

Advertising in nonprofit community journalism

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Abstract

Community news organizations are increasingly exploring nonprofit models in the interest of sustainability. Unlike for-profit media, which tend to draw revenue from advertising and subscriptions, nonprofit news organizations depend largely on grants and individual donations. Nonprofits may also generate earned revenue, including advertising, but with some caveats. This study focuses on how perceived restrictions and uncertainties associated with advertising in nonprofit media may be limiting its potential as a revenue stream. A lack of research in this area has left unclear how much nonprofit advertising revenue is taxable, and how much of it organizations may accept before jeopardizing their tax-exempt status. Based on IRS data and semi-structured interviews, this study finds few local nonprofit news organizations generate significant advertising revenue. Organizations that do accept advertising, however, generally avoid paying taxes on that revenue. The risk of losing one's tax-exempt status due to accepting excessive advertising income is low. Still, nonprofit leaders may have other reasons for avoiding advertising. Findings from this study can help guide community news leaders on whether and how advertising can be incorporated into a nonprofit model at a time of continuing concern about the sustainability of community journalism.

Keywords: community journalism, nonprofit news, 501(c)(3), tax-exempt, business models, sustainability

As the long-term sustainability of community journalism remains uncertain, interest in nonprofit models has been growing. One-fourth of participants in a recent study of “outstanding” community newspapers said they had recently adopted nonprofit models (Bergmann, 2024). Another sign of this growing interest in nonprofit structures is the ballooning membership roster of the Institute for Nonprofit News, an organization that provides training and financial support for tax-exempt media. INN began in 2009 with 27 organizations; as of 2025, it has 560 members. Growth has been concentrated at the local level. The number of local INN members more than doubled in the years 2017-2023 (Institute for Nonprofit News, 2023).

Nonprofit models hold appeal for local newsrooms for a few reasons. One is the widespread recognition that advertising-dominated for-profit models have become much harder to sustain in the digital age (Nielsen, 2016). Some newsroom leaders also see nonprofit models as better aligned than for-profit

media with the public service mission of journalism (Ferrucci, 2019). Nonprofit models also present opportunities for adding new revenue streams, some of which are tax-exempt (Birnbauer, 2019). News organizations in the early 21st century often struggled to win IRS approval to operate as nonprofits, but the agency in recent years has been more receptive (Konieczna, 2018).

While for-profit news organizations rely most on advertising and subscription revenue, nonprofits largely depend on philanthropic sources. Foundation grants are the largest revenue source, providing 50% of local nonprofit news revenue in 2023 (Institute for Nonprofit News, 2024). Most foundation support has favored larger, national news nonprofits rather than those at the community level. Foundation support can also be seen as fleeting and ideologically constraining, presenting ethical concerns for news organizations striving to remain independent (Benson, 2018; Nisbet, Wihbey, Kristiansen, & Bajak, 2018).

Donations from individuals are the second most common revenue source for local news nonprofits, accounting for 25% of their revenue in 2023 (Institute for Nonprofit News, 2024). Individual donations can be seen as egalitarian and safer for organizations that are concerned about relying on a smaller number of large donors (Birnbauer, 2019). However, individual donations are relatively small. For local news organizations, the pool of potential donors is also limited, particularly in less wealthy communities (Harlow, 2021).

Nonprofit news organizations have been under pressure to diversify their revenue streams. The John S. and James L. Knight Foundation, a major supporter of nonprofit news initiatives, explicitly includes revenue diversity as among its goals for grantees (John S. and James L. Knight Foundation, 2024). INN has similarly pushed its member organizations to depend less on philanthropic sources by developing earned revenue streams – namely, financial support from businesses (Institute for Nonprofit News, 2024). LION Publishers, which supports both for-profit and nonprofit news organizations, has promoted revenue diversity as an antidote to problems that have befallen advertising-dependent newsrooms (Heyamoto & Kizer, 2023).

Advocates of revenue diversity thus often push nonprofit organizations to increase earned revenue, the third largest type of support in the sector. In 2023, earned revenue comprised 24% of support for local news nonprofits (Institute for Nonprofit News, 2024). Earned revenue can include advertising, underwriting, and sponsorships. Some nonprofits also earn revenue by selling products or services, or holding events for which they charge admission. Scholarship on nonprofits has suggested some caveats for organizations considering a greater dependence on earned revenue. Some scholars have suggested dedicating more resources to earned revenue can increase organizational complexity and expenses, and lead to mission drift (Hung & Hager, 2019). Research has also found that accepting contributions from businesses may “crowd out” donations from

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individuals, who infer that their own support is less needed (Bennett, Kim, & Loken, 2013). However, one study found donations from individuals only decreased when earned revenue surpassed 25% of a nonprofit's total revenue (Lee, Lu, & Shon, 2022).

Nonprofit organizations have other reasons to be wary of accepting too much revenue from businesses. Since 1950, the Internal Revenue Code has specified that nonprofits must pay Unrelated Business Income Tax (UBIT) on certain business activities. The rate of UBIT is the same as the federal corporate income tax rate. Nonprofits pay UBIT on earned revenue that results from business activities, is generated on a regular basis, and is "not substantially related" to their primary missions (IRS, n.d.a.). The reasoning behind taxing such income is to prevent unfair competition with for-profit businesses (Rose-Ackerman, 1990).

The most common source of unrelated business income (UBI) for nonprofits "by far" is advertising (Tenenbaum, 2021). However, nonprofit news organizations that accept advertising can benefit from exceptions in the Internal Revenue Code for tax-exempt "periodicals," which are defined as printed as well as electronic publications. While advertising in such periodicals is still considered to be UBI, nonprofit organizations are permitted to deduct certain expenses. These are most often categorized as direct advertising expenses, including commissions, travel, salaries, office overhead, and artwork production; and "readership costs," which are associated with the production and distribution of periodicals. Still, some nonprofit advocates have been wary of how to account for advertising revenue properly, suggesting that "all advertising revenue appears to be questioned" (Council on Foundations, 2013, p. 10) by the IRS.

Nonprofits can also accept contributions from businesses in the form of tax-exempt sponsorships. A 1997 addition to the Internal Revenue Code attempted to clarify the differences between sponsorships, also sometimes called underwriting, and advertising revenue. The IRC defines a "qualified sponsorship payment" as "any payment by any person engaged in a trade or business with respect to which there is no arrangement or expectation that the person will receive any substantial return benefit," (26 CFR § 1.513-4(c)) with the exception of an acknowledgment of the sponsor. Sponsorship messages may also include logos and/or slogans as well as "value-neutral" information, such business locations and contact information, including links to websites (Oehling, 2003). Advertising messages, by contrast, contain "qualitative or comparative language, price information or other indications of savings or value, an endorsement, or an inducement to purchase, sell, or use any company, service, facility or product" ((26 CFR § 1.513-4(c)(2)(v)).

In practice, the differences between sponsorship and advertising can be subtle and contested (Roberts, 1997). Public broadcasting organizations have long faced criticism that their sponsorship messages have increasingly incorporated commercialized language (Cook, 2016). Some news nonprofits even contend that advertising should be considered tax-exempt revenue under certain circumstances. A publication aimed at help-

ing news nonprofits understand earned revenue cites these examples:

Example 1: The San Antonio Report does not consider any of its advertising or event sponsorship efforts as unrelated business income and thus subject to tax. The San Antonio Report clarifies in its policies and with all clients that advertising and event sponsorship dollars go directly toward supporting the organization's mission to create and amplify quality journalism for San Antonio.

Example 2: Madison365 considers a small percentage of its business membership income as unrelated business income and thus subject to tax. But it treats the majority of its revenue from businesses – most of the business membership revenue and other advertising and sponsorship dollars – as business income and thus not taxable. Madison365 makes clear in its policies and in conversations with clients that sponsorship dollars go directly toward supporting the organization's mission. (Shalit & Roseman, 2020, p. 14)

Disagreements and ambiguities in these definitions can have real implications for nonprofit newsrooms. The IRS has warned nonprofits that generating too much UBI can lead to the revocation of their tax-exempt status. Excessive UBI is listed as one of the top six reasons organizations lose their tax-exempt status, along with failure to serve an exempt purpose, lobbying, political campaigning, failure to complete annual reporting requirements, and mission drift (Internal Revenue Service, n.d.b.). Concerns over the possibility of losing tax-exempt status increased in 2025 following threats by President Donald Trump against Harvard University and other nonprofits (Tenenbaum, 2025). How much UBI is deemed too much by the IRS is not clear, however. There is no "bright-line rule on the allowable amount" (Westenskow & Carter, 2021, p. 365). Some tax advisors recommend limiting UBI to 25% or less of nonprofit portfolios (e.g. De las Alas et al., 2006).

Due to the interest in nonprofit news sustainability, and a particular need for more research on advertising in nonprofit news, this study examines three questions:

- RQ1: How prevalent is advertising in local nonprofit news?**
- RQ2: How do local nonprofit news leaders perceive advertising as a potential revenue source?**
- RQ3: To what extent have local nonprofit news organizations jeopardized their tax-exempt status by accepting advertising?**

Methods

This study takes a mixed-method approach, using publicly available data from the IRS as well as semi-structured interviews. To answer the first research question, I obtained the Employer Identification Numbers (EINs) for INN members identified in the organization's membership list as local newsrooms. EINs are federal tax numbers assigned to businesses, tax-exempt organizations and other entities. I then used those EINs to search the IRS Statistics of Income (SOI) extract files from 2023 for Form 990 and Form 990-EZ data. Form 990 is also known as the Return of Organization Exempt from Income

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Tax form; nonprofit organizations are required to file either Form 990 or its simplified version, Form 990-EZ, annually. I used the SOI extract files to identify organizations that had submitted a 990-T, which is required of nonprofits that receive more than \$1,000 of UBI in a given year.

After identifying which organizations had filed a 990-T, I acquired their most recent Form 990s and 990-Ts via the IRS Tax Exempt Organization Search website. I then analyzed the forms to identify the specific types of UBI organizations received, as well as any exemptions and/or deductions they might have claimed to reduce their tax burden. When the 2023 forms for those organizations were not available on the IRS website, I attempted to download them through Candid, which maintains its own nonprofit database; and/or ProPublica's Nonprofit Explorer tool. When 2023 forms for a given organization did not appear on any of the three sites, I used the most recent forms available (2022 or 2021).

To ascertain the perceptions of nonprofit news leaders about advertising, I draw upon qualitative data from interviews I conducted with leaders of 21 local nonprofit news organizations in 2023. Interviewees were recruited from INN's member directory, which was filtered to include only local organizations.

The websites of those organizations were searched for job titles that suggested leadership roles, such as Publisher, Founder, CEO, and/or Editor-in-Chief. This strategy was based on research suggesting job titles and responsibilities at news startups are fluid and variable (Naldi & Picard, 2012).

This research was granted an exemption from Institutional Review Board approval. All participants and their organizations were promised their identities would remain confidential in published research. Interviews were conducted in February and March 2023. The interviews took a semi-structured format to allow for flexibility and encourage participants to speak freely (Smith, 1995). Interviewees were asked for their opinions about various revenue sources based on their experiences with fundraising.

Initially, 21 people agreed to be interviewed. However, two participants felt that some interview questions were better answered by their colleagues. Thus, based on those participants' recommendations, two additional people were interviewed, bringing the total number of participants to 23. All but one interview was conducted via Zoom; due to connectivity problems, one took place on the phone. Interview length ranged 23-66 minutes. All interviews were recorded, and audio was transcribed using an AI-based service and quality checked by research assistants. NVivo was used for coding.

Interview transcripts were coded following Bingham's (2023) five-phase process. The first phase included deductive analysis based on codes corresponding to the types of revenue (advertising, but also grants, individual donations, and others) discussed in interviews. The second phase included aligning data categories to potential research questions. In phase three, initial themes were identified and inductive codes developed. Phase four included interpreting the data to begin to formulate findings. Finally, the fifth phase involved explaining the findings and situating them in relevant literature.

Organization	Location	Tax Year	UBI	Advertising as % of UBI
Growing Community Media	Oak Park, IL	2023	\$1,115,020	100%
Chicago Reader	Chicago, IL	2022	\$1,026,215	100%
Cityside Journalism Initiative	Oakland, CA	2022	\$332,100	100%
365 Media Foundation Inc.	Madison, WI	2022	\$201,583	100%
Isthmus Community Media	Madison, WI	2021	\$184,204	100%
Highlands Current	Cold Spring, NY	2023	\$117,511	100%
Bay Nature Institute	Berkeley, CA	2023	\$98,628	100%
Block Club Chicago	Chicago, IL	2022	\$96,399	100%
Streetcar Suburbs Publishing Inc	Hyattsville, MD	2023	\$90,279	100%
Vermont Journalism Trust	Montpelier, VT	2022	\$74,173	100%
Ithaca Voice	Ithaca, NY	2022	\$33,890	100%
Evanston RoundTable Media	Evanston, IL	2022	\$33,663	100%
Chapman Hyperlocal Media	Norwalk, CT	2023	\$14,888	100%
Current	Lafayette, LA	2022	\$9,550	100%
KPCW/Community Wireless of Park City	Park City, UT	2022	\$147,202	99%
Voice of San Diego	San Diego, CA	2022	\$25,513	98%
Ipswich Local News	Ipswich, MA	2023	\$334,531	93%
KQED	San Francisco, CA	2022	\$1,900,870	1%
KPBS/ San Diego State University Foundation	San Diego, CA	2023	\$313,770	0%
WITF	Harrisburg, PA	2022	\$305,918	0%
Patagonia Regional Times	Patagonia, AZ	2023	\$15,216	0%

Table 1. Unrelated business income reported by local nonprofit news organizations and percentage attributed to advertising.

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To answer the final research question, I analyzed publicly available lists maintained by the IRS of 501(c)(3) organizations that have had their nonprofit status revoked.

Findings

RQ1: How prevalent is advertising in local nonprofit news?

I attempted to answer this question by using the IRS Tax Exempt Organization Search to identify which of INN's local member organizations submitted 990-T forms along with their annual Form 990s. Forms 990-T are required of all nonprofit organizations that report receiving more than \$1,000 in UBI (all nonprofits are allowed a specific exemption of \$1,000, similar to the standard deduction for individual taxpayers). INN listed 201 local members as of February 2025. After filtering the list to remove duplicates, organizations that had the same nonprofit parent, and newsrooms that did not have their own EIN (usually because INN or another organization served as their fiscal sponsor), 150 local newsrooms remained.

Of those organizations, 21 (14%) had filed a 990-T form in the most recent year data were available. Their amounts of UBI varied widely. However, the types of UBI did not; almost all of it came from advertising. Notable exceptions were three of the four public broadcasting organizations, whose revenue models were more complex. The only non-public broadcaster that claimed no advertising income was Patagonia Regional Times, which instead used the "gross receipts or sales" classification to describe its UBI. However, this organization's website indicates it does sell advertising, so this may have been a misclassification.

Of the 21 nonprofits that completed 990-T forms, 18 reported their net UBTI was zero. That is, although the organizations received UBI, they did not pay taxes on it due to exemptions and deductions they claimed. Most organizations eliminated their UBTI by claiming exemptions for direct advertising costs, deductions of readership costs, or both.

Only three of the 21 organizations reported a net positive UBTI. KQED, a public broadcasting organization founded in 1953, had several sources of UBI, characterized on the organization's 990-T as "investments in limited partnerships." The largest source of UBI was revenue associated with banner and mobile app ads, which KQED classified as "exploited exempt activity income." The organization was able to deduct some, but not all, costs associated with that income. The second organization reporting UBTI was Vermont Journalism Trust, which operates the nonprofit news site VT Digger. Its 990-T was more straightforward, identifying UBI solely consisting of advertising. Vermont Journalism Trust reduced its tax burden by claiming a \$49,799 exemption for ad expenses and the specific \$1,000 deduction available to all nonprofits. Finally, The Current, a nonprofit news site in Louisiana founded in 2018, reported \$6,340 in UBTI. Its UBI solely came from advertising revenue. However, unlike most organizations, The Current did not claim an exemption for ad expenses nor a deduction for

Organization	Total Revenue	UBI	Exemptions/ Deductions that eliminated UBTI
KPBS/ San Diego State University Foundation	\$212,399,519	\$313,770	Various
WITF	\$11,488,416	\$305,918	Various
Block Club Chicago	\$4,658,944	\$96,399	Ad expenses
Cityside Journalism Initiative	\$4,223,869	\$332,100	Ad expenses, readership costs
Chicago Reader	\$2,731,613	\$1,026,215	Ad expenses, readership costs
KPCW/ Community Wireless of Park City	\$2,478,264	\$147,202	Ad expenses
Voice of San Diego	\$1,920,810	\$25,513	Net operating loss from previous year
Growing Community Media	\$1,607,067	\$1,115,020	Ad expenses, readership costs
Bay Nature Institute	\$1,170,512	\$98,628	Ad expenses, readership costs
365 Media Foundation Inc.	\$882,787	\$201,583	Ad expenses
Highlands Current	\$641,841	\$117,511	Ad expenses
Ipswich Local News	\$480,015	\$334,531	Ad expenses, readership costs
Evanston RoundTable Media	\$474,074	\$33,663	Ad expenses
Isthmus Community Media	\$389,489	\$184,204	Ad expenses
Ithaca Voice	\$307,741	\$33,890	Ad expenses, readership costs
Streetcar Suburbs Publishing Inc	\$295,448	\$90,279	Unavailable
Patagonia Regional Times	\$149,301	\$15,216	Wages, printing, other
Chapman Hyperlocal Media	\$111,424	\$14,888	Readership costs

Table 2. Local nonprofit news organizations reporting no unrelated business taxable income, along with exemptions and deductions claimed.

readership costs. Instead, it claimed a deduction of \$2,210 for the purchase of ad software, along with the specific deduction of \$1,000.

The amounts of UBI not only varied widely in overall amount, but also as a percentage of total revenue.

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Organization	UBI	Net UBTI	Exemptions/ Deductions Claimed
KQED	\$1,900,870	\$98,705	Exploited exempt activity income
Vermont Journalism Trust	\$74,173	\$23,374	Ad expenses
Current	\$9,550	\$6,340	Ad software

Table 3. Local news nonprofits that reported positive unrelated business taxable income.

RQ2: How do local nonprofit news leaders perceive advertising as a potential revenue source?

Organization	Total Revenue	UBI	UBI as % of Total Revenue
Ipswich Local News	\$480,015	\$334,531	70%
Growing Community Media	\$1,607,067	\$1,115,020	69%
Isthmus Community Media	\$389,489	\$184,204	47%
Chicago Reader	\$2,731,613	\$1,026,215	38%
Streetcar Suburbs Publishing Inc	\$295,448	\$90,279	31%
365 Media Foundation Inc.	\$882,787	\$201,583	23%
Highlands Current	\$641,841	\$117,511	18%
Chapman Hyperlocal Media	\$111,424	\$14,888	13%
Ithaca Voice	\$307,741	\$33,890	11%
Patagonia Regional Times	\$149,301	\$15,216	10%
Bay Nature Institute	\$1,170,512	\$98,628	8%
Cityside Journalism Initiative	\$4,223,869	\$332,100	8%
Evanston RoundTable Media	\$474,074	\$33,663	7%
KPCW/ Community Wireless of Park City	\$2,478,264	\$147,202	6%
Current	\$289,786	\$9,550	3%
Vermont Journalism Trust	\$2,772,494	\$74,173	3%
WITF	\$11,488,416	\$305,918	3%
Block Club Chicago	\$4,658,944	\$96,399	2%
KQED	\$109,654,912	\$1,900,870	2%
Voice of San Diego	\$1,920,810	\$25,513	1%
KPBS/ San Diego State University Foundation	\$212,399,519	\$313,770	0%

Table 4. Proportion of local nonprofit news revenues derived from unrelated business income.

Interview participants varied on whether they agreed with INN's assessment that earned revenue, including advertising, was underutilized. Some participants had converted their publications from for-profit to nonprofit after seeing advertising revenue shrink. "What really pushed us to do it was the pandemic," said one community newspaper publisher. "In 2020 when, literally, overnight our revenue dropped 70%, we very quickly decided to make a direct appeal to readers. And within a week we were getting thousands of dollars in donations."

But some nonprofit leaders were more bullish on earned

revenue. "The percentage of regional, local, and regional businesses who are giving us money is nowhere near as big as it could be," said the founder of one community journalism nonprofit.

Still, some interviewees had reservations. One local nonprofit founder was unsure whether building capacity in that area would improve his organization's sustainability. "How much money can I take in? Oh, I have to file another tax return. I have to declare it as unrelated business income. How much am I left with at the end of that?" he said.

Although nonprofit leaders did not specifically express concerns that increasing advertising revenue would "crowd out" individual donations, some were concerned about potential effects on the reader experience. According to the founder of digitally native nonprofit in a smaller city:

We've all sort of thought that adding robust advertisement to [our website] would clutter it in a way that would make the rest of our information challenging for people to digest. So, it's really been an aesthetic decision more than anything, which might seem a little shallow, but for us is actually sort of mission serving."

But for some news nonprofits, advertising could be mission serving. The leader of a longtime for-profit organization that recently converted to nonprofit disputed the IRS's characterization of advertising as "unrelated" income. "People really did love the ads themselves, about what to do, and crazy designs, and all of that," she said of her publication's for-profit days. "So while we would be less dependent on advertising, I can't see ever not having that."

Sponsorships held appeal for nonprofit leaders as a way to draw business revenue, since it was tax-exempt. But one nonprofit leader said businesses often misunderstood what sponsorship meant, which led to awkward conversations. "All the other funding streams tend to be about supporting our mission, not asking 'what are you gonna give us in return?'" she said. "Sponsors say, 'oh, we get the editorial independence,' but then come back and are like, 'oh, well so will you write about this?' This is a tricky thing to navigate."

RQ3: To what extent have local nonprofit news organizations jeopardized their tax-exempt status by accepting advertising?

The IRS maintains two databases of organizations whose nonprofit status has been revoked. The first list consists of revocations that automatically occurred due to the failure of organizations to file Form 990 annually with the IRS. Under the Pension Protection Act of 2006, nonprofit organizations that do not submit the information forms for three consecutive years automatically lose their tax-exempt status. More than 1,100,000 nonprofit organizations have lost their tax-exempt status since the Revenue Act of 1954 established the modern tax code. However, almost all revocations have been due to missing paperwork.

Organizations that lose their nonprofit status may apply to have it re-established. As of February 2025, 14% of organizations whose nonprofit status was automatically revoked later

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gained it back.

The IRS maintains a separate list of organizations that have lost their nonprofit status for other reasons. The list includes 1,384 organizations that have had their tax-exempt status revoked since 1999. The IRS does not specify publicly the reasons for those revocations, so it is not possible to ascertain how many organizations lost their nonprofit status due to excessive UBI. However, given the approximately 2 million nonprofit organizations registered in the U.S. as of fiscal year 2023, less than 0.1% have had their tax-exempt status revoked for any reason, not just for excessive UBI.

Discussion/Conclusion

This study is believed to be the first to focus on the prevalence of advertising in local, nonprofit news. Understanding the potential and the challenges associated with advertising revenue is important at a time many news organizations, for-profit and nonprofit, struggle with sustainability. Nonprofit organizations are also under pressure, particularly from foundations, to diversify their revenue sources, especially by increasing earned revenue. Advertising is only one component of the larger category of earned revenue, but is of interest because it is commercial in nature, unlike most revenue sources for nonprofits. Nonprofit advertising is also in need of more study due to longstanding uncertainty over how much unrelated business income organizations may generate before risking revocation of their tax-exempt status.

This study found 14% of INN's local news members reported UBI in the most recent tax year for which data were available. For most organizations, UBI meant advertising revenue. The actual number of local nonprofit newsrooms that accept advertising is likely higher. For one thing, many nonprofit news organizations are not INN members. Some newsrooms do not apply for membership; others apply but are not accepted. In 2023, INN rejected more than half of organizations that applied (Scire, 2024). Secondly, IRS guidance notwithstanding, some nonprofit newsrooms contend that advertising is not "unrelated" income and thus do not identify it as such on their Form 990s. One such organization identified by Shalit & Roseman (2020), San Antonio Report, did not appear in this study's findings for this reason.

This study found local nonprofit news organizations that reported advertising revenue generally were not taxed on it. This was because their advertising income was reduced to zero after applying exemptions and deductions. Most common was an exemption they claimed for advertising-related expenses, such as commissions, agency fees, and the production of advertising materials. News nonprofits also often deducted reader-ship costs, which are associated with production and distribution of their publications.

Data from this study suggest a recognition among nonprofit news leaders of pressures to increase and diversify their revenue streams. Specifically, they are aware of calls to reduce their dependence on philanthropic revenue sources – namely grants and individual donations – and increase earned revenue,

such as through business sponsorships and advertising. Nonprofit leaders were ambivalent, however, about whether increasing earned revenue should be a priority for their organizations.

Nonprofit news organizations that accept advertising appear to be at low risk of jeopardizing their tax-exempt status. One indicator of this is the fact that some nonprofit news organizations in this study relied quite heavily on advertising revenue, apparently without penalty from the IRS. The most advertising-dependent newsroom was Ipswich Local News, which derived 70% of its revenue from advertising. Growing Community Media was a close second, at 69%. Three other organizations reported percentages that still exceeded the common recommended limit of 25%. IRS data on revocations of nonprofit status also suggest few organizations have lost their tax-exempt status due to excessive UBI.

Overall, findings from this study may offer some reassurance to local nonprofit news leaders who have been unsure about whether to pursue advertising as part of their revenue mix. Although nonprofit leaders may differ on whether advertising aligns with their organizational missions, this study suggests minimal tax impact as well as a low risk of forfeiting their tax-exempt status.

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