be more problematic due to relatively fewer observations (in the absence of oversampling), failing to collect any separate data at all leaves us completely in the dark.

This gap in the research is unfortunate for a number of reasons. For one thing, this conceals the characteristics of charitable giving from a significant and growing portion of the United States. Muslims in the US number 3.45 million (1.1% of the total population), and census data reveal that immigration from Muslim-majority countries has been increasing in recent years (Migration Policy Institute, 2018).

Importance of Charitable Giving among Muslims

Muslims are deeply committed to charitable giving. Islam not only encourages Muslims to engage in voluntary charitable giving (or *sadaqah*), but it also requires them to pay *zakat*, an annual gift based on one’s wealth. The minimum gift is 2.5% of one’s total wealth (Rizal & Amin, 2017). The magnitude of this mandatory contribution makes *zakat* one of the most significant forms of wealth transfer to the poor in existence (Iqbal, 2015; Islam-Guide, 2016; Khan, 2017; Lambarraa & Riener, 2015; Ottoni-Wilhelm, 2010). However, *zakat* is meant to benefit the giver. *Zakat* means “purification,” and it is designed to purify the giver’s heart of greed and to remind them to be thankful for what they have. *Zakat* reflects the Islamic tenets that “wealth never decreases because of charity” (Quran 2:254) and that it is better to give than to receive. It also reflects the Islamic belief that giving is a way to happiness; giving not only makes the recipient happy, but it also makes the giver happy.

Although *zakat* is a form of charity and can be given to whomever the giver chooses, it differs from normal charity because the giver is required to give a specific amount (2.5%) (Iqbal, 2015; Islam-Guide, 2016; Khan, 2017; Lambarraa & Riener, 2015; Ottoni-Wilhelm, 2010). Those who pay *zakat* are individually responsible for distributing it appropriately and are encouraged to

give it in person, or otherwise give through a reliable person or organization to distribute it for them. Consequently, the payment of *zakat*, when given through a nonprofit organization, would appear in the contributions to these nonprofit organizations (Masyita, 2018).

Previous Studies of Giving to Religious Organizations Using IRS Form 990 Data

Studies have used data from IRS Form 990 to investigate relationships among a number of variables, including tax incentives, information availability, fundraising expenditures, organization age, organization size, government grants, indirect contributions, other revenue, reputation, administrative efficiency, equity adequacy, financial stability, sources of income, operating margin, and charitable contributions. Feldstein (1975) used IRS Form 990 data to evaluate the impact of income taxes on charitable contributions to religious organizations, hospitals, educational organizations, and other organizations. Hansmann (1980) used IRS Form 990 data to investigate the relationship between charitable giving and the availability of organizational information, as did Gordon et al. (1999). Weisbrod and Dominguez (1986) used IRS Form 990 data to determine the effect of fundraising expenditures on charitable giving.

IRS Form 990 data have also been used to investigate the relationships between organization age, organization size, government grants, indirect contributions, other revenue, and reputation (Gordon & Khumawala, 1999). Okten and Weisbrod (2000) used IRS Form 990 data to identify the factors that affect contributions to private charitable organizations. Frumkin and Kim (2001) used IRS Form 990 data to calculate the effect on charitable contributions of the administrative efficiency factor, i.e., the ratio of administrative expenses to total expenses. Greenlee and Trussel (2004) used IRS Form 990 data to examine the relationship between equity adequacy and financial stability. Trussel and Parsons (2007) used IRS Form 990 data to describe relationships among efficiency, information availability, fundraising expenditures, reputation, and charitable contributions. Parsons and Trussel (2008) used IRS Form 990 data to investigate the relationship between an organization's sources of income and its charitable contributions and the relationship between an organization's operating margin and its charitable contributions.

Although numerous studies have used IRS Form 990 data to investigate relationships among financial variables, no previous study has used IRS Form 990 data to study giving to charitable organizations affiliated with specific religions. This descriptive study uses data from IRS Form 990 to compare giving to Islamic charitable organizations to giving to Christian and Jewish charitable organizations and to giving to "other nonprofit organizations."

Methodology

Data Source

This analysis uses data from the Open990 dataset collection (<https://www.open990.com/data/>). This dataset includes e-filed IRS Form 990s from 2010 through 2016 only, with complete data available for 2011 through 2015 only. The Internal Revenue Service (IRS) requires federally tax-exempt organizations to file IRS Form 990 annually. Although this filing is optional for churches, synagogues, and mosques, many do choose to file. Other tax-exempt organizations with religious affiliations are required to file annually. Since a large number of previous studies have used IRS Form 990 data, the data collection processes and limitations of data are discussed in great detail elsewhere (Ely et al., 2021).

This study uses IRS Form 990 data filed electronically by tax-exempt nonprofit organizations between 2011 and 2015, the years for which such data were available. It excludes data from special forms 990-PF, 990-EZ, and 990-N, which, respectively, are filed by private foundations, organizations with total assets less than \$500K and gross receipts less than \$200K, and organizations with gross receipts less than \$50K. Finally, incomplete forms were removed from the sample, and when an organization filed multiple forms in a single year, only the most recent form was used. After these exclusions, the study analyzed data from 811,454 returns filed by 251,193 unique tax-exempt nonprofit organizations, including 133,277 returns filed in 2011, 163,661 returns filed in 2012, 164,678 returns filed in 2013, 168,206 returns filed in 2014, and 181,632 returns filed in 2015.

Variables

Religious Affiliation

IRS Form 990 does not classify organizations by specific religious affiliation. This study determines the religious affiliation of a given organization by looking for words associated with a particular religion in organizations' names or mission statements. Altamuro et al. (2021) use a similar keyword approach in classifying religious and nonreligious nonprofit organizations. Organizations whose names and mission statements include terms associated with Islam, Christianity, or Judaism are assumed to be affiliated with these religions. For example, if the name and mission statement of an organization includes "Muslim," "Islam," or any variation of these terms (e.g., "Islamic"), then that organization is considered a Muslim organization. Reflecting this system of classification, this study uses four dummy variables: "Muslim," "Christian," "Jewish," and "other nonprofit organizations," which includes all charitable organizations whose names and mission statements do not include terms associated with the aforementioned religions.

If the name or mission statement of an organization includes "Muslim," "Islam," or any variation of these (e.g. "Islamic"), then the organization is considered a Muslim organization with that variable coded 1 (0 otherwise). If the name or mission statement of an organization includes "Catholic," "Evangelical," "Mainline," "Protestant," "Episcopal," "Methodist," "Lutheran," "Presbyterian," "Christ," "Mormon," "Latter-day," "Latter-day Saints," "Jehovah," "Church,"

“Jesus,” or any variation of these (e.g. “Christian Church” or “Historically Black Protestant”), then the organization is considered a Christian organization. If the name or mission statement of an organization includes “Jewish” or “Jew,” then the organization is considered a Jewish organization. All organizations coded 0 in all three of these categories are grouped under “other nonprofit organizations.”

After coding, the final sample consists of 811,454 returns filed by 251,193 unique organizations, including 1,101 Muslim returns (filed by 388 unique organizations), 46,712 Christian returns (filed by 13,834 unique organizations), 7,500 Jewish returns (filed by 2,143 unique organizations), and 756,141 returns filed by 234,828 unique organizations grouped under “other nonprofit organizations.” In all subsequent analysis, no imputed responses are used. Returns with missing values for a variable of interest are dropped from those analyses.

Organization Age

Organization age is calculated as the number of years since the organization formed. The year in which the organization formed is reported on IRS Form 990, Part L, “year of formation.” A total of 758,607 returns from 232,634 unique organizations reported their age. Previous research has found this to be an important organizational characteristic (Harris et al., 2015; Walters & Wallis, 2021). Older organizations are, among other things, more likely to have established donor bases reflecting longer-running relationships and more likely to have accumulated capital assets like buildings, equipment, and real estate. Donors may also have a higher level of confidence in the stability of older organizations, which may impact their willingness to invest substantial contributions (Parsons & Trussel, 2008).

Total Contributions

Following Weisbrod and Dominguez (1986), Harris et al. (2015), and James (2018), this study defines a charitable organization’s “Total Contributions” as the total dollar amount in contributions it receives in a year, including contributions from “federated campaigns, membership dues, fund-raising events, related organizations, government grants, and any other donation sources” (James, 2018, p. 6). Organizations that reported negative values for total contributions in any year are excluded because such values likely represent reporting errors. However, if an organization entered “nothing/missing” in the “donations” box (which happened in about 15% of the returns) it is treated as having received \$0 in contributions that year.

Fundraising Expenditures

Previous studies have shown that fundraising expenditures influence charitable giving (e.g., Frumkin & Kim, 2001; Harris et al., 2015; James, 2018; Marudas & Jacobs, 2010; Okten & Weisbrod, 2000; Searing, 2018; Tinkelman, 1998; Weisbrod & Dominguez, 1986). This study measures an organization’s

fundraising expenditures using its total dollar amount of fundraising expenses in a given year. Fundraising expenditures are reported on IRS Form 990, Part I, line 16(b) as “total fundraising expenditures.”

Professional Fundraising Services

This study measures a nonprofit organization’s expenditures on professional fundraising services in a given year using its total dollar amount spent on professional fundraising fees in that year, which is reported on IRS Form 990, Part IX, line 11(e). The instructions for this section define “professional fundraising fees” as “the organization’s fees to outside fundraisers who are paid for solicitation campaigns they conducted or for consultation services connected with a solicitation of contributions by the organization itself” (Marudas & Jacob, 2010).

Fundraising Efficiency Ratio

Fundraising efficiency ratio, which is generally calculated by dividing an organization’s fundraising expenses by its total contributions, is a widely accepted measure of fundraising efficiency (Harris et al., 2015; Van Der Heijden, 2013; Krawczyk et al., 2017; Marudas et al., 2014; Trussel & Parsons, 2008). However, the data used in this study contain many outliers. While most organizations in the sample have small fundraising efficiency ratios (indicating that their total contributions were relatively large compared to their fundraising expenses), some have extremely large ratios (indicating that their fundraising expenses were relatively large compared to their total contributions). To limit the effects of outliers common with such ratios, negative values are here coded as zero and values above 50% are coded as 50%.

Demographic Characteristics

Averages are obtained for select demographic characteristics of the population residing in the zip code of each organization’s home office. Data on these characteristics are extracted from the American Community Survey, which is administered every five years by the US Census Bureau. The following population variables are analyzed: average income, percentage aged 65 and above, percentage aged 18 to 65, average household size, percentage White, percentage Black, and percentage Asian. Also analyzed is the percentage of organizations located in non-metropolitan statistical areas (i.e., “percentage non-MSA”). Non-metropolitan statistical areas are, by definition, those with less than 50,000 residents (Dol.gov, 2020). For this reason, “percentage non-MSA” is understood to represent the percentage of the nonprofit organizations located in rural areas.

Previous research has identified the relevance of nonprofit locational demographic characteristics related to race, age, and income (Bielefeld & Murdoch, 2004) for both service provision and resource availability. Additionally, although donors may come from any location, they may be more common from

nearby areas and some research has found that philanthropic behaviors may vary between regions with different demographic characteristics (Wolpert, 1988).

Growth in Total Contributions

Following James (2018), this study calculates “Growth in Total Contributions” as follows:

$$g_{t,t-1}^i = \frac{Cont_t^i - Cont_{t-1}^i}{Cont_{t-1}^i} \times 100$$

where (t) represents the year and (i) represents the organization. Because observations for the current year (t) and the previous year $(t-1)$ are required to calculate growth in total contributions but not every organization in the sample reported values for total contributions in at least two consecutive years, 340,217 observations are dropped from the analysis of growth in total contributions. As a result, growth in total contributions is calculated for 471,237 returns filed by 113,592 unique organizations. In addition, to account for values that are either extremely small (e.g., -100%) or extremely large (e.g., 99,000,000%) and thus likely to represent misreporting or error, all negative values are bottom coded as zero, and all values above 100% are coded as 100%.

Total Assets

Total assets are reported on IRS Form 990, Part I, line 20. Following Harris et al. (2015) and James (2018), negative values for total assets are set to their absolute values because they likely represent reporting errors.

Program Service Revenue

Program service revenue is a measure of operational activity and includes revenues from such activities. This is reported on IRS Form 990, Part I, line 9 as “program service revenue” (Harris et al., 2015; James, 2018).

NTEE_X

The National Taxonomy of Exempt Entities (NTEE) was developed by the IRS in the 1980s to classify different types of nonprofit organizations. It divides nonprofit organizations into 26 classifications, each of which is designated by a letter (A–Z) (Jones, 2019). For example, NTEE_A includes nonprofit organizations dedicated to the arts, culture, and humanities, and NTEE_B includes nonprofit organizations dedicated to education. NTEE_X includes “religion-related” nonprofit organizations, and it divides these organizations among several subclassifications based on their activities and affiliations. For example, NTEE_X01 includes nonprofit organizations that engage in alliances

and advocacy, and NTEE_X30 includes nonprofit organizations affiliated with Judaism (Jones, 2019).

Although certain NTEE_X subclassifications designate the religion with which an organization is affiliated, these subclassifications cannot be used as a reliable indicator of religious affiliation for two reasons. First, the IRS Form 990 data do not include the NTEE classification of every organization. Second, organizations affiliated with particular religions might have an NTEE_X subclassification that specifies what they do (e.g., alliances and advocacy) and not the religion with which they are affiliated. For these reasons, this study instead uses organizations' names and mission statements to determine their religious affiliations. However, because organizations that have religious activity as their primary field of activity (regardless of the particular religions with which they are affiliated) might differ from organizations in other fields of activity, this study controls for "NTEE_X," which includes all NTEE_X subclassifications.

Data Analyses

Two analyses are applied to the data. First, the descriptive analysis calculates descriptive statistics for religious affiliation, organization age, total contributions, growth in total contributions, fundraising expenditures, professional fundraising services, fundraising efficiency ratio, and demographic variables. For each of these variables, Muslim nonprofit organizations are compared to Christian nonprofit organizations, Jewish nonprofit organizations, and organizations grouped under "other nonprofit organizations."

Next, the regression analysis compares the growth in total contributions of Muslim nonprofit organizations to the growth in total contributions of Christian nonprofit organizations, Jewish nonprofit organizations, and organizations grouped under "other nonprofit organizations."

Descriptive Analysis

Methods

The first analysis calculates descriptive statistics for each variable of interest. For religious affiliation, it calculates the number of organizations with each affiliation in each year, the year-over-year percentage growth in the number of organizations with each affiliation, and the percentage growth in the number of organizations with each affiliation between 2011 and 2015. For organization age, total contributions, growth in total contributions, fundraising expenditures, professional fundraising services, and fundraising efficiency ratio, the analysis calculates the average across the entire sample and the average of organizations of each type in each year. For zip code demographic characteristics, the analysis calculates for each type of organization the averages for select demographic characteristics of the population residing in the zip code of each organization's home office.

Results

Religious Affiliation

Table 1 shows the year-over-year percentage growth in the number of organizations of each affiliation. Table 2 shows the percentage growth in the number of organizations of each affiliation between 2011 and 2015. These results reveal that Muslim nonprofit organizations increased in number at a faster rate than did Christian nonprofit organizations, Jewish nonprofit organizations, and organizations grouped under “other nonprofit organizations.” As Table 1 shows, for every year in the analysis, the percentage growth rate of the number of Muslim organizations was higher than the growth rate among any other type of organization. As Table 2 shows, between 2001 and 2015, the number of Muslim organizations grew by a greater percentage rate (122%) than did the numbers of Christian organizations, Jewish organizations, and organizations grouped under “other nonprofit organizations.” Notably, we observe only e-filing organizations and growth among these organizations may not be the same as growth across all organizations.

Organization Age

Among the 758,607 returns that reported their age, the mean was 30.61 years, and the median was 25 years. Table 2 shows that Muslim nonprofit organizations were younger on average (12.63 years) than were Christian nonprofit organizations (29.64 years), Jewish nonprofit organizations (32.78 years), and organizations grouped under “other nonprofit organizations” (30.67 years).

Growth in Total Contributions

To account for changes in the number of organizations that filed in each year (thereby focusing on intra-organizational growth in total contributions), Table 3 presents only the results for organizations that filed *every year* between 2011 and 2015. These results suggest that Muslim nonprofit organizations typically experienced greater growth in total contributions than did Christian nonprofit organizations, Jewish nonprofit organizations, and organizations grouped under “other nonprofit organizations.” However, the restriction to this much smaller number of always-reporting organizations results in observing only 70 of the Muslim nonprofits. This small number of observations may help to explain the relatively large magnitude increase in 2014 that would be less likely in the comparison groups, which include a much larger number of organizations.

Fundraising Efficiency Ratio

Table 4 reports results for fundraising efficiency ratio for the 292,486 returns that reported positive values for fundraising expenditures every year. Across this group, the mean fundraising efficiency ratio is 13.19%, and the median is 8%. The results show that Muslim nonprofit organizations have lower fundraising

efficiency ratios, on average, than do Christian nonprofit organizations, Jewish nonprofit organizations, and organizations grouped under “other nonprofit organizations.” Low fundraising efficiency ratios can signal efficient use of fundraising expenditures or underinvestment in fundraising.

Demographic Characteristics

Table 5 shows, for each type of nonprofit organization, the averages for select demographic characteristics of the populations residing in the zip codes of the organizations’ home offices. The results reveal that, compared to those of all other types of nonprofit organizations, the populations residing in the zip codes of the home offices of the Muslim organizations tended to have fewer individuals over 65, fewer White individuals, and larger household sizes. They had higher average incomes than did the populations residing in the zip codes of the Christian organizations, but lower average incomes than did the populations residing in the zip codes of the Jewish organizations and the organizations grouped under “other nonprofit organizations.” Muslim nonprofit organizations were also less likely to be located in rural, “non-MSA” zip codes (2.65%) than were Christian nonprofit organizations (17.66%) and organizations grouped under “other nonprofit organizations” (16.98%), although they were more likely than Jewish nonprofit organizations (0.48%) to be located in such non-MSA zip codes. These results suggest that Muslim nonprofit organizations tend to be located among populations that are urban, young, diverse, and made up of relatively large households.

Descriptive Summary

Between 2011 and 2015, the number of Muslim nonprofit organizations grew at a faster rate than did the numbers of all other types of nonprofit organizations, and Muslim nonprofit organizations were younger on average than were all other types of nonprofit organizations. In addition, Muslim nonprofit organizations had lower fundraising efficiency ratios than did all other types of nonprofit organizations but experienced more rapid contribution growth.

Regression Analysis

Methods

The regression analysis tests whether, when other organizational factors are controlled for, growth in total contributions is higher for Muslim organizations than for Christian organizations, Jewish organizations, and organizations grouped under “other nonprofit organizations.” To test this hypothesis, this study uses ordinary least square (OLS). Controlling for such factors is particularly important given that the descriptive statistics indicate that Muslim nonprofit organizations are notably younger than other nonprofit organizations. The regressions include nonprofit organizations reporting zero dollars for fundraising expenditures. Table 6 reports results where “other nonprofit organizations” serves as the reference group. Table 7 treats Muslim organizations as the reference group.

The scenarios alternate between using “other nonprofit organizations” and Muslim organizations as the reference group because this enables a determination of whether the growth in total contributions of Muslim organizations differs to a statistically significant degree from the growth in total contributions of the other types of organizations.

Results

Table 6 shows the statistically significant coefficients for Muslim organizations in the regressions reported in the four columns: (3.250), (2.297), (2.255), and (2.207), respectively. These reflect that Muslim organizations experienced greater growth in contributions than did organizations grouped under “other nonprofit organizations.” Additionally, the relatively larger coefficients for Muslim organizations as compared with Christian or Jewish organizations suggest that Muslim organizations experienced greater growth in total contributions than did Christian or Jewish organizations. However, this analysis does not directly test that relationship.

Thus, although these results reveal that the difference in growth in total contributions between Muslim organizations and organizations grouped under “other nonprofit organizations” is statistically significant, it cannot be easily determined from these results alone whether the differences in growth in total contributions between Muslim organizations and Christian and Jewish organizations are statistically significant. For this reason, Table 7 reports results using Muslim organizations as the reference group. Mirroring the results from Table 6, the coefficients for “other nonprofit organizations” are (3.250), (2.297), (2.255), and (2.207), respectively. However, this table adds the direct comparison between Muslim organizations and either Christian or Jewish organizations. The results presented in Table 7 reveals that the differences in growth in total contributions between Muslim organizations and Christian and Jewish organizations are statistically significant.

Taken together, the results of the regression analysis reveal that Muslim organizations are generally experiencing significantly greater growth in total contributions than are Christian organizations, Jewish organizations, and organizations grouped under “other nonprofit organizations,” even when other organizational characteristics are controlled for.

Discussion

The descriptive analyses compared Christian nonprofits, Jewish nonprofits, and nonprofits grouped under “other nonprofit organizations” to Muslim nonprofits. Muslim nonprofits were growing in number at a faster rate, were newer, had lower fundraising efficiency ratios, and were located in younger and more diverse areas. These results match the reality that immigration to the US from Muslim-majority countries has been increasing in recent years (Migration Policy Institute, 2018).

Between 2011 and 2015, the number of Muslim organizations grew at a faster rate than did the number of all other types of organizations. Further, Muslim organizations were younger on average than were all other types of organizations. Muslim organizations had lower fundraising efficiency ratios than did all other types of organizations and were located in younger and more diverse areas. Taken together, these results suggest that Muslim charitable organizations are a young and growing group. This study examined data from 2011 to 2015, when immigration to the US from Muslim-majority countries was growing (Migration Policy Institute, 2018). To the extent that the results reflect this growth, however, they may not apply to later periods during which, for any number of reasons, Muslim immigration to the US declines.

The second regression analyses tested the hypothesis that when other organizational characteristics are controlled for, growth in total contributions is greater for Muslim organizations than for Christian organizations, Jewish organizations, and organizations grouped “under other nonprofit organizations.” The results confirm this hypothesis, revealing that between 2011 and 2015, Muslim organizations experienced significantly greater growth in total contributions than did Christian organizations, Jewish organizations, and other nonprofit organizations.

Limitations and Future Research

The dataset used in this study includes every nonprofit organization that filed IRS Form 990 electronically between 2011 and 2015. However, significant limitations apply. First, the data do not include organizations that filed on paper. Second, the data may have quality issues, including data that were accidentally or intentionally misreported (Andreoni & Payne, 2008; Ely et al., 2021; Froelich et al., 2000; Krishnan et al., 2005). Third, this dataset includes complete year data only from 2011 to 2015, when the US economy was expanding and immigration to the US from Muslim-majority countries was growing. Future studies could replicate the findings of this study in recessionary periods and in periods of declining immigration from Muslim-majority countries. Fourth, this study may include only a small percentage of religious nonprofit organizations because churches, synagogues, mosques, and other places of worship are not required to file IRS Form 990 (Montague, 2013). Some estimate the total number of all nonprofit entities (including private foundations and smaller organizations excluded by this analysis) to be at 1.8 million (Independent Sector, 2002), far greater than our observations. As a result, the current conclusions are necessarily limited to the data observed. Fifth, although a plausible explanation of the results is that religious individuals’ contributions reflect their religions’ commitments to and prescriptions regarding charitable giving, no individual-level data are available to confirm that this is the case. Individual-level data will be required to explore this idea. Sixth, in some cases the religious categorization by the appearance of certain key words may have inaccurately identified the affiliation of the organization. Finally, more detailed data could be used to examine differences

in the charitable giving of individuals belonging to different denominations and to religions and denominations with different levels of majority/minority status.

Conclusion

This study provides the first summary of national level data outlining the landscape of Muslim nonprofit organizations with an emphasis on philanthropy (contributions) to those organizations. Additionally, it hypothesizes that, as might be expected by contemporaneous increases in the US Muslim population, these Muslim nonprofit organizations are growing their contributions faster than other religious or non-religious nonprofit organizations. Both descriptive statistics and multivariate regression analyses confirm this hypothesis.

Muslim nonprofits are relatively younger, smaller, located in more diverse urban settings, and growing more rapidly both in number and in contributions received compared with other religious and non-religious nonprofits. The results suggest that Muslim nonprofit organizations will be of increasing importance to nonprofit researchers and policymakers. They also highlight the importance of generating individual-level data on Muslim charitable giving, which current national datasets fail to separately identify, instead grouping Muslim respondents into some version of a generic “other” category. Such data will be necessary to fully understand the growth of Muslim charitable giving and to aid charities (especially Muslim charities) in developing internal and external fundraising strategies for potential Muslim donors.

Table 1 Year-Over-Year Growth Rate of Number of Organizations E-filing IRS Form 990 (2011–2015)

Single-year growth in e-filing Form 990 organizations				
	2012	2013	2014	2015
<i>Muslim organizations</i>	30%	28%	18%	13%
<i>Christian organizations</i>	18%	2%	1%	6%
<i>Jewish organizations</i>	23%	6%	-1%	5%
<i>Other nonprofit organizations</i>	23%	0%	2%	8%

Table 2 Average Organization Age by Year and Religious Affiliation

	2011	2012	2013	2014	2015
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<i>Muslim organizations</i>					
No. of observations	127	163	209	242	273
Mean	11.45	12.28	12.93	12.69	13.12
Std. Dev.	9.27	9.81	10.13	9.68	9.56
<i>Christian organizations</i>					
No. of observations	7,523	8,854	8,966	9,042	9,615
Mean	29.75	29.58	29.75	29.38	29.73
Std. Dev.	25.53	25.30	25.32	25.07	25.27
<i>Jewish organizations</i>					
No. of observations	1,170	1,445	1,523	1,505	1,591
Mean	33.41	32.69	32.15	32.59	33.17
Std. Dev.	27.84	27.23	27.04	27.86	27.80
<i>Other nonprofit organizations</i>					
No. of observations	116,227	142,783	143,306	146,227	157,816
Mean	30.34	30.78	30.59	30.59	30.97
Std. Dev.	24.19	24.12	23.91	24.05	24.20

Table 3 Total Contributions and Growth in Total Contributions for Organizations That Electronically Filed 990 EVERY Year (2011–2015)

	2011	2012	2013	2014	2015
<i>Muslim organizations</i>					
Average contributions	\$1,242	\$1,314	\$1,414	\$2,040	\$2,066
	(\$189)	(\$204)	(\$188)	(\$196)	(\$223)
Change per organization \$		\$73	\$100	\$625	\$26
Change per organization %		6%	8%	44%	1%

No. of observations	70	70	70	70	70
<i>Christian organizations</i>					
Average contributions	\$2,607	\$2,628	\$2,859	\$2,983	\$3,158
	(\$277)	(\$285)	(\$305)	(\$307)	(\$311)
Change per organization \$		\$21	\$231	\$124	\$175
Change per organization %		1%	9%	4%	6%
No. of observations	4,159	4,159	4,159	4,159	4,159
<i>Jewish organizations</i>					
Average contributions	\$5,749	\$5,763	\$6,609	\$6,846	\$7,340
	(\$714)	(\$768)	(\$845)	(\$886)	(\$908)
Change per organization \$		\$14	\$846	\$237	\$494
Change per organization %		0%	15%	4%	7%
No. of observations	736	736	736	736	736
<i>Other nonprofit organizations</i>					
Average contributions	\$2,518	\$2,581	\$2,673	\$2,860	\$2,917
	(\$222)	(\$228)	(\$233)	(\$241)	(\$242)
Change per organization \$		\$63	\$93	\$186	\$57
Change per organization %		3%	4%	7%	2%
No. of observations	70,418	70,418	70,418	70,418	70,418

Note: Mean Coefficients, Median are in parentheses. Total Contributions are measured in thousands of dollars.

Table 4 The Average (Median) of Fundraising Efficiency Ratio per Organization (among those reporting positive fundraising expenditures)

	2011	2012	2013	2014	2015
<i>Muslim organizations</i>					
	8.70%	9.74%	8.93%	9.04%	9.46%

	(4.53%)	(4.57%)	(5.41%)	(5.86%)	(4.95%)
Christian organizations					
	14.77%	14.37%	13.73%	13.12%	12.80%
	(9.11%)	(8.93%)	(8.41%)	(8.05%)	(7.83%)
Jewish organizations					
	12.07%	12.18%	12.14%	11.46%	11.45%
	(9.07%)	(8.96%)	(8.88%)	(8.37%)	(8.06%)
Other nonprofit organizations					
	13.51%	13.37%	13.23%	13.06%	12.92%
	(7.78%)	(7.73%)	(7.75%)	(7.63%)	(7.61%)

Note. Fundraising efficiency ratio is bottom coded to zero for all negative values and top coded to 50% for all positive values above 50%. Fundraising efficiency ratio calculated by divide fundraising expenditures over total contributions.

Table 5 Zip Code Demographic Characteristics of Organizational Headquarters: Reporting Means (Standard Deviations) and Statistical Significance of Difference with Muslim Organizations (Two-Sided T-Test).

Average Income	%Age 65+	%Age 18-65	Average household size	% White	% Black	% Asian	%in non-MSA
Muslim organizations							
\$77,115 (\$56,573)	19.85% (6.27%)	41.75% (6.36%)	2.70 (0.46)	64.34% (20.37%)	13.26% (16.06%)	12.39% (12.06%)	2.65%
Christian organizations							
\$72,569** (\$56,523)	21.69%*** (7.26%)	39.72%*** (6.77%)	2.51*** (0.39)	75.30%*** (20.31%)	12.46% (17.34%)	5.07%*** (8.21%)	17.66%***
Jewish organizations							

\$128,255***	21.35%***	42.62%***	2.44***	68.81%***	12.55%	11.23%***	0.48%***
(\$110,078)	(7.57%)	(10.99%)	(0.55)	(17.87%)	(16.32%)	(10.19%)	
<i>Other nonprofit organizations</i>							
\$83,576***	21.55%**	40.99%***	2.43***	74.05%***	11.97%***	6.12%***	16.98%***
(\$78,440)	(7.81%)	(8.76%)	(0.44)	(20.50%)	(16.86%)	(8.77%)	

Note. *p < .10, ** p < .05, *** p < .01

Table 6 Total Contribution Growth by Religious Affiliation (OLS) with All Other Organizations as Reference Group

	Model 1	Model 2	Model 3	Model 4
Muslim	3.250 (1.321)**	2.297 (1.321)*	2.255 (1.321)*	2.207 (1.321)*
Christian	0.693 (0.202)***	0.710 (0.202)***	0.678 (0.202)***	0.701 (0.203)***
Jewish	0.706 (0.484)	0.995 (0.484)**	0.966 (0.484)**	0.982 (0.484)**
Fundraising expenditures	X	0.0003 (0.000)***	0.0003 (0.000)***	0.0003 (0.000)***
Assets _{t-1}				
Coefficients	X	0.002***	0.002***	0.002***
Standard error		0.000	0.0004	0.000
t-value		4.87	4.86	4.87
p-value		0.000	0.000	0.000
Revenue _{t-1}				
Coefficients	X	0.000	0.000	0.000
Standard error		0.0005	0.000	0.000

t-value			-0.98	-0.98	-0.96
p-value			0.326	0.325	0.337
<i>Age_{t-1}</i>					
Coefficients	X		-0.055***	-0.055***	-0.055***
Standard error			0.002	0.002	0.002
t-value			-26.5	-26.71	-26.82
p-value			0.000	0.000	0.000
<i>NTEE_{Xi}</i>					
Coefficients	X	X		-1.381***	-1.395***
Standard error				0.339	0.339
t-value				-4.08	-4.12
p-value				0.000	0.000
<i>_cons</i>					
Coefficients	20.155***	21.832***	21.881***	21.323***	
Standard error	0.051	0.081	0.082	0.129	
t-value	395.82	270.06	267.73	165.72	
p-value		0.000	0.000	0.000	

Note. The data are extracted from IRS Form 990 (2011–2015). Mean coefficients are shown along with standard errors. Number of observations is 441,593 organizations. Total contributions are measured in thousands of dollars. The reference group are all other nonprofit organizations. Year dummies are included in model 4 but are not shown here; Year 2012 is the omitted year. This includes organizations with zero or positive values for fundraising expenditures. *** Indicates significance at the 1% level. ** Indicates significance at the 5% level. * Indicates significance at the 10% level.

Table 7 Total Contributions Growth with Muslim Organizations as Reference Group (OLS)

	Model 1	Model 2	Model 3	Model 4
Other nonprofit organizations_i				
Coefficients	-3.250**	-2.297*	-2.255*	-2.207*

Standard error		1.321	1.321	1.321	1.321
t-value		-2.46	-1.74	-1.71	-1.67
p-value		0.014	0.082	0.088	0.095
Christian organizations_t					
Coefficients		-2.557*	-1.587	-1.577	-1.506
Standard error		1.335	1.334	1.334	1.334
t-value		-1.92	-1.19	-1.18	-1.13
p-value		0.055	0.234	0.237	0.259
Jewish organizations_t					
Coefficients		2.544*	-1.302	-1.289	-1.225
Standard error		1.405	1.405	1.405	1.405
t-value		-1.81	-0.93	-0.92	-0.87
p-value		0.070	0.354	0.359	0.383
Fundraising expenditures_{t-1}					
Coefficients	X	0.000***	0.000***	0.000***	
Standard error		0.000	0.000	0.000	
t-value		-6.92	-6.93	-6.90	
p-value		0.000	0.000	0.000	
Assets_{t-1}					
Coefficients	X	0.002***	0.002***	0.002***	
Standard error		0.000	0.000	0.000	
t-value		4.87	4.86	4.87	
p-value		0.000	0.000	0.000	
Revenue_{t-1}					
Coefficients	X	0.000	0.000	0.000	
Standard error		0.000	0.000	0.000	

t-value		-0.98	-0.98	-0.96
p-value		0.326	0.325	0.337
<hr/>				
Age_{t-1}				
Coefficients	X	-0.055***	-0.055***	-0.055***
Standard error		0.002	0.002	0.002
t-value		-26.50	-26.71	-26.82
p-value		0.000	0.000	0.000
<hr/>				
NTEE_{xi}				
Coefficients	X	X	-1.381***	-1.395***
Standard error			0.339	0.339
t-value			-4.08	-4.12
p-value			0.000	0.000
<hr/>				
_cons				
Coefficients	23.406***	24.129***	24.136***	23.530***
Standard error	1.320	1.320	1.319	1.324
t-value	17.73	18.29	18.29	17.78
p-value	0.000	0.000	0.000	0.000

Note. The data are extracted from IRS Form 990 (2011–2015). Mean coefficients are shown along with standard errors. Number of observations is 441,593 organizations. Total contributions are measured in thousands of dollars. The reference group are Muslim organizations. Year dummies are included in model 4 but are not shown here; Year 2012 is the omitted year. This includes organizations with zero or positive values for fundraising expenditures. *** Indicates significance at the 1% level. ** Indicates significance at the 5% level. * Indicates significance at the 10% level.

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