



The World of Associations



What is an Association?

A photograph of a group of people in a meeting or conference. In the foreground, a man with glasses and a brown jacket is smiling and looking towards the left. He is holding a blue pen and a small notebook. Behind him, another man in a grey jacket and a red and blue checkered shirt is also smiling. The background shows other people in business attire, some standing and some sitting. The overall atmosphere is professional and collaborative.

**“A group of
people joined
together for
specific purpose.”**



Associations by the Numbers

Associations make broad contributions to American life. They are an essential piece of our national, state, and local economies. They create jobs in every state. Their measurable economic benefits include more than 1.3 million jobs for Americans and a total payroll of more than \$55 billion. Beyond their direct economic impact, associations play a vital role in enriching communities and creating positive change around the world.

- The IRS recognized 63,866 trade and professional associations in 2016.
- The IRS recognized 1,237,094 charitable and philanthropic organizations in 2016.
- Membership organizations employ more than 1.3 million people.
- Membership organizations generate a payroll of more than \$55 billion.
- Nonprofit organizations' share of GDP is over 5 percent.
- Trade and professional membership associations generate \$116 billion in revenue.
- Nearly 63 million Americans volunteer through a membership organization.



Each year, associations provide millions of American workers across every industry and state with critical post-college skills training required for professional success and career advancement. Associations proactively and purposefully create centralized training programs, certifications and standards to ensure individuals, industries and society-at-large benefit from a strong and vibrant workforce.

- Of the 57 million adults in America who take formal work-related courses or training each year, 9.7 million (or 17 percent) receive that training from a professional association.
- In total, associations account for more than 315,000 meetings held in the U.S. each year, with 59.5 million participants in attendance.
- Most associations (88 percent), regardless of type or size, report sponsoring an annual meeting or exhibition, with a median attendance of 803 registrants.
- More than half (52 percent) of associations report holding other regularly scheduled meetings on specific topics throughout the year.

Sources: ASAE and IRS Data Book 2016; NAICS (North American Industry Classification System), U.S. Census Bureau



About Association Forum

Established in 1916, Association Forum is the “association for associations” in Chicago. Chicago is the second largest market for associations, representing more than 1,700 trade and professional associations with nearly 47,000 employees. These Chicagoland organizations serve 29 million individual members, that could fill Soldier Field nearly 240 times and have nearly 2 million volunteers to support Chicagoland association efforts.

Chicagoland defined as:

- Cook, DuPage, Lake, Kane, Jasper, Will, McHenry, Grundy, DeKalb, and Kendall County, Illinois
- Lake, Newton, Porter, and Jasper County, Indiana
- Kenosha County, Wisconsin

From 2010 to 2016, Chicagoland associations have:

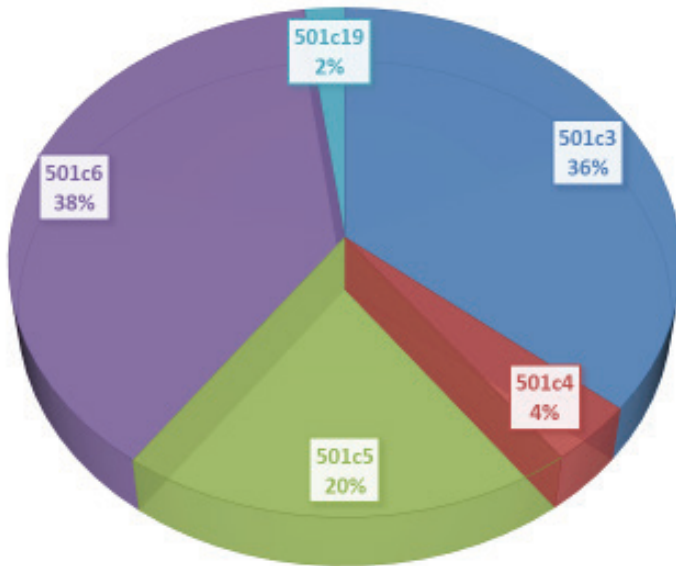
- Grown in number by 4%.
- Increased in size:
 - Total revenues – 22%
 - Total expenses – 19%
 - Total association members - 6%
 - Total fulltime employees – 5%
- Become more profitable
- Spent more on professional services
- Made minor shifts towards in-house vs. outsourced staffing in most functions



“The role for Association Forum is to test limits, explore boundaries, and secure knowledge for all to ensure the future vitality and viability of voluntary membership organizations and to empower those committed to the profession.”

Lynne Thomas Gordon, CAE
Executive Director, American Association of Orthodontists

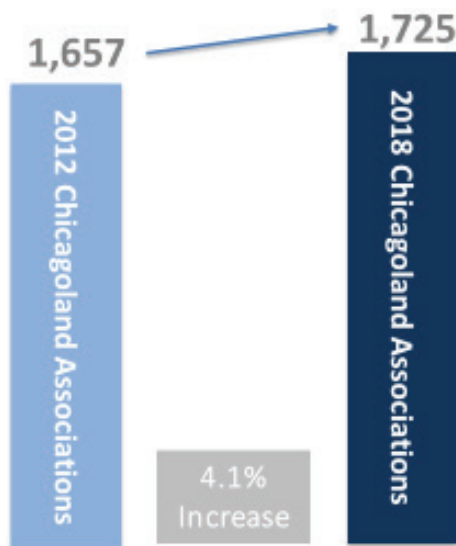




IRS Exemption Types:

- 501(c)(3): Charitable organization
- 501(c)(4): Civic leagues and employee associations
- 501(c)(5): Labor and agricultural
- 501(c)(6): Business league
- 501(c)(19): Veteran's organization

ORGANIZATION TYPES

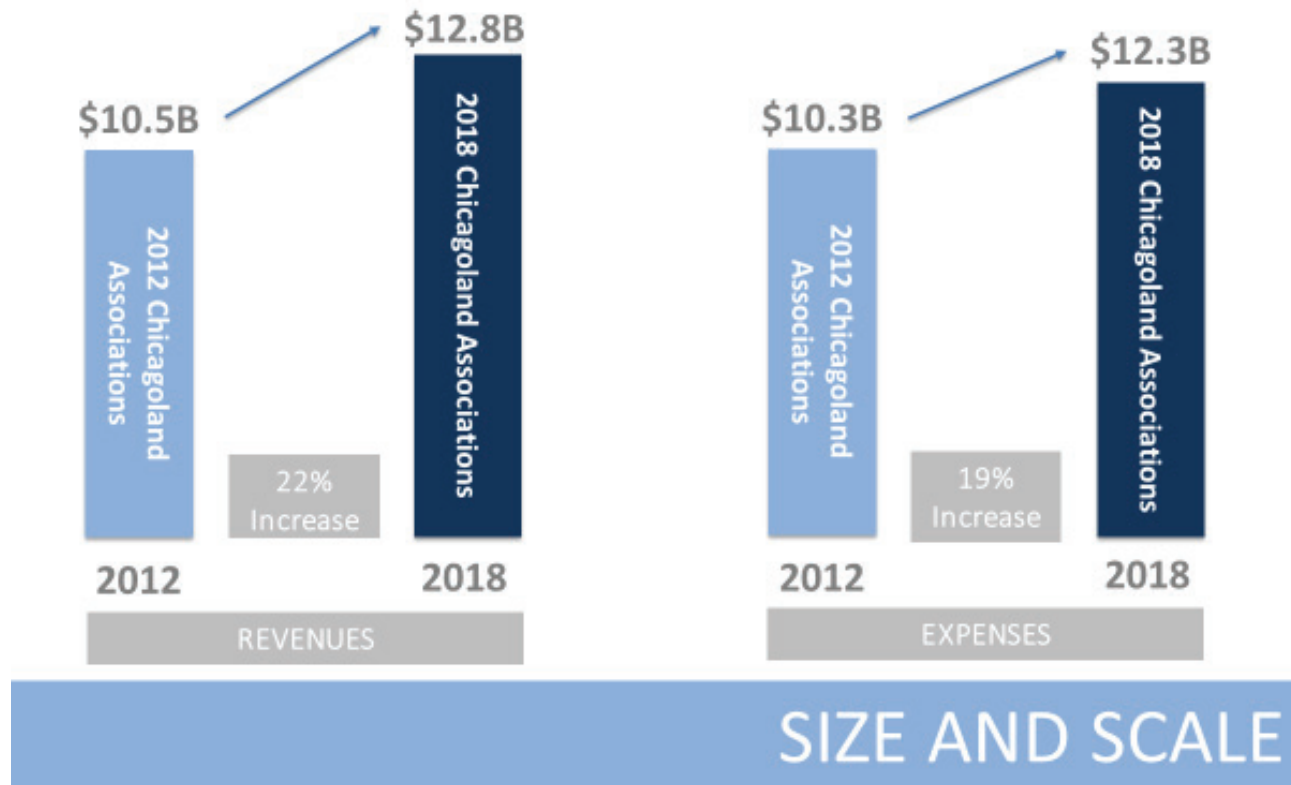


2018 COUNT BY SIZE



*Annual Budget

SIZE AND SCALE



MEMBERSHIP

38,550 Fulltime Staff



40,418 Fulltime Staff



4.8%
Increase

STAFFING



The difference between 501 c3 and c6

"Nonprofit" refers to an entity's incorporation/organizational status as governed by state law, whereas "tax-exempt" refers to federal income tax exemption governed by the Internal Revenue Code. The c3 and c6 are two common IRS tax-exempt statuses for nonprofits.

Here are some common differences between 501c3 and c6:

501(c)(3)	501(c)(6)
Operated exclusively for charitable, educational, religious, literary, or scientific purposes	Operated to promote a common business interest, and to improve business conditions in the industry
Includes membership associations (e.g., professional society), if the purpose is to advance the profession with respect to "educational" activities	A membership organization (e.g., business league, industry trade association), advancing a common business interest
Lobbying and political activities are significantly restricted. A c3 will lose tax-exempt status if the IRS determines that it has engaged in "substantial" lobbying activities	Allowed a wide-range of lobbying. Yet, the main stipulation is that a c6 is required to disclose to membership the % of their annual dues that is lobbying (i.e., non-deductible to members for tax purposes)
<i>Special Advantages of the c3 include:</i>	
Enhanced fundraising advantages, such as eligibility to receive tax-deductible "charitable contributions" and gifts of property and eligibility to receive many grants	Dues or other payments to a c6 are only deductible to the extent that they serve an "ordinary and necessary" business purpose of the payer
Eligibility to receive other state and local tax exemptions (e.g., sales tax)	

Source: www.amrms.com