

# Passion & Purpose Revisited

Massachusetts Nonprofits and the Last Decade's Financial Roller Coaster

The Boston Foundation



June 2012

## About the Boston Foundation

The Boston Foundation, Greater Boston's community foundation, is one of the oldest and largest community foundations in the nation, with net assets of \$850 million. In 2011, the Foundation and its donors made almost \$78 million in grants to nonprofit organizations and received gifts of \$81 million. The Foundation is made up of some 850 separate charitable funds established by donors either for the general benefit of the community or for special purposes. The Boston Foundation also serves as a major civic leader, provider of information, convener and sponsor of special initiatives designed to address the community's and region's most pressing challenges. In 2012, the Boston Foundation and The Philanthropic Initiative (TPI) merged, with TPI operating as a distinct unit of the Boston Foundation. TPI pioneered the field of strategic philanthropic advising over 20 years ago and remains a national leader today. Through its consulting services and its work to advance the broader field of strategic philanthropy TPI has influenced billions of dollars of giving worldwide. TPI's Center for Global Philanthropy promotes international giving from the U.S. and indigenous philanthropy abroad. For more information about the Boston Foundation and TPI, visit [www.tbf.org](http://www.tbf.org) or call 617-338-1700.

**UNDERSTANDING BOSTON** is a series of forums, educational events and research sponsored by the Boston Foundation to provide information and insight into issues affecting Boston, its neighborhoods and the region. By working in collaboration with a wide range of partners, the Boston Foundation provides opportunities for people to come together to explore challenges facing our constantly changing community and to develop an informed civic agenda.

---

# Passion & Purpose Revisited

Massachusetts Nonprofits and the Last Decade's Financial Roller Coaster

## Authors

Elizabeth Keating, Ph.D CPA, *Lecturer in Accounting at Boston University  
and Carroll School of Management at Boston College*

Geeta Pradhan, *Director of Programs, The Boston Foundation*

## Data Partner

The Urban Institute

## Executive Editor

Mary Jo Meisner, *Vice President for Communications,  
Community Relations and Public Affairs, The Boston Foundation*

## Editor

*Principal Editor: Barbara Hindley, The Boston Foundation*  
*Assistant Editor: Kendra Butters, The Boston Foundation*

## Design

Kate Canfield, *Canfield Design*

---



# Contents

<b>Preface by Paul S. Grogan</b>	<b>4</b>
<b>Background</b>	<b>5</b>
EXECUTIVE SUMMARY <b>The 2003–2010 Financial Roller Coaster: How Did Massachusetts Nonprofits Fare?</b>	<b>7</b>
CHAPTER ONE <b>The Massachusetts Nonprofit Sector—An Update</b>	<b>25</b>
CHAPTER TWO <b>Three Types of Nonprofits—Why Size Matters</b>	<b>31</b>
CHAPTER THREE <b>Financial Turbulence Across 10 Industry Sectors</b>	<b>41</b>
CHAPTER FOUR <b>The Uneven Regional Distribution of Nonprofits and Their Resources</b>	<b>73</b>
<b>Conclusion</b>	<b>103</b>
 <b>Technical Appendices</b>	
A. THE INDUSTRY SECTOR COMPOSITION OF MASSACHUSETTS PUBLIC CHARITIES	107
B. DATA GLOSSARY AND DICTIONARY; DATA SOURCES	108
C. WHAT CONSTITUTES NONPROFIT FINANCIAL HEALTH?	110
ENDNOTES	113
ABOUT THE AUTHORS	115
ACKNOWLEDGEMENTS	116

---

## Preface

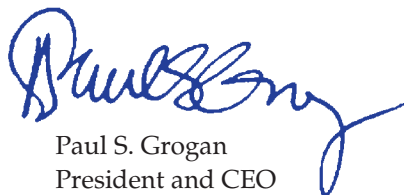
*Passion and Purpose Revisited* is a seven-year retrospective that examines the financial condition of the Massachusetts nonprofit sector over that period, tracking its stresses and strains during the financial roller coaster. The deep and detailed data you will find in this report examines how nonprofits responded during the 2003 and 2007 boom period and through the economic crash of 2008 and its aftermath.

The recent economic crisis validated the power, importance and tenacity of the Massachusetts nonprofit sector, which in 2010 generated \$234 billion in revenues and held \$233 billion in assets. The sector also continued to serve as a significant source of employment, representing 16.7% of the Massachusetts workforce in 2011. In fact, the nonprofit sector added jobs when both the private and governmental sectors were shedding them. The sector grew even in difficult times, investing in programs and services during the high times of the economy and spending its rainy day resources and liquidity to provide much needed services during the economic downturn. This report's analysis illustrates the resilience of the sector as a whole and of individual organizations. It also confirms the continued importance of the sector to people and communities and to the economic competitiveness of Massachusetts. Clearly, ensuring the sector's viability for today and for the future is both critical and essential.

The report's analysis reveals tensions between the sector's passion to lead with mission and the threat to its viability and capacity to meet its public purpose as a result of its challenging financial health. The Massachusetts nonprofit sector continues to be threatened by unsustainable growth. And while the sector's focus on mission provides a much needed safety net for the Commonwealth's residents, its inclination to continuously put mission before financial health is of grave concern, particularly given the slow economic recovery and the changing picture of public revenues.

We are encouraged, however, by the innovation and introspection shown by the Commonwealth's nonprofits and their stakeholders during the recent difficult economic period. Shifts and accomplishments that occurred during this time include: a growing openness to using collaboration, strategic alliances and mergers to streamline, strengthen and expand service delivery; a stronger focus on results; an openness to general operating support and capacity-building support; new organizational models; and new ways of funding evidence-based practices. The report issues a "Call to Action" to the sector and its stakeholders, asking that they understand and acknowledge the new realities and find new ways to address societal change. We urge the sector and its partners to stay the course and extend their reach—exploring new ways of organizing and allocating resources, defining new methods of delivering services and pursuing more sustainable sources of funding.

We invite you to review this amazing story of resilience and join us in an effort to deliver on the promise of a thriving, vibrant Massachusetts.



Paul S. Grogan  
President and CEO  
The Boston Foundation

---

## Background

In 2008, the Boston Foundation released *Passion & Purpose: Raising the Fiscal Fitness Bar for Massachusetts Nonprofits*—a seminal report that provided an in-depth understanding of the Massachusetts nonprofit sector. The report highlighted the power, scale and scope of the sector and its value propositions of generating civic engagement, providing a safety net for the Commonwealth’s residents and its role as an impressive economic engine for Massachusetts. It also documented the fragile financial condition of Massachusetts nonprofits through the late 1990s up to 2003 and invited a “call to action” to the nonprofit sector and its stakeholders to improve the financial health of the state’s nonprofit sector through restructuring, repositioning and reinvention.

An *Understanding Boston* forum at the Boston Foundation in 2009, *Crisis in the Massachusetts Nonprofit Sector*, raised the specter of the potentially damaging implications of the double-headed economic crisis on a sector that was already underfunded, overstretched and vulnerable to cuts by a financially strained state government. The forum urged the sector to capitalize on the “utility of trouble” and its “capacity for deep introspection, amazing resilience and history of innovation.” The sector was asked to double its efforts to consider issues of restructuring and consolidation, increase its advocacy activities to gain access to economic stimulus funds, and work with its funders and stakeholders to rethink ways in which it was supported. Much happened as a result.

The Boston Foundation with its funding partners Hyams Foundation, Boston LISC, United Way of Massachusetts Bay & Merrimack Valley and The Kresge Foundation (a national foundation) launched the area’s first major collaboration fund—The Catalyst Fund for Nonprofits, a \$1.925 million 5-year fund managed by Nonprofit Finance Fund. This new resource funds technical assistance for restructuring through collaborative ventures in sectors hardest hit by the economic crisis—Housing & Community Development, Education, Human Services

and the Arts. The nonprofit sector responded with tremendous ingenuity to create innovative responses to community needs by developing smart, strategic and financially sound solutions that cut across sectors and organizations of different budget sizes.

The Massachusetts Nonprofit Network, the state association for nonprofits which has on its board representatives from across industry sectors and regions, from the Berkshires to the Urban Core to the Cape and Northeast Massachusetts, advocated for and made good progress. This included: a quarterly newsletter, produced at the height of the financial crisis, on the federal ARRA (American Recovery & Reinvestment Act) funding and its implication for the nonprofit sector; the launch of a nonprofit awareness day; the creation of a nonprofit caucus; and the very recent passage of Massachusetts House Bill 3754, An Act Providing Retirement Options for Nonprofit Organizations.

Another major outcome of the deepening understanding about the nonprofit sector is the growing openness in the funding community to providing capacity and general operating support grants, as well as making multi-year funding commitments to help organizations develop capacity, achieve stability and contemplate scale. In 2009, the Boston Foundation shifted its grant-making toward larger, multi-year grants and general operating support for organizations that are in alignment with its strategic community priorities.

Many of these shifts are focused on helping nonprofits meet the underlying and profound mission of this powerful sector—serving the public good and helping to find solutions that boost the productivity, capacity and economic competitiveness of Massachusetts and its residents. This mission was severely threatened by the shock of the 2008 economic crisis that was felt at all levels of the system, affecting, particularly, the sources of public, individual and philanthropic funding for social change.

---

*Passion & Purpose Revisited: Massachusetts Nonprofits and the Last Decade's Financial Roller Coaster* provides the most recent update on the Massachusetts nonprofit sector and focuses on a careful examination of how the sector fared in this recent economic crisis. What impact did it have on small and large organizations? What types of organizations survived and what types were further weakened? Were some parts of the state hit harder than others? A dialogue about the findings of this report will, we hope, generate strategies that will help to determine how best to position the sector to serve the Commonwealth in an environment of declining resources and an era of change.



## EXECUTIVE SUMMARY

# The 2003–2010 Financial Roller Coaster: How Did Massachusetts Nonprofits Fare?

*The State of Nonprofit America is "...a story of resilience, of a set of institutions and traditions facing enormous challenges and also important opportunities, but that find ways to respond to both, often with creativity and resolve."*

—Lester M. Salamon, *The Resilient Sector: The State of Nonprofit America*, Brookings Institution Press, 2003

The Massachusetts nonprofit sector held true to Lester Salamon's observation during the recent economic crisis—it has been resilient, creative and committed.

The sector continues to deliver on its value propositions of fostering grassroots civic engagement, providing a safety net and contributing as an economic engine for the Commonwealth, with 34,366 registered nonprofit organizations in December 2011. Collectively, these institutions generated \$234 billion in revenues and held \$233 million in total assets. Public charities, a key focus of this study, represented 69% of the organizations producing \$181.2 billion in revenues and holding \$193.3 billion in total assets. Massachusetts continues to rely on its nonprofit sector as a significant source of employment. In 2010, Massachusetts nonprofits represented 16.7% of private employment with 455,900 workers as compared to an estimated nonprofit workforce of 447,642 in 2006<sup>1</sup>.

From a financial health perspective, the sector started with a weak beginning in 2003, and then saw a strengthening of its financial position during the economic upswing between 2003 and 2007. By the top of the economic cycle in 2007, many nonprofits had used the windfall of resources to expand program services. Those that built up cash reserves or reduced debt were able to weather the coming storm better, but largely a combination of increased demand for services and decreased revenue resulted in a 'back to square one' scenario for a number of nonprofits, with 42% reporting breakeven budgets or losses in 2010 as they had done in 2003.

## From Boom to Bust: 2003–2010

The years 2003 through 2007 were boom years for much of America. Massachusetts, like other states, boosted by the euphoria of the good economic times, was seeing record progress. Job creation was up and unemployment down, tax revenues were growing, commercial vacancy rates were down and the housing market was booming<sup>2</sup>. Conversations in all sectors ranged from how Massachusetts could capture this boom and the region's innovation capacity and emerge as a world leader—to how benefits of the boom could be shared to further boost the economy and reduce the high cost of living burden on Massachusetts residents. Decisions made in the 1990s technology boom era had reduced the state's tax base, including a reduction in the state's income tax rate, increased personal exemptions, a reduction in the tax rate on dividends and interest income and tax breaks to businesses—together totaling an annual decrease in revenues of more than \$2.5 billion<sup>3</sup>. It was not anticipated that these reductions would result in fiscal instability in

### Principal Sources of Data

There is no single source of current data on nonprofits. This study therefore uses a combination of data from the Internal Revenue Service (IRS), the Urban Institute's National Center for Charitable Statistics, the American Community Survey of the U.S. Census and the Massachusetts Department of Unemployment Assistance.

bad economic times and deep cuts in local aid and funding for education, human services, public health and other state services.

And then came the double-headed crisis. The years 2008 and 2009 were difficult ones for communities across America. The housing market crash was followed by a hard hitting economic crisis. As a result, needs in communities grew many-fold. Exacerbated by the devastating impacts of joblessness and cutbacks in government funding, communities across America saw increased demand for basic needs—including food, fuel, shelter and health care.

The already strained nonprofit sector suffered major setbacks in funding, resulting in a decrease in revenues from program services, donations and events as well as fundraisers. Survey data indicates that this period was also marked by a substantial increase in demand for services. And while the nonprofit sector's initial response was to hunker down and tighten its belt, it went on to respond, as predicted by Salamon<sup>4</sup>, with an amazing amount of "creativity and resolve."

## Public Sector Impacts

A 2011 analysis conducted by the Massachusetts Budget and Policy Center<sup>5</sup> points out that Fiscal Year 2012 marked the fourth consecutive year affected by the worst national recession since the Great Depression. Unemployment in Massachusetts rose from 4.5% in 2007 (among the lowest in the U.S.) to 9.1% in 2010<sup>6</sup>, and while Massachusetts has done better than other states, the economic recovery continues to be slow, despite a January 2011 unemployment rate of 7.8%<sup>7</sup>. Job losses during the height of the recession were accompanied by a hefty loss in tax revenues—\$20,879 billion in FY 2008 down to \$18,259 billion in FY 2009<sup>8</sup>. During this tough period the federal American Recovery & Reinvestment Act (ARRA) funds<sup>9</sup> played a critical role in protecting essential services, while boosting investments in research and development, education, transportation, infrastructure improvements and affordable housing.

Between February of 2009 and December of 2011 ARRA funds contributed \$5,348 billion in critical resources and created 6,088 jobs in Massachusetts. The loss of these funds in a modestly recovering economy and an environment of declining federal resources raise critical concerns today. And while tax revenues are recovering somewhat, increased job losses have resulted in larger

shares of public funds being diverted to basic safety net, health care and unemployment reimbursements. In 2011, the state still faced a budget gap of about \$1.8 billion, which was filled in large part with cutbacks in services and government programs.

A combination of the budget gap and the increasing cost of health care threatens to pull the safety net from under the most vulnerable people in Massachusetts and limit the state's ability to compete in the global marketplace. The Boston Foundation's 2012 Boston Indicators report, *City of Ideas: Reinventing Boston's Innovation Economy*, highlights this growing concern, pointing to the fact that "In Massachusetts from FY01-FY11, state funding for health care (Medicaid, Medicare, employee health benefits) increased by 75% at the expense of K-12 Education, Public Safety, Public Health, Public Higher Education and Environment & Recreation. To balance the FY12 state budget, Universal Pre-Kindergarten was cut by 38%, Adult Basic Education by 7% and Workforce Training by 15%." These imbalances and funding cuts have a direct and profound impact on the nonprofit sector—reducing revenue and increasing demand for services.

## Philanthropy's Response to the Economic Crisis

As government struggled to meet and maximize essential services during the toughest period of the economic crisis, philanthropic organizations stepped in to dedicate resources toward meeting basic needs of residents. And while philanthropic resources themselves took a dive

### Form 990 Filing Public Charities as the Empirical Focus of the Study

The report's quantitative analysis is focused on the subset of federally registered public charities that filed an annual Form 990 or Form 990EZ return with the IRS in 2003, 2007 and 2010. With the exception of churches, public charities that receive \$25,000 in revenues are required to file either a Form 990 or a Form 990EZ annually. Some charities that are exempt from this filing requirement file voluntary returns and are included in this analysis.

in the 2008 economic meltdown, foundations increased their payouts, reduced operating expenses and sharpened their thinking to prioritize support for grantees.

According to a September 2010 national survey conducted by the Foundation Center, a leading source of data and information about philanthropy, “More than 41% of foundations responding indicated that they had made grants, program-related investments (PRIs), and/or provided other types of support specifically to address problems related to the economic crisis since it began in the fall of 2008. While the vast majority of these funders indicated that they had provided safety net support, the range of activities included funding for job training, bridge financing, business development, and support for strategic partnerships and mergers among nonprofits”.<sup>10</sup> In 2010, Housing and Shelter, particularly foreclosure prevention, saw the largest increase in funding and Emergency Assistance, which included Food Assistance, received the second largest share of dollars. However, the slow economic recovery has continued to strain family budgets, resulting in a near doubling of resources devoted to Emergency Assistance/Food Assistance and a decrease in funding in areas such as the Arts and Education.

In Massachusetts, a consortium of 21 philanthropic organizations directed almost \$3.7 million between December 2011 and March 2012 to address the basic needs of residents throughout the Commonwealth<sup>11</sup>. The program, in its third year, has allocated resources to 100 organizations that directly address the food, fuel and shelter needs of Massachusetts residents in difficult economic times.

## A Display of Resilience by the Nonprofit Sector

A series of annual surveys conducted nationally by the Nonprofit Finance Fund<sup>12</sup> indicate a healthy display of resilience among nonprofits nationally. During these tough times nonprofits have served more clients, even while their funding dropped and they had to lay off staff. In general, nonprofits saw an increased use of volunteers, more deeply engaged boards that were focused tightly on mission, reduced expenses and more partnerships and collaborations. In short, these organizations did whatever it took to stay the course and persist in their mission. Between 2008 and 2011,

surveyed nonprofits saw a steady increase in services, from 71% in 2009 to a projected 88% in 2012. A full 50% of the surveyed organizations did not think they could meet demand in 2012. This is particularly true for nonprofits that rely on government revenues, which, as highlighted in the 2008 *Passion & Purpose* report, were not covering the full cost of services among Massachusetts nonprofits—a trend that bears out nationally as well. Organizational capacity decisions made and predicted by survey respondents show a greater mindfulness about financial condition, a propensity to develop partnerships and collaborations, continued leveraging of volunteers, deepening engagement of board members and a relentless commitment to continue meeting demand.

But is this course sustainable? Do the facts support these perceptions of how nonprofits are performing financially? This study explores the effects of the strong economic growth from the 2003-2007 period and whether nonprofits garnered sufficient resources during the upswing to sustain them through the economic downturn that started in 2008. It provides an understanding of the financial impact of the economic crisis on the Massachusetts Nonprofit Sector.

## Can Massachusetts Nonprofits Escape the Current Services Trap?

The financial health of the Massachusetts nonprofit sector has been a persistent concern. The 2008 study, *Passion & Purpose: Raising the Fiscal Fitness Bar for Massachusetts Nonprofits*, documented the weak financial condition of most of the Commonwealth’s nonprofits through the late 1990s up to 2003.

The sector entered 2003 in a weak financial condition arising largely from demand for program services that exceeded revenue growth. The report found that public charities experienced a median real revenue growth rate of 1.3% with an unsustainable real expense growth of 2.1%. The report analyzed the sector’s financial health by examining organizational *profitability* (surplus margin), *liquidity* (cash on hand and inverse current ratio) and *sustainability* (leverage/ability to borrow) by budget size, industry sector and geography.

In 2003, the median public charity reported a surplus margin of 2.1%. This margin represents the difference between total revenues and total expenses for the year. In order to sustain ongoing operations and weather an economic downturn, it is generally recommended that nonprofits earn a surplus margin in the 2%-5% range. This surplus margin varies considerably by industry sector and, most significantly, by budget size. The earlier study presented three distinct value propositions based largely on annual revenues: (1) Grassroots organizations (\$250K and less); (2) Safety Net organizations (\$20K to \$50M); and (3) Economic Engine organizations (\$50M and above). In 2003, Grassroots groups reported a higher 3.3% median surplus margin. The larger Safety Net and Economic Engine nonprofits faced lower median surplus margins of around 1.5%. Within these

more sizeable nonprofits, Arts and Educational nonprofits reported wider surplus margins nearing 3%, with Health Care experiencing margins more similar to the Social Services segment of the sector.

**Table 1** shows how the nonprofit sector fared in 2003 with respect to the financial ratios of *profitability*, *liquidity* and *sustainability*. As noted in the table, in 2003 organizations operating in the Social Services segment generated a median surplus margin of 1.8%, while the surplus margin for the Other Societal Benefit segment was stronger at 2.4%. This weaker margin among Social Sector nonprofits is attributable, in particular, to the Housing sector with just a 0.8% median margin, and the Community Capacity and Human Services sectors which also reported narrow margins.

TABLE 1  
**Financial Ratios for the Massachusetts Nonprofit Sector in 2003**  
ALL DATA BELOW ARE MEDIANS (UNLESS OTHERWISE INDICATED)

Median Financial Ratios in 2003				
	Surplus Margin	Days Cash on Hand	Inverse Current Ratio	Leverage
Community Capacity	1.3%	58.7	0.09	0.09
Housing & Shelter	0.8%	61.6	0.24	0.62
Human Services	1.4%	44.3	0.20	0.22
Youth, Sports & Recreation	3.3%	54.6	0.00	0.00
<b>Social Services</b>	<b>1.8%</b>	<b>51.4</b>	<b>0.10</b>	<b>0.11</b>
Arts	2.6%	53.8	0.02	0.02
Education	2.9%	67.9	0.05	0.04
Environment	7.8%	74.0	0.01	0.02
Health Care & Medical	1.2%	40.5	0.25	0.24
Philanthropy	1.7%	91.9	0.00	0.00
Other Nonprofits	1.3%	58.7	0.03	0.02
<b>Other Societal Benefit</b>	<b>2.4%</b>	<b>58.1</b>	<b>0.06</b>	<b>0.04</b>
<b>Grassroots (&lt;\$250K)</b>	<b>3.1%</b>	<b>45.5</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1.6%</b>	<b>61.8</b>	<b>0.27</b>	<b>0.26</b>
\$250K-\$1M	1.4%	89.7	0.16	0.16
\$1M-\$5M	2.0%	58.3	0.28	0.27
\$5M-\$10M	2.0%	33.2	0.41	0.40
\$10-\$50M	1.3%	30.0	0.47	0.45
<b>Economic Engines (&gt;\$50M)</b>	<b>1.4%</b>	<b>19.2</b>	<b>0.66</b>	<b>0.51</b>
<b>TOTAL</b>	<b>2.1%</b>	<b>55.3</b>	<b>0.03</b>	<b>0.07</b>

Source: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)



## Measures of Nonprofit Financial Health

This report evaluates three key aspects of nonprofit financial health:

- **Liquidity:** Whether an organization has sufficient cash resources to deliver its services and pay its obligations on a timely basis;
- **Profitability:** Whether an organization earned new economic revenues that are sufficient to cover current expenses and allow for appropriate growth and a margin for error;
- **Sustainability:** Whether an organization has enough of its own resources to continue operations into the future.

Industry best practices recommend that nonprofits maintain cash reserves equal to two to three months of operation. In 2003, most nonprofits did not reach this level. The overall median cash on hand stood at 55 days, with the Social Services segment reporting 51 days and the Other Societal Benefit organizations 58 days. Once again, size was a significant factor with smaller organizations holding most of their assets in the form of cash. Grassroots and smaller Safety Net public charities with \$5 million or less in revenue held between two and three months of cash, while the larger Safety Net groups strived for one month of reserves. The Economic Engine nonprofits displayed sharply lower cash reserves of between two and three weeks. This may be due to more fully deploying their cash in operations or investing spare funds in securities and their ability to access lines of credit.

As indicated in the earlier report, the nonprofit sector has limited access to credit and debt. In 2003, the median Grassroots nonprofits reported no liabilities, so their leverage and inverse current ratios (current assets divided by current liabilities) were zero. As organizations grow in size, they are better able to access credit, so both of these ratios rise. The Economic Engines often rely on substantial long-term debt, so may report leverage of 0.5 or higher, indicating that more than half of assets are funded by liabilities. As the number of Grassroots organizations far surpass all other sizes, the median for both the inverse current ratios and leverage are generally low in most industry sectors. Only Hous-

ing and Health Care achieve any significant levels of leverage. Both rely heavily on debt to fund their extensive fixed assets. From a current operating perspective, the Housing, Human Services and Health Care sectors obtain short-term credit from vendors and banks to support their operations while they await payment from the government, third parties and clients.

## The Economic Expansion Raises Revenues (2003-2007)

**Table 2** identifies the funding mix of different types of organizations in 2003 and shows how revenues were distributed across *contributions*, *program service* and *other revenue* categories between 2003 and 2007.

Overall, the Massachusetts nonprofit sector grew from a revenue perspective at a median real compounded annual growth rate (CAGR) of 2.6% from 2003 to 2007. This rate exceeded the 1.3% exhibited in the 20 plus years leading up to 2003. The growth in revenues, however, was unevenly distributed by size of organization. Small Grassroots organizations (with under \$250K in revenues) experienced a median increase of 2.1% per year, while the Economic Engines (with more than \$50M in revenues) posted a 7.8% annual gain. The Safety Net organizations reported median increases ranging from 2.2% for the smaller agencies to 4.3% for those with revenues of \$10-\$50 million. While the organizations experienced broad-based improvement in real revenues, the sector did not equally share in the gains.

One reason for the disparate results was that some revenue sources expanded more rapidly than others. Overall, contribution revenue increased at a low real rate of 1.2% a year, while program service revenue expanded at a more rapid pace of 2.8%. Other revenue sources (including investment returns, net rental income, net special events revenue and income from the sale of merchandise and property), displayed the fastest rate of expansion at a 9.7% real annual rate. These rates will have varying impact on the nonprofit sector as large Safety Net nonprofits and Economic Engines relied on program service revenue for nearly 70% of their revenue while smaller organizations rely on it for under half of their funding. It is not unexpected then that larger organizations would benefit from the more rapid gains in program service revenue.

TABLE 2  
**Revenue Patterns, 2003-2007**

ALL DATA BELOW ARE MEDIANS (UNLESS OTHERWISE INDICATED)

	Real Compounded Annual Growth Rate in Revenues, 2003-2007				Funding Mix 2003		
	Total Revenue	Contribution Revenue	Program Service Revenue	Other Revenue	Contribution Revenue	Program Service Revenue	Other Revenue
Community Capacity	2.2%	0.7%	2.7%	7.5%	51.5%	37.8%	10.7%
Housing & Shelter	1.0%	-3.9%	1.4%	12.1%	27.0%	66.3%	6.7%
Human Services	2.3%	1.1%	2.6%	12.3%	29.6%	65.9%	4.5%
Youth, Sports & Recreation	2.1%	0.0%	3.5%	1.8%	27.8%	58.7%	13.3%
<b>Social Services</b>	<b>2.1%</b>	<b>0.2%</b>	<b>2.5%</b>	<b>7.9%</b>	<b>33.2%</b>	<b>60.0%</b>	<b>6.8%</b>
Arts	3.0%	3.8%	0.9%	8.2%	49.1%	28.9%	21.9%
Education	2.9%	0.8%	3.5%	8.2%	38.5%	48.6%	12.9%
Environment	5.7%	5.6%	4.2%	8.9%	55.2%	34.0%	10.9%
Health Care & Medical	3.9%	1.5%	3.5%	18.3%	11.2%	84.9%	4.0%
Philanthropy	3.0%	-1.8%	15.4%	27.7%	96.0%	2.0%	2.3%
Other Nonprofits	5.2%	2.4%	6.2%	9.9%	56.7%	39.0%	4.4%
<b>Other Societal Benefit</b>	<b>3.5%</b>	<b>1.9%</b>	<b>3.2%</b>	<b>11.2%</b>	<b>25.1%</b>	<b>67.2%</b>	<b>7.7%</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2.1%</b>	<b>2.3%</b>	<b>1.1%</b>	<b>4.7%</b>	<b>38.4%</b>	<b>45.9%</b>	<b>15.9%</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>2.9%</b>	<b>2.8%</b>	<b>1.1%</b>	<b>16.3%</b>	<b>31.6%</b>	<b>62.1%</b>	<b>6.3%</b>
\$250K-\$1M	2.6%	11.1%	2.5%	1.3%	39.7%	48.6%	11.6%
\$1M-\$5M	2.2%	16.8%	1.9%	0.0%	39.4%	51.3%	9.2%
\$5M-\$10M	3.7%	25.6%	3.7%	0.9%	32.4%	60.4%	7.2%
\$10-\$50M	4.3%	26.4%	3.7%	2.3%	28.2%	67.4%	4.6%
<b>Economic Engines (&gt;\$50M)</b>	<b>7.8%</b>	<b>32.0%</b>	<b>5.2%</b>	<b>7.4%</b>	<b>23.8%</b>	<b>68.2%</b>	<b>7.9%</b>
<b>TOTAL MA</b>	<b>2.8%</b>	<b>1.2%</b>	<b>2.8%</b>	<b>9.7%</b>	<b>26.0%</b>	<b>66.5%</b>	<b>7.6%</b>

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007); The Urban Institute, NCCS Core Supplement (Public Charities, 2007)

The primary reason that the Economic Engine organizations expanded so much faster than their Grassroots counterparts, however, is that donors increased their giving to large organizations during the economic upswing at real annual rates of 25% to 32% versus a pace of about 2.5% for Grassroots and small Safety Net groups. This uneven giving pattern was highlighted by several multi-million dollar grants given to universities and hospitals throughout the state. In addition, program service revenue expanded at these Economic Engines at double or triple the pace of the smallest nonprofits.

A deeper look at organizations reveals that the more significant benefits of revenue growth accrued to organizations by industry sector versus budget size. The

Social Services sector, which includes Community Capacity, Human Services, Housing and Youth Development, posted real annual growth of 2.1% as compared to the 3.5% expansion for the Other Societal Benefit sectors. Contributions remained relatively flat in the Social Services segment with real growth of just 0.2% per annum, while the Other Societal Benefits segment expanded at a faster 1.9% clip. Funders also shifted their giving preferences. Housing and Shelter agencies experienced a 3.9% real annual decline in donations, and Philanthropies also received fewer donations. In contrast, Environmental and Arts nonprofits benefited from more generous giving at the real rates of 5.6% and 3.8% per annum, respectively.

The program service revenue increased at a more even pace across the industry sectors although the Social Services segment posted a slower 2.5% annual climb as compared to 3.2% for the Other Societal Benefits segment. Philanthropies reported a real rate of expansion in program service revenue of 15.4%. Since this funding source represents only 2% of revenues, the impact on overall revenues was modest.

The other revenue category combines investment returns, net rental income, net special events revenue, and income from the sale of merchandise and property. In 2003, it represented just 7.6% of median revenues. This category generated the highest rates of real annual growth at 9.7% in the 2003-2007 period. The 4.7% and 16.3% annual gains exhibited by smaller nonprofits were based heavily on successful fundraising events. These events were the main factor associated with the 13.3% growth in other revenue at Youth and Sports nonprofits. Healthy investment returns boosted the other revenue growth at Economic Engines, such as the hospitals and Philanthropies.

## How Nonprofits Utilized These New Resources

The decision about how best to use new revenues is often tied to the magnitude and source of that revenue as well as demand for services, the nonprofit's financial health and pressing space and infrastructure needs. Dramatic growth in investment income may not translate fully into expanded services and growth in other expenses as nonprofits often recognize the volatility in these revenues and instead follow a spending policy that limits spending to either a fixed percentage or to an average of recent investment returns. The subsequent sections will explore how these increased revenues were deployed, specifically as: more current services, support services (investment in systems and staff infrastructure), expanded operating reserves, debt reduction endowment growth and/or capital expenditures.

## Expanding Current Program or Support Services

One decision facing nonprofits is whether to spend additional resources on current services or save the resources for the future. The earlier report, described the "Current Services Trap" in which nonprofits feel pressured to meet current service demand and devote as many resources as possible to program services today. During an economic expansion, nonprofits could likely feel less pressure to expand current services and so could devote a larger portion to support services (fundraising or administration) or retain resources for other purposes. As the data will show, the drive to expand program services did not subside during the economic expansion in the early 2000s.

The 2003-2007 economic expansion permitted nonprofits to increase total revenues at a real compounded annual growth rate of 2.8% as compared to 1.3% in the past 24 years. The current services trap would suggest that program expenses would similarly increase. As seen in Table 2, the median growth rate in program expenses of 3.1% not only matched but exceeded the growth in total revenues. Total real expense growth, however, stayed constant at the 2.1% rate seen throughout the decade of the '90s and '00s. So the majority of Massachusetts public charities used their supplemental revenues to expand program services and limited expenditures on support services.

### Value Propositions

This report relies on three primary categories that reflect both budget size and value propositions:

- **Grassroots** (\$250,000 or less in total revenue): Creation of civil society through grassroots action and volunteerism;
- **Safety Net** (\$250,000 to \$50 million in total revenue): Provision of societal benefit and a 'safety net' through the delivery of services and quality of life contributions; and
- **Economic Engine** (over \$50 million in total revenue): Large-scale services and contributions to the state's economic health and competitiveness.

## Massachusetts Public Charities Industry Classifications

Public charities operate with a specific core mission or program area, and the nature of each nonprofit's operations will vary in relation to that mission. To better understand the relationship between mission and the varying business models within which different nonprofits operate, the Boston Foundation consulted with practitioners and experts in the area of nonprofit finance to segment the sector and better reflect the relationship between business conditions and mission. Building on the 26 National Taxonomy of Nonprofit Entities (NTEE) categories developed by the National Center for Charitable Statistics, the nonprofits were regrouped into two major segments: Social Services and other Societal Benefit as seen in Chapter 1, Figure 1.4. The Social Services Segment is composed of four industry sub-sectors: Community Capacity, Housing and Shelter, Human Services and Youth Development. The Non-Social Segment includes Arts, Education, Environment, Health, Philanthropies, and Other Nonprofits.

In the Social Services segment, the Community Capacity and Housing sectors kept close control over total expenses, holding the annual growth to under 1%. They, however, adopted different strategies: Community Capacity agencies expanded service revenue by 1.4% annually while reducing support service costs, to create a combined expense growth rate of 0.3%. In contrast, the Housing sector resisted growth in either program or support service categories to achieve a blended expense growth rate of 0.8%. The other two Social Service sectors responded to their revenue gains by growing program services. The Human Services sector, whose costs are often highly controlled by government contracts, expanded their program services in pace with the revenue increases but controlled administrative and fundraising costs. The Youth sector was unique in its response to the economic upswing. Its real revenues grew at 2.1%, but total expenses swelled by 2.9% per year. This cost growth was driven by a 4.4% surge in program expenses.

Within the Other Societal Benefits segment, the response to revenue growth was quite similar. These public chari-

ties used the uptick in revenues to expand program expenses, often at a faster rate than total revenues. While program expenses were significantly expanded, these nonprofits constrained the growth in support services. As a result, the total revenue growth outpaced total expense growth in the Other Societal Benefits segment by 1.1% a year.

The effects of revenue and expense growth can be assessed according to several different metrics. The revenue-expense differential gives a sense of the relative growth of these two important components of income. As can be seen in **Table 3**, the differential between revenue and expenses varies considerably based on size. The Economic Engine nonprofits were able to operate with a 2.3% differential in the revenue-expense growth rates. This spread allowed the percentage of organizations reporting breakeven or deficit operations to drop from 38.5% in 2003 to just 14.4% in 2007. Some 58% of the Economic Engines reported surpluses in both 2003 and 2007. As a result, the median increase in operating income over the period was a robust 31.2%.

The Safety Net and Grassroots organizations experienced one of several patterns. A high percentage of agencies maintained or expanded their surplus in the 2003-2007 period. About a quarter of organizations reported losses in 2003 and again in 2007. Many of the remaining agencies operated with breakeven or operating losses in 2003 and maintained tight controls on costs during the upturn. For the Safety Net agencies, the number of organizations able to lift themselves out of deficits was significant, resulting in net income growth of 8.1% on median. For the Grassroots groups, the number of agencies turning profitable only marginally outweighed those converting from money making to losing. As a result, the Grassroots groups continued to report as many losses at the top of the economic cycle as they had at the start.

## Building Operating Funds and/or Debt Repayment

As seen in the above section, the Massachusetts nonprofit sector benefited from oversized revenue growth during the economic expansion. Much of that growth was directed to greater program services and little went to expanding support services. Significantly more nonprofits were able to report surpluses during



TABLE 3  
**Operating Performance, 2003-2007**

ALL DATA BELOW ARE MEDIAN (UNLESS OTHERWISE INDICATED)

	Total Real Revenue CAGR*	Total Real Expense CAGR	Total Real Program Expense Growth	Differential in Revenue and Expense CAGR	% Firms Reporting Losses or Breakeven Operations		Total Real Net Income Growth
					2003	2007	
Community Capacity	2.2%	0.3%	1.4%	1.8%	44.8%	36.3%	5.7%
Housing & Shelter	1.0%	0.8%	0.6%	0.2%	47.8%	54.6%	-2.6%
Human Services	2.3%	1.9%	2.3%	0.4%	41.6%	33.2%	2.2%
Youth, Sports & Recreation	2.1%	2.9%	4.4%	-0.8%	38.6%	37.2%	4.4%
<b>Social Services</b>	<b>2.1%</b>	<b>1.6%</b>	<b>2.3%</b>	<b>0.4%</b>	<b>42.4%</b>	<b>38.3%</b>	<b>2.2%</b>
Arts	3.0%	1.4%	2.9%	1.7%	44.1%	37.6%	1.9%
Education	2.9%	2.3%	3.7%	0.6%	40.8%	32.3%	3.0%
Environment	5.7%	3.6%	7.5%	2.1%	34.4%	31.0%	5.2%
Health Care & Medical	3.9%	3.2%	3.7%	0.7%	44.6%	35.2%	7.0%
Philanthropy	3.0%	2.0%	5.6%	0.9%	45.5%	33.3%	7.7%
Other Nonprofits	5.2%	1.5%	3.9%	3.7%	45.8%	34.6%	-3.2%
<b>Other Societal Benefit</b>	<b>3.5%</b>	<b>2.3%</b>	<b>3.8%</b>	<b>1.1%</b>	<b>42.7%</b>	<b>34.3%</b>	<b>4.1%</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2.1%</b>	<b>-0.4%</b>	<b>1.4%</b>	<b>2.5%</b>	<b>41.8%</b>	<b>40.0%</b>	<b>-4.2%</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>2.9%</b>	<b>3.2%</b>	<b>3.5%</b>	<b>-0.3%</b>	<b>42.0%</b>	<b>30.9%</b>	<b>8.1%</b>
\$250K-\$1M	2.6%	2.6%	2.9%	0.1%	45.8%	35.9%	4.2%
\$1M-\$5M	2.2%	2.9%	3.1%	-0.7%	40.7%	28.9%	7.5%
\$5M-\$10M	3.7%	3.9%	3.9%	-0.2%	39.5%	24.8%	17.0%
\$10-\$50M	4.3%	4.5%	4.9%	-0.2%	33.8%	20.3%	18.0%
<b>Economic Engines (&gt;\$50M)</b>	<b>7.8%</b>	<b>5.4%</b>	<b>5.7%</b>	<b>2.3%</b>	<b>38.5%</b>	<b>14.4%</b>	<b>31.2%</b>
<b>TOTAL MA</b>	<b>2.8%</b>	<b>2.1%</b>	<b>3.1%</b>	<b>0.7%</b>	<b>42.6%</b>	<b>35.8%</b>	<b>3.4%</b>

\* Compounded Annual Growth Rate

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007); The Urban Institute, NCCS Core Supplement (Public Charities, 2007)

this period. For these firms, there are several options for the use of the surpluses. One strategy is to use the spare funds to increase operating funds. This can be reflected by an increase in cash or other current assets. Another strategy may be to pay down supplier credit, bank and bond debt, or to reduce other obligations.

The Massachusetts nonprofit sector experienced a 4.3% real annual rate of growth in total assets, with the Economic Engine organizations experiencing a 9.0% annual increase and Grassroots groups posting a more modest 2.4% change (Table 4). The median increase for the Social Services segment of 4.0% fell just short of the 4.4% annual increase posted by the Other Societal Benefits segment. Modest changes were seen by Arts groups

(2.0%), Philanthropies (2.7%) and Community Capacity nonprofits (2.9%).

The most extensive asset growth occurred in cash. Across the sector, cash mounted at a real annual rate of 5.4%. In every industry sector, other than Philanthropy, this asset displayed the most rapid growth. This trend suggests that numerous organizations were using their unspent surpluses to build their rainy day cash reserves.

Another way to improve liquidity is to reduce outstanding short-term obligations, such as paying off unpaid bills. This measure would be manifest as a decrease in current and long-term liabilities as opposed to an increase in cash. Both the change in cash and the

TABLE 4  
**Management of Operating Funds and Debt, 2003-2007**  
 ALL DATA BELOW ARE MEDIAN (UNLESS OTHERWISE INDICATED)

	Real Compounded Annual Growth Rate (CAGR), 2003-2007				
	Total Assets	Cash	Net Working Capital	Long Term Debt	Total Liabilities
Community Capacity	2.9%	5.7%	9.8%	-5.7%	4.8%
Housing & Shelter	4.9%	4.0%	4.2%	-4.3%	-3.9%
Human Services	4.2%	4.4%	9.4%	-3.9%	1.0%
Youth, Sports & Recreation	4.0%	7.4%	7.0%	-4.0%	8.4%
<b>Social Services</b>	<b>4.0%</b>	<b>5.3%</b>	<b>8.0%</b>	<b>-3.9%</b>	<b>1.2%</b>
Arts	2.0%	4.1%	3.6%	-3.9%	2.6%
Education	4.7%	5.9%	12.5%	-0.2%	3.4%
Environment	7.9%	9.5%	19.1%	-7.5%	6.1%
Health Care & Medical	5.4%	4.7%	14.4%	-5.5%	1.6%
Philanthropy	2.7%	4.3%	24.6%	-9.3%	4.3%
Other Nonprofits	5.6%	9.3%	15.9%	-3.8%	-0.7%
<b>Other Societal Benefit</b>	<b>4.4%</b>	<b>5.4%</b>	<b>12.0%</b>	<b>-3.9%</b>	<b>2.5%</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2.4%</b>	<b>3.9%</b>	<b>4.2%</b>	<b>-5.3%</b>	<b>-2.6%</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>5.3%</b>	<b>6.1%</b>	<b>14.3%</b>	<b>-3.9%</b>	<b>3.0%</b>
\$250K-\$1M	4.6%	5.9%	11.6%	-4.7%	1.9%
\$1M-\$5M	5.1%	5.8%	13.2%	-4.7%	3.3%
\$5M-\$10M	6.2%	8.3%	17.7%	-2.0%	4.2%
\$10-\$50M	6.7%	6.4%	24.8%	-0.1%	4.5%
<b>Economic Engines (&gt;\$50M)</b>	<b>9.0%</b>	<b>7.4%</b>	<b>36.9%</b>	<b>-0.2%</b>	<b>2.9%</b>
<b>TOTAL MA</b>	<b>4.3%</b>	<b>5.4%</b>	<b>10.1%</b>	<b>-3.9%</b>	<b>1.8%</b>

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007); The Urban Institute, NCCS Core Supplement (Public Charities, 2007)

decrease in accounts payable will result in an improvement in net working capital. (Net working capital is defined as current assets less current liabilities). As Table 4 indicates, net working capital expanded in all industry sectors and value propositions.

Reducing long-term debt is another method of strengthening an organization's finances. Few nonprofits seek out opportunities to prepay debt; however, they will pay off debt as it matures and resist taking on new debt or refinance debt under more favorable terms. The long-term debt significantly contracted over the 2003-2007 period, falling in real terms by 3.9% per year. This decline appears to reflect both explicit measures to reduce debt but also the effects of inflation on the real

debt balance. Both the Social Sector and Other Societal Benefit segments reduced debt at the same pace. Grassroots organizations, which constantly struggle with access to credit, exhibited the most rapid decline in the value of their debt, while the largest nonprofits kept long-term debt essentially unchanged in real terms.

In sum, the nonprofit sector entered the economic recession having used its revenue gains to expand program services moderately, improve liquidity and reduce long-term debt. Financial investments expanded, largely due to stock market gains. Most nonprofits did not see the revenue as permanent, and so kept capital expenditures minimal and reduced fundraising expenditures.

TABLE 5  
**Investments in Cash, Endowments and Fixed Assets**  
 ALL DATA BELOW ARE MEDIAN (UNLESS OTHERWISE INDICATED)

	Real CAGR* in Total and Net Assets, 2003-2007			Asset Mix 2003		
	Total Assets	Investments**	Fixed Assets	Cash	Investments	Fixed Assets
Community Capacity	2.9%	2.7%	-4.3%	19.3%	15.7%	26.7%
Housing & Shelter	4.9%	1.4%	-6.7%	7.7%	3.2%	52.8%
Human Services	4.2%	2.6%	-2.6%	15.0%	17.9%	42.2%
Youth, Sports & Recreation	4.0%	3.5%	-1.0%	19.3%	24.0%	34.2%
<b>Social Services</b>	<b>4.0%</b>	<b>2.5%</b>	<b>-4.0%</b>	<b>13.8%</b>	<b>13.6%</b>	<b>42.1%</b>
Arts	2.0%	0.9%	-4.2%	6.5%	37.0%	24.3%
Education	4.7%	3.5%	-0.7%	2.0%	70.6%	12.5%
Environment	7.9%	4.2%	1.5%	7.7%	29.6%	39.6%
Health Care & Medical	5.4%	3.5%	-3.1%	7.8%	30.3%	27.7%
Philanthropy	2.7%	15.4%	-7.2%	6.5%	82.7%	1.3%
Other Nonprofits	5.6%	6.2%	-2.7%	12.6%	43.5%	8.8%
<b>Other Societal Benefit</b>	<b>4.4%</b>	<b>3.2%</b>	<b>-2.5%</b>	<b>3.5%</b>	<b>62.1%</b>	<b>15.5%</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2.4%</b>	<b>1.1%</b>	<b>-6.0%</b>	<b>16.4%</b>	<b>28.3%</b>	<b>25.1%</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>5.3%</b>	<b>1.1%</b>	<b>-2.7%</b>	<b>10.7%</b>	<b>33.8%</b>	<b>29.8%</b>
\$250K-\$1M	4.6%	2.5%	-4.7%	2.3%	66.0%	13.8%
\$1M-\$5M	5.1%	1.9%	-2.9%	17.3%	25.6%	32.2%
\$5M-\$10M	6.2%	3.7%	-1.7%	12.3%	26.8%	29.2%
\$10-\$50M	6.7%	3.7%	2.4%	10.8%	33.5%	25.9%
<b>Economic Engines (&gt;\$50M)</b>	<b>9.0%</b>	<b>5.2%</b>	<b>5.8%</b>	<b>8.7%</b>	<b>38.3%</b>	<b>30.8%</b>
<b>TOTAL MA</b>	<b>4.3%</b>	<b>2.8%</b>	<b>-3.3%</b>	<b>2.3%</b>	<b>66.0%</b>	<b>13.8%</b>

\* Compounded Annual Growth Rate

\*\* Due to the high percentage of nonprofits that report no investments, the median investment growth rate is computed only for nonprofits with investments.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007); The Urban Institute, NCCS Core Supplement (Public Charities, 2007)

## Increasing the Endowment and New Capital Expenditures

An alternative course of action is to invest funds in an endowment or quasi-endowment or purchase fixed assets. **Table 5** examines the investments made during the economic expansion of 2003-2007.

About 54% of Massachusetts nonprofits reported investment holdings in 2003. In the Educational and Philanthropic sectors, investments constitute 71% and 83%, respectively, of total assets. A high percentage of these charities report having either permanently and/or temporarily restricted net assets. The growth in investments in larger organizations could, therefore, be attrib-

utable to investing excess cash holdings for future use or restricted program or endowment gifts from external donors. Due to some data limitations, determining the exact nature of the investments is challenging. Overall, the cash and investment patterns suggest that excess revenues from the economic upturn were not actively used to fund long-term financial investments.

Given the building boom in Eastern Massachusetts, including on college and hospital campuses, one conclusion is that the sectors were able to expand and revitalize their fixed asset base during the upswing. Table 5 certainly suggests that the largest Economic Engines engaged in some extensive capital projects. Unfortunately, the rest of the sector experienced net disin-

vestment in fixed assets over the period. The median nonprofit experienced a 3.3% real decline in net fixed assets. This pattern suggests that annual depreciation expense is exceeding new capital expenditures. This trend is alarming given that it occurred during a strong economic upturn when the sector was receiving an influx of higher revenues.

Of particular concern is the rapid decline of 4.0% per annum exhibited by the Social Services segment. In addition, the most problematic change was the 6.7% real annual decline in the Housing sector. Given that their activities rely so heavily on physical plants and that fixed assets represent over half of these nonprofits' assets, it is essential that they be able to consistently maintain, rebuild and create new housing.

The asset management patterns of the Massachusetts nonprofit sector are worrisome. Rather than devote resources in healthier times to rebuild much needed infrastructure or raise money for the endowment, the sector spent on current services. This behavior puts Social Service agencies especially at considerable risk should the economy or funding slow down.

## The Nonprofit Sector Hits Financial Turbulence Due to the Economic Downturn (2007-2010)

By the peak of the boom in 2007, the nonprofit community had used its economic windfall primarily to expand current program services. Some organizations had

TABLE 6  
**Financial Ratios for the Massachusetts Nonprofit Sector in 2007**  
ALL DATA BELOW ARE MEDIANS (UNLESS OTHERWISE INDICATED)

	Financial Ratios in 2007				Financial Ratios in 2010			
	Surplus Margin	Days Cash on Hand	Inverse Current Ratio	Leverage	Surplus Margin	Days Cash on Hand	Inverse Current Ratio	Leverage
Community Capacity	5.0%	131.2	0.09	0.07	1.9%	101.4	0.19	0.05
Housing & Shelter	-0.5%	86.5	0.23	0.61	-0.6%	78.3	0.25	0.57
Human Services	2.9%	74.3	0.19	0.18	1.8%	60.9	0.37	0.15
Youth, Sports & Recreation	4.7%	130.3	0.00	0.00	3.7%	126.9	0.06	0.00
<b>Social Services</b>	<b>3.3%</b>	<b>100.8</b>	<b>0.11</b>	<b>0.08</b>	<b>2.1%</b>	<b>85.4</b>	<b>0.24</b>	<b>0.05</b>
Arts	5.3%	130.0	0.04	0.01	2.8%	120.3	0.09	0.01
Education	7.6%	151.4	0.07	0.00	3.5%	125.1	0.35	0.00
Environment	13.2%	204.8	0.01	0.00	7.2%	188.2	0.07	0.00
Health Care & Medical	4.2%	70.4	0.19	0.17	2.0%	60.0	0.43	0.18
Philanthropy	12.2%	193.1	0.00	0.00	3.9%	185.7	0.02	0.00
Other Nonprofits	5.9%	131.2	0.02	0.01	1.7%	119.4	0.10	0.01
<b>Other Societal Benefit</b>	<b>6.3%</b>	<b>132.7</b>	<b>0.07</b>	<b>0.01</b>	<b>2.9%</b>	<b>111.1</b>	<b>0.26</b>	<b>0.01</b>
<b>Grassroots (&lt;\$250K)</b>	<b>5.8%</b>	<b>200.0</b>	<b>0.00</b>	<b>0.00</b>	<b>3.6%</b>	<b>226.6</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>4.4%</b>	<b>79.4</b>	<b>0.18</b>	<b>0.22</b>	<b>1.9%</b>	<b>80.1</b>	<b>0.32</b>	<b>0.23</b>
\$250K-\$1M	4.8%	111.2	0.12	0.14	2.0%	114.5	0.12	0.13
\$1M-\$5M	4.6%	74.7	0.19	0.23	2.4%	77.4	0.30	0.26
\$5M-\$10M	3.3%	38.9	0.30	0.34	0.9%	51.7	0.41	0.35
\$10-\$50M	3.6%	38.6	0.29	0.42	1.6%	39.6	0.53	0.45
<b>Economic Engines (&gt;\$50M)</b>	<b>6.1%</b>	<b>24.4</b>	<b>0.33</b>	<b>0.42</b>	<b>2.0%</b>	<b>23.3</b>	<b>0.75</b>	<b>0.49</b>
<b>TOTAL MA</b>	<b>5.0%</b>	<b>118.6</b>	<b>0.00</b>	<b>0.03</b>	<b>2.6%</b>	<b>100.9</b>	<b>0.01</b>	<b>0.02</b>

Source: The Urban Institute, NCCS Core Files (Public Charities, 2007 & 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2007 & 2010)

also built their cash reserves or reduced debt. **Table 6** provides a snapshot of the sector in 2007 and then deep into the recession in 2010. In 2007, the median surplus margin had risen to 5.0%, more than a doubling of the 2.1% reported in 2003. In the coming years, the median surplus reverts to a 2.6% margin. The days of cash on hand doubled from 55 days in 2003 to 119 days in 2007, but contracted to 101 days by 2010. A majority of the sector which is dominated by smaller nonprofits had little or no access to credit in 2007. Furthermore, the Safety Net and Economic Engine organizations either paid down debt or resisted refinancing debt at maturity. The leverage and inverse current ratios therefore declined during the economic expansion.

As expected, the economic downturn adversely affected the Massachusetts nonprofit sector. Real revenues contracted at the pace of 0.3% per year (**Table 7**) due to declines in contributions and other revenue. The Social Services segment managed to sustain its contributions revenue, but the Other Societal Benefits segment, particularly Philanthropies, Arts and Education exhibited significant contraction in contributions. Real other revenues fell even more precipitously by almost 12% per year. With the exception of the Youth sector, all industry sectors exhibited double-digit annual declines in other revenue. Program service revenue stood as the sole revenue source that increased in real terms throughout the recession. The Social Services and Other Societal

TABLE 7  
**Operating Performance, 2007-2010**  
ALL DATA BELOW ARE MEDIAN (UNLESS OTHERWISE INDICATED)

	Real Compounded Annual Growth Rate (CAGR), 2007-2010							% Firms Reporting Breakeven or Loss Operations in 2010
	Total Revenue	Program Service Revenue	Contribution Revenue	Other Revenue	Total Expenses	Program Expenses	Net Income	
Community Capacity	-0.8%	1.1%	-0.2%	-10.3%	0.4%	1.0%	-1.7%	42.5%
Housing & Shelter	1.1%	1.5%	6.3%	-15.3%	1.1%	0.8%	-0.4%	53.2%
Human Services	0.1%	1.1%	0.5%	-14.0%	0.9%	1.1%	-3.1%	39.5%
Youth, Sports & Recreation	-0.3%	2.5%	-1.4%	-7.3%	0.3%	0.8%	-4.4%	38.3%
<b>Social Services</b>	<b>0.2%</b>	<b>1.5%</b>	<b>0.3%</b>	<b>-11.2%</b>	<b>0.7%</b>	<b>1.0%</b>	<b>-2.4%</b>	<b>41.7%</b>
Arts	-1.2%	1.8%	-1.3%	-10.0%	0.1%	0.2%	-4.6%	43.3%
Education	-1.4%	2.2%	-1.2%	-10.5%	0.8%	1.6%	-5.3%	41.2%
Environment	-1.6%	5.9%	-0.5%	-17.9%	1.2%	1.2%	-3.5%	37.4%
Health Care & Medical	0.3%	2.0%	-0.8%	-13.7%	1.3%	1.4%	-3.9%	43.2%
Philanthropy	-3.8%	3.2%	-2.1%	-16.3%	-1.2%	-0.8%	-5.1%	42.7%
Other Nonprofits	0.4%	2.9%	1.2%	-17.5%	2.1%	2.1%	-3.1%	44.8%
<b>Other Societal Benefit</b>	<b>-0.8%</b>	<b>2.2%</b>	<b>-0.9%</b>	<b>-12.3%</b>	<b>0.8%</b>	<b>1.2%</b>	<b>-4.6%</b>	<b>42.2%</b>
<b>Grassroots (&lt;\$250K)</b>	<b>-0.3%</b>	<b>2.7%</b>	<b>0.3%</b>	<b>-7.3%</b>	<b>0.6%</b>	<b>1.0%</b>	<b>-2.8%</b>	<b>43.1%</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>-0.5%</b>	<b>1.4%</b>	<b>-0.9%</b>	<b>-16.3%</b>	<b>0.8%</b>	<b>1.0%</b>	<b>-4.2%</b>	<b>44.1%</b>
\$250K-\$1M	-1.0%	0.9%	-0.7%	-15.9%	0.3%	0.7%	-5.4%	46.4%
\$1M-\$5M	-0.7%	1.4%	-0.9%	-16.1%	0.7%	0.8%	-3.4%	43.7%
\$5M-\$10M	0.3%	1.9%	-0.8%	-17.7%	1.0%	1.3%	0.7%	44.4%
\$10-\$50M	0.7%	2.2%	-1.4%	-17.3%	1.8%	1.9%	-4.2%	35.5%
<b>Economic Engines (&gt;\$50M)</b>	<b>0.9%</b>	<b>2.6%</b>	<b>-4.0%</b>	<b>-20.2%</b>	<b>2.4%</b>	<b>2.4%</b>	<b>-6.2%</b>	<b>34.6%</b>
<b>TOTAL MA</b>	<b>-0.3%</b>	<b>1.9%</b>	<b>-0.5%</b>	<b>-11.9%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>-3.7%</b>	<b>42.0%</b>

Source: The Urban Institute, NCCS Core Files (Public Charities, 2007 & 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2007 & 2010)

Benefits segments both reported real drops in this funding source of 1% per annum.

The heaviest hit was the Philanthropic sector; but the Arts and Educational sectors benefitted from some supplemental program service revenue.

The nonprofit sector reacted to these revenue reductions with a more muted response. Program expense growth was pared from a 3.1% annual growth rate to a more moderate 1.1% pace. Support service expenses were cut, bringing the real rate of total expense growth down to 0.8%. Education and Health Care program expenses still grew at more than 1.5%, while the Arts program growth was stymied at 0.2% and Philanthropies dropped

program costs by 0.8% per year. The median real net income fell by 3.1% a year. Profitability became less prevalent with 42% of nonprofits reporting breakeven or loss operations in 2010 as they had in 2003.

Despite the revenue decline, the nonprofits continued to expand their assets (**Table 8**). Interestingly, the Grassroots and Safety Net organizations were able to support ongoing real asset growth of almost 2%, in contrast to the 1.9% demonstrated by the Economic Engines. Equally intriguing is the 3.1% asset growth exhibited by the Social Services segment. Except for the Housing sector, the Social Services segment was able to sustain about three-quarters of their prior rate of asset growth.

TABLE 8  
**Balance Sheet Changes, 2007-2010**

ALL DATA BELOW ARE MEDIAN (UNLESS OTHERWISE INDICATED)

	Real Compounded Annual Growth Rate (CAGR), 2007-2010						
	Total Assets	Cash	Investments*	Fixed Assets	Net Working Capital	Total Liabilities	Long Term Debt
Community Capacity	2.9%	1.5%	N/A	-1.7%	-4.0%	-0.6%	-1.1%
Housing & Shelter	2.1%	4.8%	-8.0%	-2.7%	0.4%	-1.5%	-1.7%
Human Services	3.3%	2.1%	-3.6%	-1.9%	-4.2%	-0.7%	-1.6%
Youth, Sports & Recreation	3.7%	3.2%	N/A	-1.1%	-2.8%	-1.3%	-3.9%
<b>Social Services</b>	<b>3.1%</b>	<b>2.6%</b>	<b>-5.0%</b>	<b>-2.1%</b>	<b>-3.0%</b>	<b>-1.1%</b>	<b>-1.7%</b>
Arts	1.8%	1.0%	-2.7%	-1.1%	-5.1%	-1.6%	-2.8%
Education	2.4%	1.5%	-3.4%	-0.7%	-14.6%	-0.4%	-1.1%
Environment	3.9%	-1.0%	5.5%	2.7%	-9.0%	-1.4%	-2.7%
Health Care & Medical	3.1%	1.2%	0.3%	-1.4%	-4.9%	0.2%	-2.3%
Philanthropy	1.3%	1.3%	13.5%	-1.3%	-13.4%	-1.1%	5.8%
Other Nonprofits	4.4%	2.4%	-2.3%	-0.3%	-3.7%	-1.2%	-2.2%
<b>Other Societal Benefit</b>	<b>2.6%</b>	<b>1.3%</b>	<b>-2.8%</b>	<b>-0.8%</b>	<b>-8.0%</b>	<b>-0.8%</b>	<b>-1.9%</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2.9%</b>	<b>1.5%</b>	<b>-3.7%</b>	<b>-1.1%</b>	<b>-1.7%</b>	<b>-1.3%</b>	<b>-1.1%</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>2.8%</b>	<b>1.7%</b>	<b>-2.5%</b>	<b>-1.8%</b>	<b>-6.5%</b>	<b>-0.9%</b>	<b>-1.9%</b>
\$250K-\$1M	2.5%	2.2%	-2.1%	-2.2%	-6.0%	-1.1%	-1.6%
\$1M-\$5M	2.6%	1.6%	-2.7%	-1.9%	-6.0%	-1.3%	-2.0%
\$5M-\$10M	3.1%	-0.3%	-1.0%	-2.2%	-6.0%	0.3%	-2.7%
\$10-\$50M	4.0%	2.6%	-3.1%	0.7%	-8.6%	0.3%	-2.1%
<b>Economic Engines (&gt;\$50M)</b>	<b>1.9%</b>	<b>3.3%</b>	<b>-2.7%</b>	<b>2.3%</b>	<b>-24.8%</b>	<b>3.5%</b>	<b>-0.9%</b>
<b>TOTAL MA</b>	<b>2.8%</b>	<b>1.7%</b>	<b>-2.8%</b>	<b>-1.4%</b>	<b>-5.6%</b>	<b>-1.1%</b>	<b>-1.8%</b>

\* Due to the high percentage of nonprofits that report no investments, the median investment growth rate is computed only for nonprofits with investments.

Source: The Urban Institute, NCCS Core Files (Public Charities, 2007 & 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2007 & 2010)



Assets fluctuated over the course of the recession. Although the median nonprofit held more cash in 2010 than in 2007, it experienced a decline in the amount of current assets relative to current liabilities. Investments contracted at a median real rate of 2.8%. The Housing sector was the hardest hit, achieving an 8.0% negative real growth. Human Services, Education and the Arts were also hampered by a decline in the value of their financial assets. Surprisingly, Philanthropies and Environmental nonprofits displayed significant increases in investments of 13.5% and 5.5%, respectively. (These rates are high due to the exclusion of firms with no investments from this particular calculation.) The lack of reinvestment in fixed assets continued during the economic recession. The real reduction in fixed assets is largely reflective of a lack of resources for maintenance and new facilities.

Due to the economic conditions and reluctance by banks to lend, the nonprofit sector in Massachusetts saw their long-term debt and liabilities as a whole dwindle. Without credit or the ability to get a loan, nonprofits are constrained in addressing the enlarged demand for Social Sector and Other Societal Benefit services.

## The Massachusetts Nonprofit Sector in 2010

The Massachusetts Nonprofit Sector began the 2003 period with a weak financial condition in regards to profitability, liquidity and sustainability. The sector was financially strained after decades of meager real revenue growth and constant pressure to expand program services faster than revenues. The 2003-2007 economic expansion allowed the sector opportunities to stabilize their organizations before the severe economic contraction of 2008-2010. During the downturn, a reduction in revenues and growing community need pulled at the sector to provide services, improve its financial condition and secure its short-term future resulting in the following characterization of its financial health:

- **Profitability:** Most nonprofits started 2003 with modest but positive operating surpluses with a median surplus margin of 2.1%. However, 42% reported breakeven operations or deficits. Revenue growth surged during the upswing, while expense growth remained unchanged. This allowed two-thirds of Massachusetts nonprofits to report operating surpluses in 2007, while the median nonprofit

reported a robust surplus margin of 5.0%. The economic recession created real contractions in total revenue. Real expense growth, particularly support service costs, was tightly controlled. Despite these efforts, the median surplus margin fell to 2.6% with 42% of nonprofits again producing negative or break-even operating results.

- **Liquidity:** The median nonprofit in 2003 held just enough cash to pay for 55 days of operations, well below the recommended level of three months. The cash levels rose to seemingly healthy levels during the upswing, with a median level of nearly four months. This statistic is quite misleading as the increase was driven by an explosion in cash held by the Grassroots organizations (with under \$250,000 in revenues) but only a two-week increase by Safety Net nonprofits and five days for the Economic Engines. The economic downturn had little to no effect on cash on hand throughout the sector. However, this result demonstrates the sector's resilience rather than its financial health. Due to the lack of access to short and long-term credit, nonprofits are pursuing all means possible to preserve their cash resources, including foregoing fixed asset purchases, selling investment securities and delaying paying bills.
- **Sustainability:** The nonprofit sector began 2003 with only a weak ability to financially sustain itself. Most of the sector operated without access to short-term or long-term credit and had few options for either growing in size or transforming itself to a more financially sound business model. During the upswing, a portion of the Grassroots and Safety Net organizations were able to garner enough resources to obtain some access to credit. The economic downturn was so severe and threatens to be so lengthy that nonprofits have increasingly opted to forego operational and financially-wise long-term financial and infrastructure investments in order to hold on to cash. Clearly, this resilient sector, with cash in hand, is prepared to sustain services as long as possible and await the end of the siege—or must chart its own destiny.

---

## Massachusetts Nonprofits: Charting a New Course of Action

During the 1980s and 1990s, the growth of the Massachusetts nonprofit sector exploded, both in terms of the number of organizations and the resources available to them. During the era of economic expansion, this pattern was sustained with significant real revenue and asset gains from 2003 to 2007. At the top of that period, the nonprofit community confidently expanded program services but with minimal investments in either physical or human capital. When the economy crashed and need grew, the nonprofit sector sustained programs by cutting infrastructure, mobilizing more volunteers and seeking more resources.

Clearly, Massachusetts nonprofits lead with mission, giving priority to their programs. In fact, most nonprofits resisted treating the revenue gains they experienced during the economic upswing as a windfall, choosing instead to strengthen existing programs and build their financial reserves. These cash holdings enabled them to sustain and even grow essential services when revenues dropped quickly and sharply during the recession.

As Massachusetts struggles to recover from the economic crisis, its focus on mission and a heightened demand for services has caught many nonprofits in a “current-services trap.” The sector’s ability to meet its public purpose and continue to contribute effectively to the state’s wellbeing is threatened by three core concerns that affect its financial capacity: (1) the constrained revenue environment; (2) a demand for services that exceeds the capacity to deliver; and (3) the nonprofit “market structure” based on a proliferation of Grassroots organizations, a multitude of funding sources with differing expectations and demands and difficulties related to the efficient allocation of resources.

A “Call To Action” in the 2008 *Passion & Purpose* report urged the sector and its stakeholders to consider: (1) Restructuring and Consolidation; (2) Repositioning; and (3) Reinvention and Reinvestment. A critical condition for those recommendations was the diversion of more resources—public and philanthropic—toward building the capacity and strength of the sector. This report stands behind those recommendations and reinforces the call to action with new insights from the financial

turbulence of the 2000s into their financial challenges and creative responses.

The recommendations that follow build on this report’s analysis and draw on the creative impulses and introspection of stakeholders, which emerged from the nonprofit financial roller coaster:

- **ASSESS and ADDRESS Community Needs:** The recent economic crisis created an opportunity, driven by a demand for services, to develop new models for determining community need, allocating resources and delivering services. Examples include:
  - Collective impact strategies based on collaborations within and across sectors, and in place-based settings: *Dudley Street Neighborhood Initiative’s Promise Neighborhoods*, the *Boston Opportunity Agenda*, *MassNeeds.org* and the *Family Independence Initiative*
  - Resource maximization to affect double and sometimes triple bottom lines: *Transit oriented development and energy retrofits*
  - Interventions focused on the root-causes of problems, such as the social determinants of health: *Dotwell*, *Health Leads*, *LIFT* and the *Healthy People/Healthy Economy Coalition*
- **ALIGN Programs and Funding:** While the rate of nonprofit formation has slowed and mergers have become more common, a confusing myriad of funders, nonprofits and programs remain. Some strategies to address this situation include:
  - Mergers, strategic collaborations and acquisitions—concepts that are emerging as smart ways to grow programs that will meet community needs while increasing clout and influence in the policy arena: *HopeFound/Pine Street Inn*, *CONNECT*, *Victory Programs*
  - Adaptive and nimble strategies to take advantage of opportunities through new organizational structures, shared management and staffing models



and partnerships: *Urban Edge and Allston Brighton CDCs' Asset Management Partnership*

- Use of transparency and breakthrough technology to improve the matching of needs, funding and programs—as well as improved services: *Metro-Boston Data Common*
- Measures to attract, retain and develop staff capacity: Massachusetts House Bill 3754: *An Act Providing Retirement Options for Nonprofit Organizations*

■ **ASSURE Sustainable Funding:** Traditional sources of government and philanthropic funding continue to decrease, while access to credit remains scarce. Some creative funding and financing ideas include:

- Full-cost program service funding: *Massachusetts Chapter 257*

- Ensuring the financial resilience of nonprofits: *General operating support and organizational capacity building*
- Program Related Investments and Mission Related Investing through sympathetic private and philanthropic sources eager to impact social change: *Home Funders Inc., Stabilizing Urban Neighborhoods (SUN) Initiative*
- Social Impact Bonds and Pay-for-Success contracts: *Massachusetts' issuance of request for proposals in the areas of juvenile justice and homelessness prevention*
- Progressive “sin taxes” to counteract associated behavior: *Gas, tobacco or sugar-sweetened beverage taxes*

These measures are needed to achieve the outcomes promised by the sector. The time has come for all sectors to pull together to shift course and invest in the future of Massachusetts. The nonprofit sector is ready to lead that change.

	Assess and Address Community Needs	Align Program and Funding	Assure Sustainable Funding
<b>Rationale</b>	<p>Economic roller coaster</p> <p>Demographic changes</p> <p>Increased economic disparity</p>	<p>Myriad funding sources, programs and agencies</p> <p>Shifting funder goals and expectations</p> <p>Nonprofits in poor financial condition and lacking economies of scale</p>	<p>Limited and shifting revenue sources</p> <p>Lack of access to credit and growth capital</p> <p>Volatile funding</p>
<b>Challenges</b>	<p>Identification of needs and appropriate responses</p> <p>Resources availability—monetary, human, technology, tangible assets</p> <p>Resource allocation—quantity, quality, time, location,</p> <p>Sufficient and skilled staff</p>	<p>Increasingly high expectations for impact of services</p> <p>Pressure to deliver high-quality, low-cost services</p> <p>Funder bias against “wasteful” overhead</p> <p>Complex accounting, regulatory and contracting requirements</p>	<p>Revenue funding sensitive to state of economy, stock market and tax policies</p> <p>Limited experience by lenders and nonprofits in use of credit</p> <p>High transaction costs</p> <p>Low average loan/grant size</p>
<b>Strategies</b>	<p>Research-based community needs and capacity assessments</p> <p>Focus on most needy and root causes</p> <p>Intense, multi-year interventions</p> <p>Common sector-wide results-Focused Metrics</p>	<p>Strategic collaborations, mergers, partnerships</p> <p>Funding that considers not only program needs but supports organization</p> <p>Focus on achieving high-impact not tight operational controls</p> <p>Evidence-based performance measurement for learning and enhanced effectiveness</p>	<p>Stable, committed multi-year funding</p> <p>Full-cost program service funding</p> <p>Program-related investments and growth capital</p> <p>Affordable cash flow loans &amp; longer term financing</p>



## CHAPTER ONE

# The Massachusetts Nonprofit Sector: An Update

The continued growth of the Massachusetts nonprofit sector, even through tough economic times, and its ability to add jobs at a time when the private and governmental sectors were shedding them, is proof of its importance to the Commonwealth. This chapter provides an update on the scope, scale, growth and employment trends of this powerful sector.

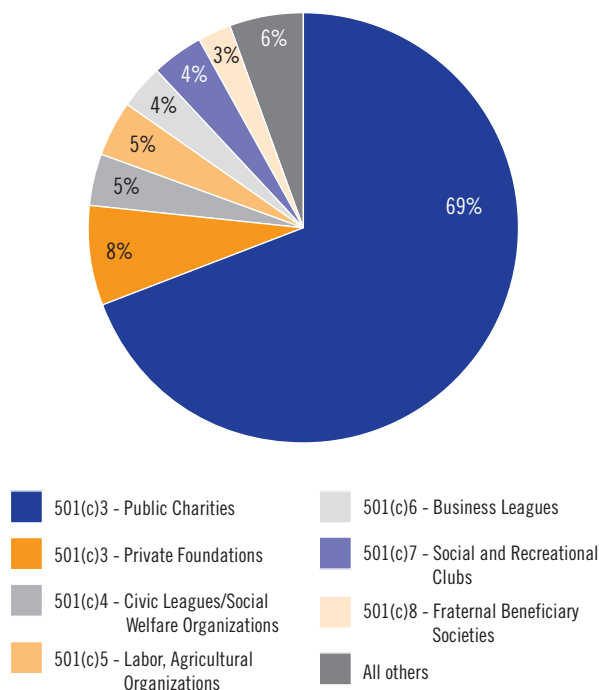
As of December 2011, 34,366 Massachusetts-based nonprofit organizations were registered with the Internal Revenue Service. **Figure 1.1** offers a breakdown of the nonprofit sector by federal tax codes, including public charities, private foundations, civic leagues and labor unions. Over the past 15 years, the sector has increasingly been dominated by 501(c)3 organizations. They represented 77% of the federally registered nonprofits in 2011, up from 61% in 1995. Within the 501(c)3 category, public charities have represented 90% of the total for the past 15 years. Due to their mandate to serve the general public, reliance on public and government funding, and economic scope, this study focuses primarily on Massachusetts public charities.

### Growth Trends in Number of Nonprofits

The number of Massachusetts nonprofit organizations has steadily increased, almost doubling between 1989 and 2011. The number of public charities expanded at a compounded annual rate of 3.6%, while other nonprofit organizations grew at a lower rate of 2.6%. As can be seen in **Figure 1.2**, the number of public charities peaked at 26,071 in 2010, dropping 8.6% to 23,828 in 2011. The number of other nonprofits registered in Massachusetts peaked in 2007 and had subsequently fallen to 10,537 by year-end 2011.

Beginning in 2008, most nonprofit organizations became subject to an annual filing requirement. The IRS began automatically revoking the federal tax-exemption status of organizations that failed to file an information return or electronic notice for three consecutive years. As a result of the new revocation process, 10,585 organiza-

FIGURE 1.1  
Massachusetts Nonprofit Organizations by  
Tax Code Section – December 2011



Source: NCCS Business Master File, December 2011

tions lost their federal tax exemption, of which 68.6% or 7,263 were 501(c)3 public charities or private foundations. Even after taking the revocations into account, the rate of growth in the number of public charities of 3.0% per annum was almost double the 1.7% rate experienced by other types of nonprofits.

In the 2008 Passion & Purpose study, the proliferation in Massachusetts public charities was noted with concern. **Figure 1.3** depicts the growth in the number of public charities by value proposition. Since 1995, all three types of organizations (Grassroots, Safety Net and Economic Engines) experienced at least a 60% increase in the number of organizations. The Grassroots and

FIGURE 1.2  
**Numeric Growth in Massachusetts Nonprofit Organizations — 1989 to 2011**

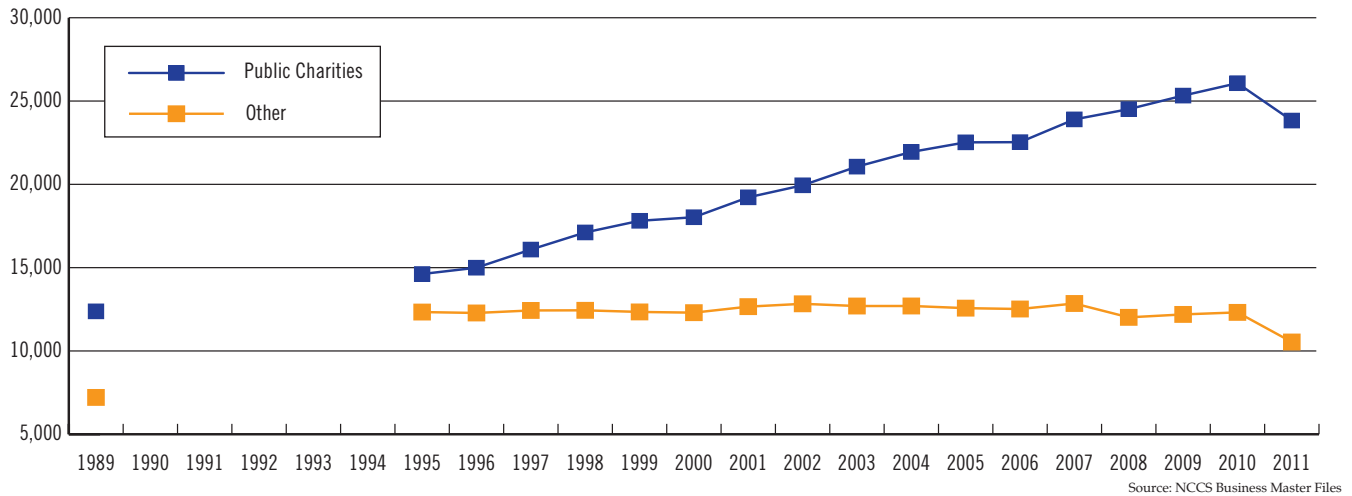
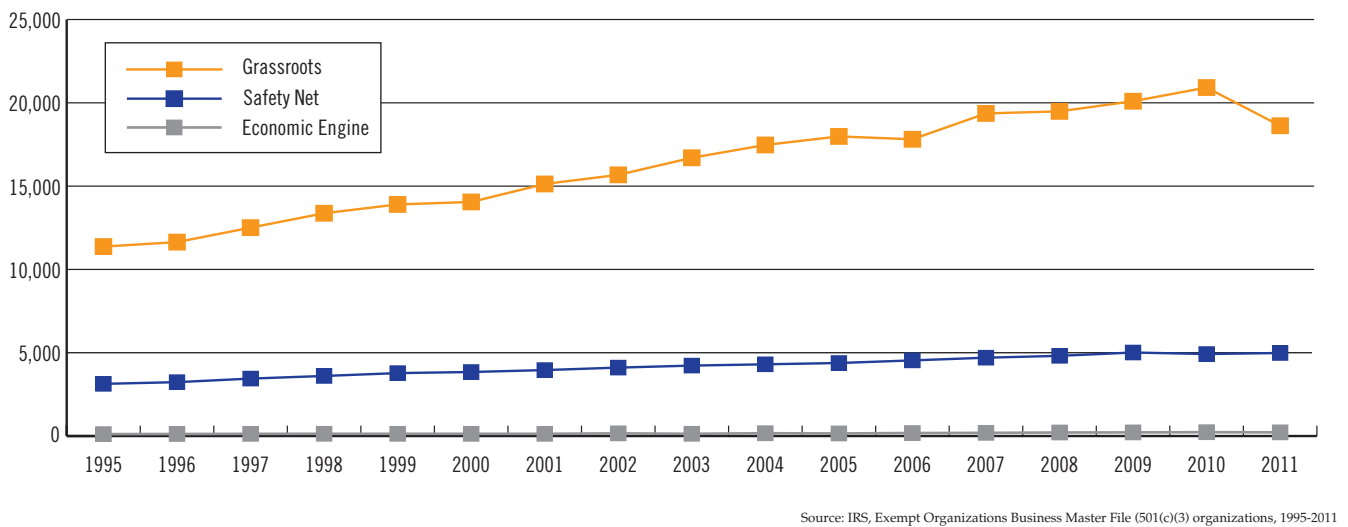


FIGURE 1.3  
**Massachusetts Public Charities (Full Sample) by Value Proposition — 1995 to 2011**



Safety Net agencies expanded primarily through newly formed entities, while the number of large Economic Engine organizations grew through mergers and acquisitions. At year-end 2011, the Grassroots organizations represented 78% of the total number of active private charities, in contrast to 21% for Safety Net agencies and a mere 1% for Economic Engines.

The automatic revocation process disproportionately affected the small Grassroots organizations. That segment experienced a 10% decline from 2010 to 2011,

while the number of Safety Net and Economic Engine nonprofits remained essentially unchanged. The majority of organizations that lost their federal tax-exemption had ceased operations or had become inactive at some point in the past. Prior to the 2008 annual filing requirement, the IRS had no easy method to identify these nonprofits, so the number of active organizations prior to 2011 was consistently overstated. The sharp drop documented in 2011 reflects the implementation of the annual filing requirement rather than a sudden actual decline in nonprofit organizational activity.

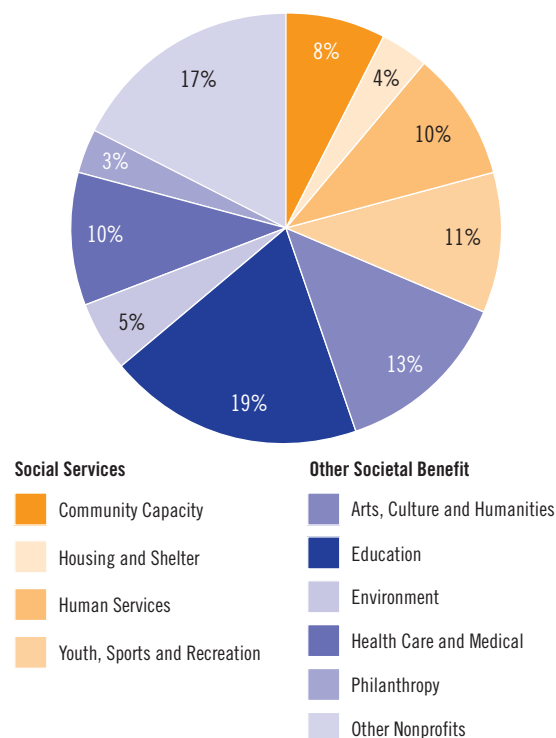
## Growth Patterns in Public Charities

As in the previous *Passion & Purpose* study, Massachusetts public charities have been divided into 10 industry sectors. Based on the 26 National Taxonomy of Exempt Entities (NTEE) developed by the National Center for Charitable Statistics at the Urban Institute, nonprofits was regrouped into two broad categories: Social Services and Other Societal Benefit. These categories were subdivided, resulting in a total of 10 major operational categories that represent different programmatic emphases. (See Appendix A)

As seen in **Figure 1.4**, the Social Services category composes one-third of the total number of Massachusetts nonprofits. Youth Development (11%) and Human Services (10%) compose the majority of social service agencies. Community Capacity organizations (8%) and Housing and Shelter (4% of total) comprise the rest of the Social Services category. The Societal Benefit segment is dominated by Education (19%), and Other (17%), representing the largest number of nonprofit organizations outside the Social Services category.

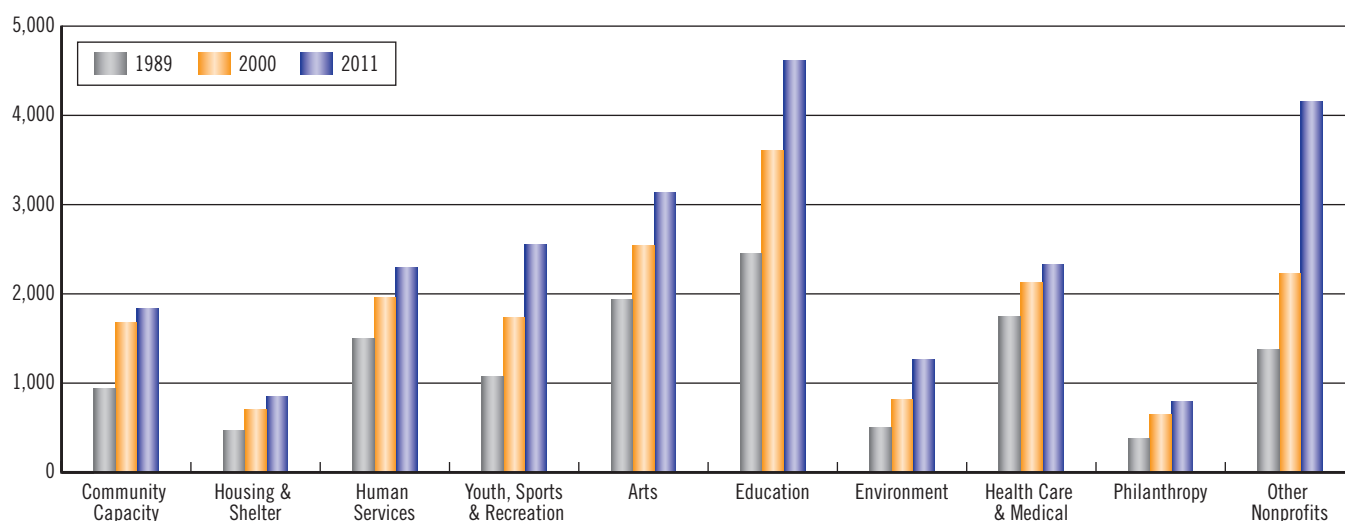
As **Figure 1.5** indicates, the pace of nonprofit formation differs by industry segment. Overall, the number of agencies in the Social Services category has stood at 32-33% throughout the 2000s. The slower rate of increase in Human Services was balanced by a slightly oversized expansion in the Youth Development sector.

FIGURE 1.4  
Distribution of Massachusetts Public Charities  
by Industry Sector, 2011



Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)

FIGURE 1.5  
Numeric Distribution by Industry Sector, 1989–2011



Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, 1989, 2000, & 2011)

The Philanthropic, Arts and Health Care sectors grew numerically at a lesser pace, offsetting the rapid expansion in the Other sector, which includes religious entities, mutual and membership groups and public and societal benefit nonprofits.

## Distribution of Massachusetts Nonprofit Resources by Industry Segment

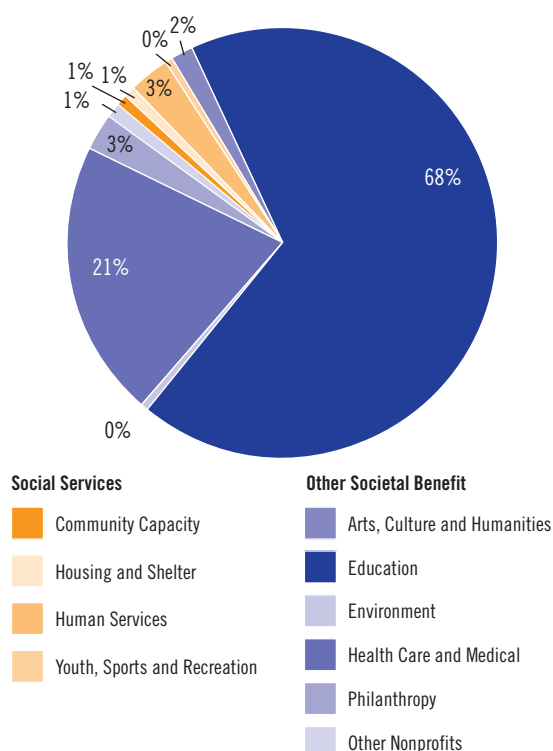
A focus on organizational count can however, be misleading. The distribution of nonprofit revenues and assets reveals a different profile as seen in **Figures 1.6 and 1.7**. The Social Services category represents a mere 5% of the total nonprofit revenues and 7% of its assets. The Other Societal Benefit category holds the bulk of assets and revenues, with the Education sector representing 68% of the revenues and 63% of the assets. Harvard University and Massachusetts Institute of Technology (MIT) together generate over half (54.4%) of the total sector's revenues and essentially one-third (31.

3%) of the statewide nonprofit assets. The next largest sector is Health Care, which generates 21% of the revenues and holds 20% of the assets. The remainder of the other Societal Benefit category contains just 6% of the total revenues and 10% of the total assets of the Massachusetts nonprofit sector.

The distribution of nonprofits across the Commonwealth is quite uneven (**Table 1.1**). Dukes and Nantucket counties have the largest number of public charities with 11.8 and 10.1 per thousand inhabitants in 2010. Relatively few public charities (less than three per thousand residents) are based in Bristol, Hampden, Plymouth and Worcester. The two largest counties by population (Middlesex and Suffolk) generated the largest per capita revenues in the sector of \$77,962 and \$43,810, respectively. These counties also have the highest concentration of sector assets at \$56,194 and \$89,905 per capita respectively. These skewed results are attributable to the presence of "mega-organizations," such as universities and hospitals in the Greater Boston area.

FIGURE 1.6

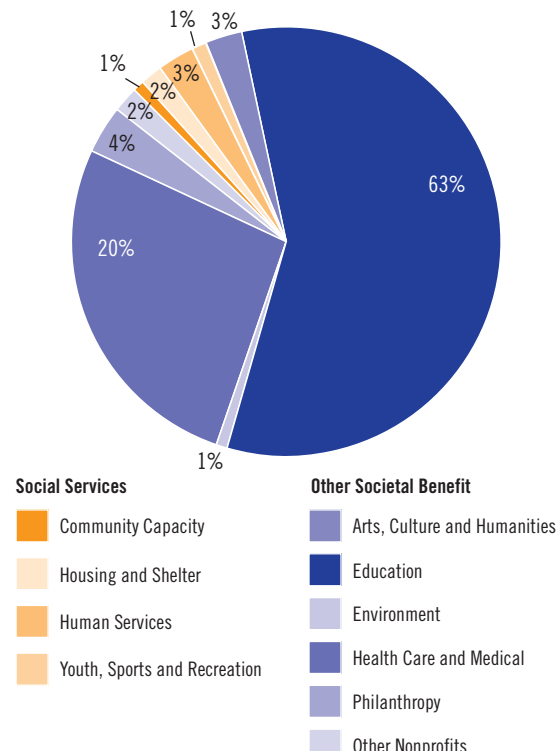
### Distribution of Massachusetts Nonprofit Revenues by Industry Segment, 2011



Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)

FIGURE 1.7

### Distribution of Massachusetts Nonprofit Total Assets by Industry Sector, 2011



Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)

## The Massachusetts Nonprofit Economy

In December 2011, the nonprofit sector included 34,366 registered nonprofit organizations, generating \$234 billion in revenues and holding \$233 billion in total assets. Public Charities produce \$181.2 billion in revenues and hold \$193.3 billion in total assets. Public charities represent 69% of the organizations but have an oversized share of revenues (77.2%) and total assets (82.8%).

The nonprofit sector continued to be an important source of employment in Massachusetts as well as a source of revenue and investment. **Table 1.2** provides a breakdown of nonprofit employment in the Commonwealth for 2005 and 2010. Nonprofits employed 334,316 workers in 2005. The nonprofit sector provided 10.7% of Massachusetts civilian employment in 2005 as compared to just 7.2% nationwide. Using annual data, the U.S. Census Bureau estimates that Massachusetts nonprofit employment grew 22% or by almost 75,000 positions over the 2005-2010 period. During the same period, total civilian employment nationally fell by 1.9% and declined 3.4% in Massachusetts. As a result, nonprofit

### Reclassification of Nonprofits in the NTEE System

Another obstacle to understanding the relationship between mission and service delivery has been the high number of nonprofits that remained unclassified within the NTEE system (almost one-third), or have been incorrectly assigned due to limited information. The categorizations provided in this report were derived from an extensive effort by the National Center for Charitable Statistics at the Urban Institute and also by staff involved with the first *Passion and Purpose* report to correctly classify Massachusetts nonprofits.

employment expanded over the period to 12.7% of Massachusetts civilian employment.

A recent Johns Hopkins report suggests that nonprofits may play an even more significant role in Massachusetts employment. It estimates that nonprofits repre-

TABLE 1.1  
Geographic Distribution of Nonprofit Resources

County	2010 Population	Per Capita Money Income	Public Charities Per Thousand	Per Capita Public Charity Revenue	Per Capita Public Charity Assets
Barnstable	215,888	\$35,246	4.9	\$7,180	\$10,655
Berkshire	131,219	\$28,300	5.2	\$12,132	\$33,376
Bristol	548,285	\$27,736	2.2	\$4,678	\$5,089
Dukes	16,535	\$33,390	11.8	\$6,815	\$17,498
Essex	743,159	\$33,828	3.1	\$4,993	\$7,741
Franklin	71,372	\$27,544	4.9	\$8,687	\$15,836
Hampden	463,490	\$24,718	2.7	\$7,119	\$8,990
Hampshire	158,080	\$28,367	4.7	\$14,119	\$38,338
Middlesex	1,503,085	\$40,139	4.0	\$77,962	\$56,194
Nantucket	10,172	\$53,410	10.1	\$5,833	\$32,758
Norfolk	670,850	\$42,371	3.6	\$10,389	\$9,633
Plymouth	494,919	\$33,333	2.7	\$2,959	\$3,515
Suffolk	722,023	\$30,720	5.4	\$43,810	\$89,905
Worcester	798,552	\$30,557	2.9	\$10,265	\$10,696
<b>TOTAL MA</b>	<b>6,547,629</b>	<b>\$33,966</b>	<b>3.6</b>	<b>\$27,672</b>	<b>\$29,526</b>

Sources: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011); US Census Bureau, Quick State and County Facts, 2010

TABLE 1.2  
Nonprofit Employment, 2005 and 2010

Massachusetts Nonprofit Employment	2005		2010	
	Nonprofit Employees	Percent of Total Civilian Employees	Nonprofit Employees	Percent of Total Civilian Employees
Agriculture, forestry, fishing, and hunting and mining	170	1.4%	494	3.8%
Construction	938	0.4%	2,061	1.2%
Manufacturing	3,906	1.2%	3,915	1.3%
Wholesale trade	351	0.3%	807	1.0%
Retail trade	3,903	1.1%	5,604	1.6%
Transportation and warehousing and utilities	2,631	2.2%	2,601	2.2%
Information	4,064	4.7%	5,502	6.5%
Finance and insurance, and real estate and rental and leasing	11,042	4.3%	12,200	5.0%
Professional, scientific, and management, and administrative and waste management services	13,999	3.7%	21,827	5.2%
Educational services, and health care and social assistance	235,090	30.4%	295,141	33.0%
Arts, entertainment, and recreation, and accommodation and food services	12,707	5.4%	16,872	6.3%
Other services, except public administration	45,515	32.6%	41,379	28.6%
Public administration	0	0.0%	0	0.0%
<b>Total MA Nonprofit Employment</b>	<b>334,316</b>	<b>10.7%</b>	<b>408,403</b>	<b>12.7%</b>

Source: U.S. Census Bureau, American Community Survey, 2005 and 2010 1-year estimate

sent 16.7% of private employment in Massachusetts with 455,900 workers in 2010, as compared to 10.1% of the workforce nationwide. While the nonprofit sector was the third largest private employer in the country (behind retail trade and manufacturing), Massachusetts nonprofits employed 1.8 employees for each worker in the manufacturing sector. The nonprofit sector is the dominant employer in three large and growing service industries: Health Care, Education and Social Assistance, particularly in New England. The report estimates that 59% of health care workers, 82% of educators and 57% of social assistance employees in New England work at nonprofit organizations.<sup>1</sup>

The enhanced role of nonprofits as employers in Massachusetts arose due to two different forces—the shift to a service economy, and the contraction of the private and government sectors. First, Massachusetts along with

the U.S. as a whole is becoming increasingly a service-oriented economy. While employment contracted in the information and finance service sectors, these changes were more than offset by rapid expansion in the other service categories. Of particular note was the 14.5% growth nationally and 15.7% growth in employment in the Educational services, Health Care and Social Assistance sectors from 2005 to 2010. These represent the service industries, which are dominated by the nonprofit sector. A second factor contributed to the rapid growth of nonprofit employment in Massachusetts. As Table 1.2 indicates the share of employees working for a nonprofit rather than a for-profit or government agency increased in most sectors. This shift was most evident in the Educational services, Health Care and Social Assistance sectors, where the nonprofit share of employees rose from 30.4% in 2005 to 33.0% in 2010.



## CHAPTER TWO

# Three Types of Nonprofits—Why Size Matters

The 2008 *Passion & Purpose* report divided the Massachusetts public charity sector into three primary categories that reflect both budget size and the sector's key value propositions of: grassroots civic engagement; provision of safety net services; and an economic engine for the Commonwealth. As mobilizers of volunteers, employers, and businesses, and as providers of social services or other societal benefit services, nonprofits touch on all three value propositions, but data show that most organizations exhibit one value proposition more fully than the others. Data also show that organizations of different budget sizes strongly correlate with each of the three value propositions. As a result, total revenues were used to determine the most appropriate value proposition.

The last report also highlighted that organizational budget size was a strong predictor of financial health—even more critical than industry sector. In this chapter, the differing financial challenges faced by nonprofits based on their organizational size are explored and strategies employed by resilient organizations to address these challenges are discussed. The challenges and strategies are summarized in **Table 2.1** on the following page.

### Grassroots Organizations

Grassroots organizations often operate as advocacy and expressive voice agencies, membership groups and support organizations. In several communities across the state Grassroots nonprofits are also a key provider of services. In 2011, the state's 18,623 Grassroots public charities accounted for over \$2.1 billion in assets and garnered \$579 million in revenues. The 2008 *Passion & Purpose* report noted with concern the rapid proliferation of public charities, driven by the creation of an annual increase of 8.1% in Grassroots entities each year from 1989 to 2003. This trend has changed dramatically, with Grassroots organizations expanding at a mere 1.4% per year. This pattern is due in large part to the Internal Revenue Service revocation efforts between 2010 and

### Three Types of Nonprofits by Value Propositions and Budget Size

For the purposes of this report, the Massachusetts nonprofit sector is divided into three primary categories that reflect both budget size and three value propositions:

- **Grassroots** organizations (with \$250,000 or less in total expenses): Creation of civil society through grassroots action and volunteerism;
- **Safety Net** organizations (have budgets that range from \$250,000 to \$50 million): Provision of societal benefit and a 'safety net' through the delivery of services and quality of life contributions; and
- **Economic Engine** organizations (report \$50 million or more): Large-scale services and contributions to the state's economic health and competitiveness.

### Measures of Nonprofit Financial Health

For the purposes of this report, the Massachusetts nonprofit sector is divided into three primary categories that reflect both budget size and three value propositions:

- **Liquidity:** Whether an organization has sufficient cash resources to deliver its services and pay its obligations on a timely basis;
- **Profitability:** Whether an organization earned new economic revenues that are sufficient to cover current expenses and allow for appropriate growth and a margin for error; and
- **Sustainability (Solvency and Capital Structure):** Whether an organization has enough of its own resources to continue operations into the future.

TABLE 2.1

	Grassroots	Safety Net Organizations	Economic Engines
Budget Size (by Revenues)	Under \$250,000	\$250,000 to \$50 million	Over \$50 million
Primary Value Proposition	Generate civil society through grassroots action, creativity & volunteerism	Provision of a 'safety net' through the delivery of services & quality of life contributions	Large-scale services & contributions to the state's economic health & competitiveness
% of 2011 Organizations	78%	21%	1%
% of 2011 Sector Revenues	0.3%	11%	89%
% of 2011 Sector Assets	1%	17%	82%
Financial Challenges	Garnering support of funders & community Reliable, ongoing funding Access to credit	Ever increasing demand for services Volatile & low-margin government funding Attraction and retention of qualified staff Fixed asset maintenance Affordable long term financing	Justifying the value of high-cost services Overhead cost expansion Stock market-sensitive contributions and investment income
Strategies of Resilient Organizations	Revenue diversification Broad base of funders & fundraisers Volunteer rather than paid staff Raise cash & other resources first Flexible programs that can adjust to resources availability Cost containment, particularly of overhead & other fixed costs Limited capital expenditures High cash reserves Sustaining debt-free operations	Strategic planning Multi-year funding Dynamic program design Flexible employment arrangements Selective capital expenditures Cash flow management Access to credit markets	Stable third-party funding Endowment management Reputation for quality services Economies of scale Capital campaigns and planned giving Capacity planning Tax-exempt bond financing

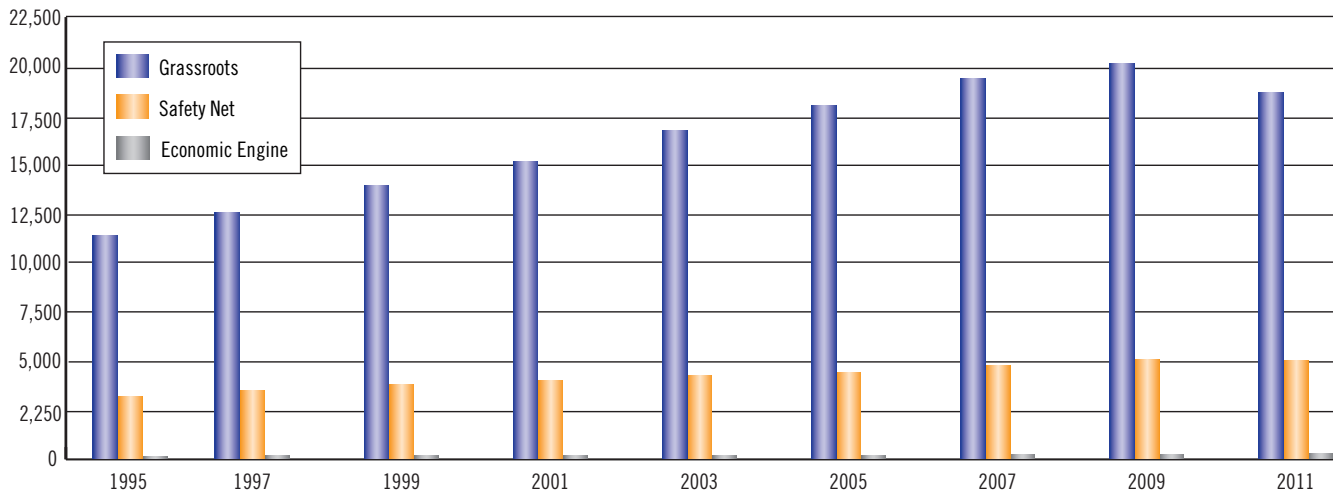
2011 as seen in **Figure 2.1**. The most rapid growth rates were experienced by the Youth Development (6.7%) and Environmental (6%) sectors. The bulk of Grassroots entities were concentrated in the Education (22%), Youth Development (17%) and Arts (15%) subsectors.

Just over 10,000 Grassroots groups that were in business in 2003 were still operating in 2011. Interestingly, 91% of these organizations remained small, still earning under \$250,000 in revenues annually. These agencies struggled financially from 2003 to 2011, experiencing a median 1.7% real contraction in revenues and 1.1% real decline in total assets. Several factors have contributed to these trends. First, Grassroots organizations have

specific missions and may often choose to remain small to retain their targeted focus or niche. Second, these organizations have fundraised for their projects (e.g. sports equipment for a school team) but constrained expenditures to match falling revenues. Finally, some small organizations have sought to expand but failed to garner the necessary resources to grow beyond the start-up phase.

Those organizations that have stayed in business have adopted a set of core practices that have allowed them to be financially resilient throughout the economic cycles. From a revenue perspective, these groups maintain diversified revenue streams. Not surprisingly, these

FIGURE 2.1  
Number of Massachusetts Public Charities, 1995 – 2011



Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, 1995-2011)

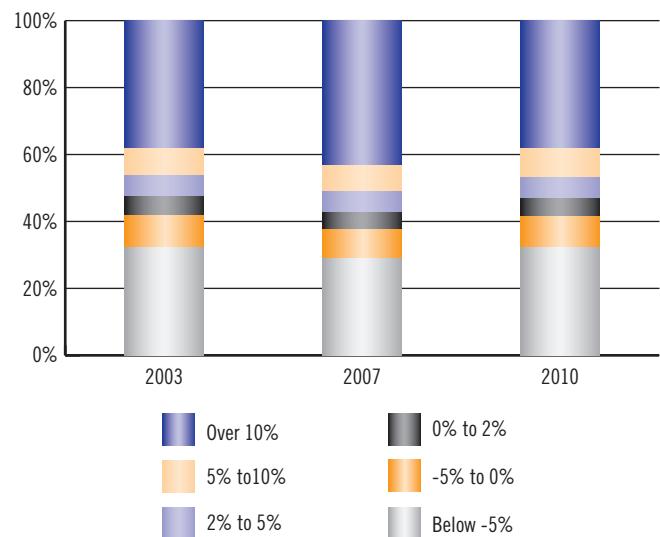
public charities are the most reliant on contributions (47% of total revenues) and the least dependent on program service revenues (35%). These groups also take advantage of other revenue sources, such as inventory sales and rentals. Some entities rely on a few “angels” to donate items and funds in the case of an unexpected revenue shortfall.

Grassroots nonprofits maintain lean operations, relying heavily on volunteer labor and donated equipment. The larger Grassroots organizations complete the more detailed Form 990 (rather than the Form 990EZ). Even among these larger groups, only 10% indicated they had employees in 2010. Compensation and fundraising expenses are nominal at just 8% and 1%, respectively, of total expenses. These groups hold primarily current assets, such as cash, rather than long-term assets. In addition, their asset turnover is relatively low. For each dollar of assets, these Grassroots groups produce just 23 cents of revenue per year.

From a profitability perspective, the median Grassroots organization produced higher surplus margins than their larger Safety Net or Economic Engine peers in 2003, 2007 and 2010. However, the distribution of surplus margins over the economic cycle for these smallest public charities provides a different perspective as seen in **Figure 2.2**. In all three time periods, just under half reported high surplus margins of more than

5%, a third reported significantly money-losing results with negative surplus margins of over 5%, while 20% reported surplus margins between -5% and 5% of revenues. Even though a single donation can profoundly affect the surplus margins of Grassroots entities, the distribution of surplus margins remained remarkably constant over the course of the economic cycle. This suggests that Grassroots organizations carefully plan

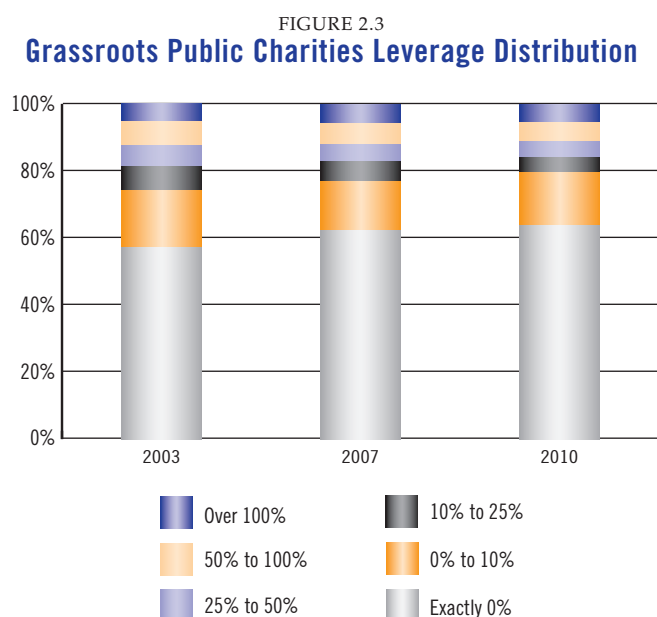
FIGURE 2.2  
Grassroots Public Charities Surplus Margin Distribution



Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007 & 2010)

expenditures and control their annual surpluses and deficits. Tight management of discretionary expenses is an essential technique for Grassroots organizations to be financially resilient. As seen below, expense management is even more critical for Grassroots organizations as they have virtually no access to credit.

While many sectors of the U.S. economy experienced a credit boom and bust during the 2003-2010 period, Grassroots organizations were exempt. Entering the upswing in 2003, 57% of these small nonprofits reported no credit or debt of any kind as seen in **Figure 2.3**. Credit standards were loosened during the expansion, and loans became more available throughout the country. Surprisingly, this trend did not extend to Grassroots groups. At the height of the expansion in 2007, 62% of small nonprofits reported no liabilities. This percent rose even further to 64% by 2010. The period from 2007 to 2010 is also striking because many financially weaker for-profit organizations displayed increased leverage as they struggled to pay outstanding bills. The decreased levels of leverage suggest that either Grassroots entities worked hard to pay bills as they became due or were pressured to pay vendors at time of purchase. Being debt-free has been crucial practice that has allowed Grassroots nonprofits to withstand this economic turmoil.



Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007 & 2010)

Remaining highly liquid is the final core practice used by resilient Grassroots organizations. The larger Grassroots entities that file full Form 990s report holding a median of 1.5 months of cash in 2003. During the upswing, they built up cash levels to the point where they could pay for over six months of operations without receiving any new revenues. This is in striking contrast to consumers, who converted these cash resources into new fixed assets and higher current expenses. When the economy slowed sharply, the Grassroots nonprofits conserved cash to ensure future operations by cutting support costs and deferring capital purchases. As a result, the cash reserves held by the bigger Grassroots organizations relative to total expenses climbed from about six months in 2007 to 7.5 months in 2010<sup>1</sup>.

## Safety Net Organizations

As the key provider of services, Safety Net organizations are the life blood of the nonprofit sector. In 2011, they accounted for 4,982 organizations attracting \$16.4 billion in revenue and holding \$33.57 billion in assets.

For many, the image of the nonprofit sector is of an organization in the social services arena that provides high quality, low cost services. The dominant business model is that of a direct service provider. In fact, the heaviest concentrations of Safety Net organizations are in the Education, Human Services and Health Care sectors. Collectively, they garner about 11% of revenues with just 17% of the total assets of all public charities.

A significant feature that distinguishes Safety Net organizations from their Grassroots counterparts is their staffing. Safety net organizations depend on their staff rather than volunteers to deliver services, with 63% of the smallest Safety Net organizations and 97% of the larger organizations having paid employees. As compensation is their largest expense item, these public charities have much less flexibility in managing a significant component of their expenses.

Another financial attribute effecting Safety Net organizations is their reliance on physical facilities. These nonprofits either rent or own offices and buildings used to deliver both direct services and accommodate support staff. Capital expenditures are often financed through mortgages or other bank loans. These assets require ongoing maintenance and insurance costs. The need for physical plant further reduces the Safety Net nonprofits to manage current and longer term expenses.

Volatility in revenues is also a distinguishing characteristic of Safety Net organizations. Given the seeming financial differences between the smallest Safety Net organization (\$250,000 to \$1 million in annual revenue) and the largest (\$10 million to \$50 million), this size category is divided into four wide revenue bands. Of the nonprofits in the smallest subcategory in 2003, 19% slipped into the Grassroots category by 2010, while 25% climbed into a larger subcategory. The subcategory experiencing the highest rate of transition was the \$5 million to \$10 million grouping: 18% of those nonprofits shrank to under \$5 million in revenues between 2003 and 2010 at the same time that almost half of the agencies (47%) grew into the \$10 million to \$50 million revenue band. A high percent of Safety Net organizations experienced multi-million dollar swings in revenues and shifted between subcategories, yet few “escaped.” Just 2% of the Safety Net organizations surviving from 2003 to 2010 transitioned in their current form into the Economic Engine category, while 12% shrank down to the Grassroots size<sup>2</sup>.

Overall, Safety Net-type public charities must be prepared to deal with the highly variable revenues in the face of less flexible staff and overhead costs. The kind of reliance required for these agencies to survive a severe economic cycle differs considerably from their Grassroots counterparts.

Vigilant revenue raising is the first quality of resilient Safety Net entities. To attract and retain staff, these nonprofits must actively seek grants and contracts that will specifically cover staff. As a result, program service revenue jumps from providing 35% of revenues for Grassroots groups to 45% of revenues for the smallest Safety Net organizations (\$250,000 to \$1 million in revenues). Development efforts focus on continued strong growth in contributions. Often contributions shift from an emphasis on numerous small contributors and members toward larger individual donors as well as corporations and foundations.

To make significant capital investments and commit to long-term debt, the mid-sized Safety Net groups focus on strategic planning and securing multi-year funding commitments. Program service revenue becomes the dominant revenue source, representing 61% of average revenues for agencies that are \$5 million to \$10 million in size. Program service revenues climb to over 70% of total revenues for the public charities in the \$10 million to \$50 million range.

The multi-year plan and revenue requests can provide greater certainty that fixed costs will be covered. However, over the course of an economic cycle, significant funding cuts can occur, creating large revenue shortfalls. Hiring staff on contract rather than on a permanent basis provides organizations with some ability to trim staff if funding is slashed. Hiring subcontractors rather than staff and taking on part-time staff with limited benefits offer additional organizational flexibility. Another measure used to adjust for dramatic funding cuts is to close program sites or entire programs.

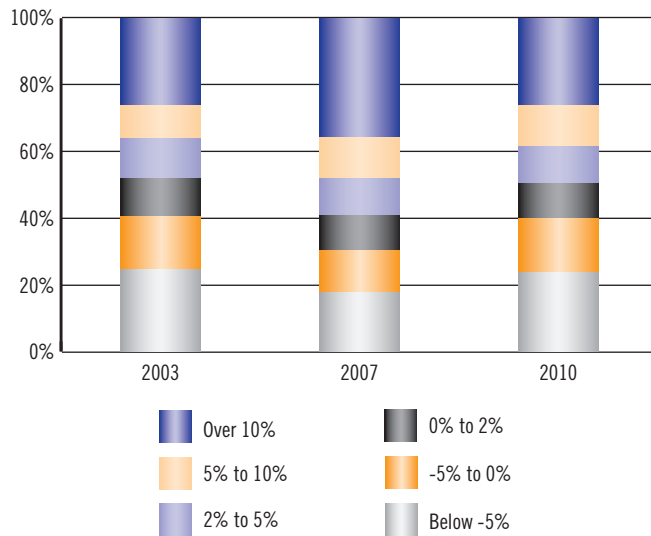
An October 2007 study by DMA Health Strategies provides valuable insights into the financial constraints faced by Safety Net organizations. The focus of the study is health and human service-oriented nonprofits that contract with the Commonwealth of Massachusetts.<sup>3</sup> These organizations are often heavily funded through federal, state and local sources. Government funding is generally paid in arrears (such as cost-reimbursement) with some important costs not covered. Almost half of providers do not generate sufficient cash to pay for operations. Sixty percent of providers have less than one month of cash on hand at year-end. One-third of providers have over 45 days of unpaid receivables. The report generated such controversy that in 2008 the Massachusetts Legislature unanimously passed Chapter 257, landmark rate-setting legislation designed to alleviate these financial pressures.

The distribution of Safety Net surplus margins is found in **Figure 2.4**. The financial uncertainties confronting Safety Net organizations can be seen in the heterogeneous distributions. It should be noted that these nonprofits are much less likely to report operating losses that are over 5% of revenues and also to display surpluses of over 10% of revenues than the Grassroots agencies. This suggests these organizations are employing significant planning and careful contracting to reduce surplus margin volatility. At the height of the economic boom, these public charities were able to generate higher median surplus margins. Just 30% registered operating losses as compared to 40% in 2003.

Unfortunately, these gains disappeared once the economy headed into the recession. One reason is that the Massachusetts state government budget for human services contracted from \$2.8 billion to \$2.1 billion during the recession, despite the mandates of Chapter 257. Recent testimony from the Providers’ Council indicates



FIGURE 2.4  
Safety Net Public Charities  
Surplus Margin Distribution



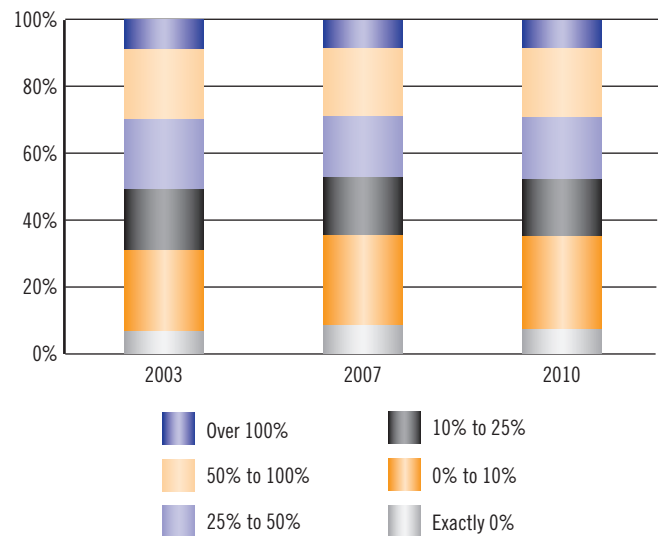
Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007 & 2010)

that the adverse financial conditions of its members have persisted. In addition, Chapter 257 adjustments were not applied, leaving providers with no increase in rates. The surplus margins are likely to have worsened had it not been for the presence of ARRA funds to support critical human services and infrastructure projects.

Stockpiling six months or more of cash was the technique employed by Grassroots groups during the upswing to help them survive the forthcoming economic recession. Some smaller Safety Net organizations also employed this strategy. However, the median Safety Net group in the smallest subcategory was only able to raise cash holdings to cover three to four months of expenses by 2007. It did, however, retain this higher level of cash reserves through 2010. The larger Safety Net nonprofits, in the \$5 million to \$50 million range, only increased the one month of cash reserves they had in 2003 by one week in 2007.

Thankfully, most Safety Net organizations had the ability to access credit—instead of cash—to help survive the economic downturn. Only 6%-8% of these agencies reported no ability to borrow or use credit during the economic recession, in striking contrast to the 57% that are debt-free in the Grassroots category. Given fluctuat-

FIGURE 2.5  
Safety Net Public Charities  
Leverage Distribution



Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003); The Urban Institute, NCCS Core File (Public Charities, 2007 & 2010)

ing revenues, payment delays, and high fixed expenses, the ability to borrow becomes essential for a Safety Net organization to continue operations. **Figure 2.5** reveals several interesting borrowing patterns. One-third of Safety Net public charities still confront significant barriers to credit, and so are only able to finance 10% or less of assets through liabilities. Almost as many nonprofits are considerably leveraged with over half of assets funded by debt. Just under one-tenth of Safety Net organizations are “under water” or “insolvent” with liabilities exceeding the book value of assets. It is unclear how these public charities will generate sufficient surpluses to remain in business.

Safety Net organizations displayed remarkable discipline throughout the economic cycle. While consumers took advantage of credit availability to expand borrowing during the economic expansion, these nonprofits collectively displayed little change in their borrowing levels. The levels and distribution of leverage of Safety Net nonprofits remained remarkably unchanged between 2007 and 2010 despite the severity of the economic recession.

## Economic Engine Organizations

The nonprofit sector is an important employer and economic engine for the Commonwealth of Massachusetts. The high employment and recent employment growth in the sector can be largely attributed to the 221 organizations with more than \$50 million in annual revenues in 2010. These Economic Engines account for \$161.2 billion (89%) of revenues and \$157.7 billion (82%) of the total assets of the Massachusetts nonprofit sector in 2010. Health Care organizations and Educational entities account for 44% and 31%, respectively, of Economic Engine nonprofits, with the remainder primarily from the Human Services, Arts and Other public charities sectors.

These organizations primarily deliver health and educational services paid for directly by individuals or third parties but they also offer subsidized services through government programs. Many of the clients come from outside the local community or even the state. These organizations rely predominately on program service revenue (71%) and, to a lesser extent, on contributions (24%). Annual real revenue and asset growth for the organizations that filed in both 2003 and 2010 was 2.1%

and 1.8%, respectively, sharply contrasting with the real contractions of 0.7% and 0.3%, respectively, for the sector as a whole. As a result of these two divergent growth patterns in the sector, the Economic Engine category is controlling an ever increasing percentage of the Massachusetts nonprofit sector's resources as displayed in **Figure 2.6**. In 1995, Economic Engines earned 69% of the revenues as the Safety Net nonprofits garnered 31% and the Grassroots groups just 1%. By 2011, Economic Engines had captured 89% of the sector's revenues with Safety Net agencies falling to 11% and Grassroots entities receiving just 0.3%.

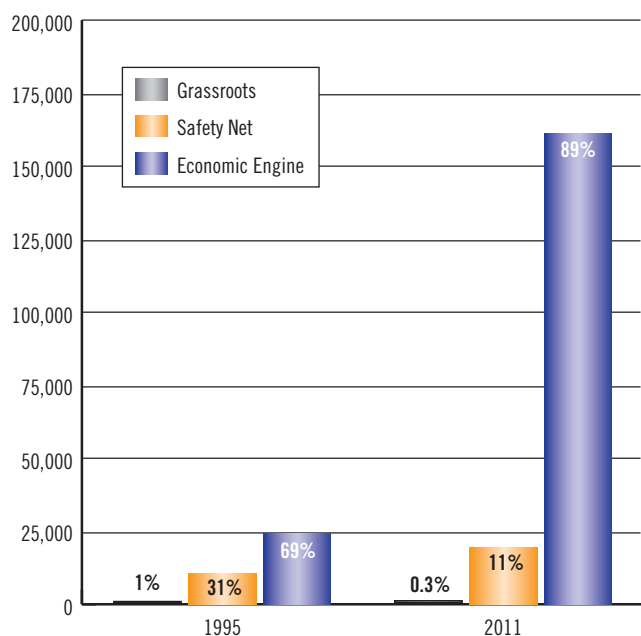
Three factors contribute significantly to this reinforcing pattern. First, donors and contractors often give more to organizations that are already successful. In addition, program service revenues are awarded more often to larger, financially stronger organizations with a reputation for consistently delivering quality services. Foundations, corporations and wealthy donors are attracted to nonprofits with marquee programs and an ability to publicize recent achievements (including grants). These grantors are also more willing to give large endowment gifts to such organizations. Finally, having built an endowment, these large-scale public charities can benefit from substantial—albeit volatile—investment returns.

Most large organizations (82%) have been able to sustain their size during the 2003-2010 period. While 24 organizations contracted in size and moved from the Economic Engine to the Safety Net category, 110 nonprofits expanded enough either internally or through mergers to become Economic Engines.

Economic Engine organizations rely heavily on program service revenue and large-scale government funding. Hospitals and other health care organizations are supported heavily by third party payments from government programs and insurance providers. Colleges and universities are funded by tuition and research grants. In the arts, museums depend on large federal and state funding and also on ticket sales.

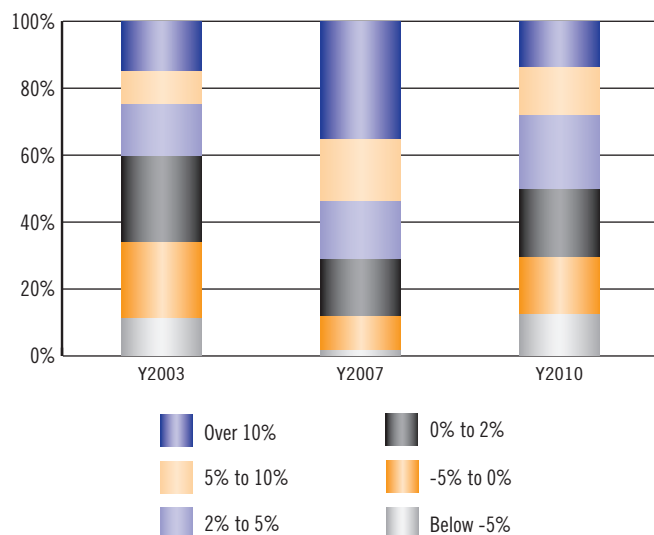
In 2003, several health care organizations generated operating losses (**Figure 2.7**). With the economic upswing, cost cutting, mergers and the Massachusetts universal health care legislation, the hospitals turned profitable by 2007. Overall, one-third of Economic Engines reported losses in 2003, but only 12% in 2007. The percent of organizations reporting unusually strong results, with surplus margins of over 10%, surged from 15% in 2003 to

FIGURE 2.6  
MA Nonprofit Sector Revenues by Value Proposition, in Millions \$, 1995-2011



Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, 1995-2011)

FIGURE 2.7  
**Economic Engines Public Charities  
Surplus Margin Distribution**



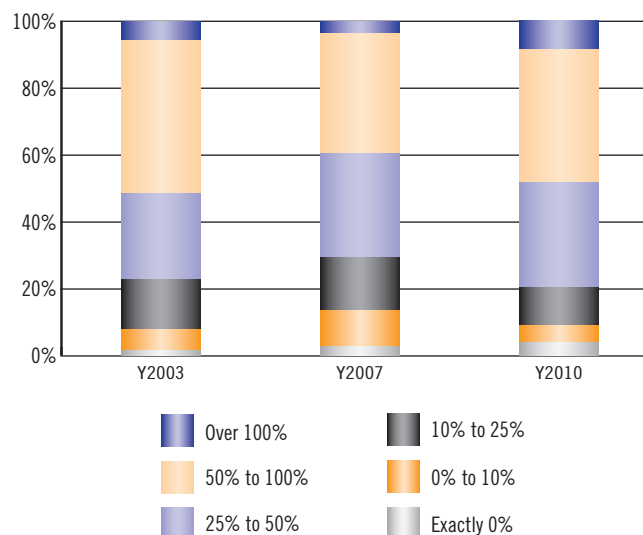
Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003);  
The Urban Institute, NCCS Core File (Public Charities, 2007 & 2010)

35% in 2007. A number of these returns were due to stellar investments and some large one-time gifts.

By 2010, the surplus margin distribution once again resembled that of 2003. However, the 2010 margins were adversely affected by sharp stock market declines and lower contribution revenues. Traditionally, financial analysts have not been concerned when these large nonprofits experience wide variation in investment returns. It has been commonly believed that the markets will recover and that Economic Engines have made realistic assumptions about the sustainable payout rate on its investments. Several large institutions, including Harvard University, experienced more profound and longer declines in investment values and returns than expected. As a result, some Economic Engines have had to pare back staff and reduce facilities and other overhead costs in order to operate on a more sustainable footing.

Overall, Economic Engine organizations have considerable access to credit. Neither the Grassroots nor the Safety Net public charities displayed many, if any, changes in the levels of leverage distribution over the economic cycle. Economic Engines, however, did display a marked decline in leverage between 2003 and 2007. This trend was due to two factors. First, the investment portfolio increased substantially in value. For nonprofits,

FIGURE 2.8  
**Safety Net Public Charities  
Leverage Distribution**



Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003);  
The Urban Institute, NCCS Core File (Public Charities, 2007 & 2010)

all unrealized gains and losses are reflected in changes in net assets (i.e. equity). As net assets rose in tandem with investment assets, the percentage of total assets supported by liabilities declined. A second reason for the decreased leverage in 2007 is that large organizations repaid outstanding debt and did not fully replace it with new borrowings. By 2010, investment securities had dropped markedly in value, increasing the leverage of most Economic Engine organizations.

To maximize financial income, Economic Engines utilized advanced cash management techniques. They are sure enough of their cash inflows and cash outflows that they can hold just two to three weeks of cash on hand and place the remainder in either short or long-term investments.

As a result, they are able to maintain relatively low levels of cash on hand (0.6 months vs. 1.8 months) and can afford to pay their bills in just over a month. More than 60% have breakeven or positive surplus margins. Unlike their counterparts, relatively few large organizations generate a surplus margin of more than 10% of revenues or a loss of more than 5% of revenues. Large colleges and universities have access to both bond and bank loan markets as well as short-term and long-term debt. While the majority of nonprofits have leverage of less than 10%, fewer than 10% of large organizations are unleveraged.



TABLE 2.2  
Budget Size Analysis

Demographic Statistics	Under \$250K	\$250K-\$1M	\$1-\$5M	\$5-\$10M	\$10-\$50M	>\$50M	Total MA
Number of Organizations (2003)	16,699	2,042	1,382	399	405	135	21,062
Number of Organizations (2011)	18,623	2,435	1,582	405	560	221	23,828
Percent of MA Total	78.2%	10.2%	6.6%	1.7%	2.4%	0.9%	100.0%
Compounded Annual Growth Rate	1.4%	2.2%	1.7%	0.2%	4.1%	6.4%	1.6%
Subsector Total Revenues (2011 in Millions)	\$579.1	\$1,245.6	\$3,523.8	\$2,916.2	\$11,735.2	\$161,187.8	\$181,187.9
Percent of MA Total	0.3%	0.7%	1.9%	1.6%	6.5%	89.0%	100.0%
Subsector Total Assets (2011 in Millions)	\$2,102.4	\$3,066.0	\$7,626.9	\$6,186.2	\$16,691.9	\$157,651.9	\$193,325.2
Percent of MA Total	1.1%	1.6%	3.9%	3.2%	8.6%	81.5%	100.0%
<b>Number of 2003 Public Charities Still Operating in MA in 2011</b>	10,785	1,733	1,230	369	374	130	14,621
Median Annual Real Total Revenue Growth Rate	-1.7%	-0.6%	-0.3%	1.2%	1.4%	2.1%	-0.7%
Median Annual Real Total Asset Growth Rate	-1.1%	-0.2%	0.0%	1.5%	1.2%	1.8%	-0.3%
Percent in Smaller Budget Category in 2003 and 2011	N/A	18.8%	16.7%	17.9%	16.6%	17.7%	9.5%
Percent in Same Budget Category in 2003 and 2011	91.1%	56.8%	63.5%	34.7%	69.8%	82.3%	89.9%
Percent in Larger Budget Category in 2003 and 2011	8.9%	24.4%	19.8%	47.4%	13.6%	N/A	0.6%
<b>Average Funding Mix (% total 2010 revenues)</b>							
Contributions	47.4%	46.7%	43.0%	33.4%	24.1%	24.3%	25.6%
Which Include:							
Membership Dues	1.4%	1.7%	1.4%	0.2%	0.4%	0.2%	0.3%
Fundraising Events & Federated Campaigns	0.7%	1.1%	1.1%	1.6%	0.9%	0.1%	0.3%
Program Service Revenue	34.6%	44.9%	49.8%	60.5%	72.2%	71.3%	69.9%
Investment Income	4.1%	2.7%	2.4%	2.5%	1.3%	1.9%	1.9%
Other Income	12.1%	4.0%	3.5%	3.5%	2.4%	2.4%	2.6%
<b>Median Ratios</b>							
Surplus Margin (2003)	3.1%	1.4%	2.0%	2.0%	1.3%	1.4%	2.1%
Surplus Margin (2007)	5.8%	4.8%	4.6%	3.3%	3.6%	6.1%	5.0%
Surplus Margin (2010)	3.6%	2.0%	2.4%	0.9%	1.6%	2.0%	2.6%
Leverage (2003)	0.00	0.16	0.27	0.40	0.45	0.51	0.07
Leverage (2007)	0.00	0.14	0.23	0.34	0.42	0.42	0.03
Leverage (2010)	0.00	0.13	0.26	0.35	0.45	0.49	0.02
<b>2010 Surplus Margin Distribution</b>							
Over 10%	32.3%	27.8%	22.4%	19.8%	12.7%	12.3%	28.5%
5% to 10%	9.1%	14.3%	16.7%	21.8%	17.8%	17.2%	12.0%
2% to 5%	5.4%	7.8%	9.3%	14.4%	22.8%	20.2%	7.7%
0% to 2%	6.4%	9.8%	11.5%	8.8%	17.8%	22.2%	8.6%
-5% to 0%	8.6%	10.9%	13.4%	12.7%	14.7%	14.3%	10.2%
Below -5%	38.2%	29.4%	26.6%	22.4%	14.3%	13.8%	33.0%

continued on next page

TABLE 2.2  
Budget Size Analysis (continued)

Demographic Statistics	Under \$250K	\$250K-\$1M	\$1-\$5M	\$5-\$10M	\$10-\$50M	>\$50M	Total MA
<b>2010 Leverage Distribution</b>							
Exactly 0%	63.6%	12.4%	2.6%	0.6%	0.2%	4.0%	39.9%
0% to 10%	16.0%	33.4%	27.8%	19.3%	10.3%	5.0%	20.6%
10% to 25%	4.4%	15.8%	19.3%	18.4%	15.7%	11.4%	9.6%
25% to 50%	4.9%	13.6%	20.7%	26.1%	29.7%	31.3%	10.9%
50% to 100%	5.5%	14.9%	21.8%	28.0%	37.7%	39.8%	12.2%
Over 100%	5.5%	9.8%	7.8%	7.6%	6.4%	8.5%	6.8%
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>							
Compensation Expense to Total Expenses	8.3%	33.4%	46.9%	48.3%	52.7%	43.7%	44.6%
% of Organizations in 2010 with Employees	10.0%	63.1%	89.3%	95.8%	97.3%	95.6%	38.5%
Program Expenses to Total Expenses	30.8%	69.4%	80.7%	85.2%	85.4%	88.6%	87.2%
Fundraising Expenses to Total Expenses	1.0%	3.3%	3.3%	2.6%	1.5%	0.8%	1.0%
<b>Liquidity (Medians)</b>							
Days Cash on Hand (2003)	45.5	89.7	58.3	33.2	30.0	19.2	55.3
Days Cash on Hand (2007)	200.0	111.2	74.7	38.9	38.6	24.4	118.6
Days Cash on Hand (2010)	226.6	114.5	77.4	51.7	39.6	23.3	100.9
Inverse Current Ratio (2003)	0.00	0.16	0.28	0.41	0.47	0.66	0.08
Inverse Current Ratio (2007)	0.00	0.12	0.19	0.30	0.29	0.33	0.08
Inverse Current Ratio (2010)	0.00	0.12	0.30	0.41	0.53	0.75	0.25
Net Working Capital (2003)	\$37,402	\$153,492	\$523,079	\$1,184,448	\$2,249,296	\$10,300,000	\$79,339
Net Working Capital (2007)	\$52,241	\$206,503	\$816,536	\$2,275,128	\$6,539,712	\$58,100,000	\$163,526
Net Working Capital (2010)	\$38,632	\$171,888	\$522,432	\$1,260,401	\$2,001,806	\$5,804,822	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>							
Cash-to-Total Assets	16.0%	14.7%	11.7%	10.5%	10.3%	4.3%	11.0%
Investments-to-Total Assets	20.7%	23.5%	38.6%	39.0%	40.9%	61.5%	37.5%
Fixed Assets-to-Total Assets	27.5%	41.6%	33.9%	30.2%	33.3%	19.4%	33.3%
Liabilities-to-Total Assets	28.6%	35.8%	36.6%	34.3%	38.6%	33.0%	36.7%
Revenues-to-Total Assets	23.0%	33.3%	36.7%	41.6%	55.2%	41.1%	45.5%

## CHAPTER THREE

# Financial Turbulence Across 10 Industry Sectors

A different perspective on the financial health of the Massachusetts nonprofit sector is revealed by segmenting nonprofits by their mission and program services. Organizations with similar missions and program services often have similar business models and patterns of funding and spending. The analysis divides the sector into two broad segments: Social Services and Other Societal Benefit. The Social Services segment encompasses one-on-one direct services provision such as human services, youth development and housing as well as infrastructure development, including housing and building communities. The Other Societal Benefits segment encompasses cultural activities, including arts, education, religious and international activities, health, including medicine, environmental fields and philanthropy.

To better analyze and communicate the financial characteristics and recent trends, the two segments are broken into 10 industry sectors as described in **Appendix A**. By breaking down each sector into three to six additional sub-sectors the breadth and variation of each sector can be highlighted.

## The Social Services Segment

### Community Capacity

The Community Capacity industry sector was designed to bring together organizations that focus on serving communities rather than individuals. In 2011, this sector contained 1,834 organizations and represented 8% of all Massachusetts nonprofits. Unlike the other sectors, the number of registered public charities in this area declined from 2003 to 2011, falling at a compounded annual rate of 0.4% per year. The total of revenues for this industry sector was \$1.08 billion with total assets of \$958 million in 2011. The agencies in business in both 2003 and 2011 contracted in size with real revenues declining 2.3% a year and real assets decreasing by 0.8%. This pattern is in sharp contrast to the 1989 to 2003 period when the Community Capacity sector exhibited

### National Taxonomy of Exempt Entities Classifications (NTEE)

The original NTEE classifications were developed by the National Center for Charitable Statistics (NTEE) and adopted by the IRS. The current NTEE system includes a major code (a letter) and a two-digit common code. In the earlier *Passion & Purpose* study, the Boston Foundation engaged in significant work to reclassify nonprofits from unassigned to the appropriate NTEE grouping. Any inconsistencies in coding in this report were resolved by using the NCCS NTEE Master file.

### Massachusetts Public Charities Industry Classifications

Building on the NTEE categories developed by the National Center for Charitable Statistics, the Boston Foundation grouped the public charities into two major segments: Social Services and other Societal Benefit. The Social Services Segment is composed of four industry sub-sectors: Community Capacity, Housing and Shelter, Human Services and Youth Development. The Non-Social Segment includes Arts, Education, Environment, Health, Philanthropic and Other Nonprofits.

the strongest revenue and asset growth rates of any sector in Massachusetts.

Community Capacity is divided into four sub-sectors: (1) Crime, Legal and Civil Rights; (2) Employment; (3) Community Development; and (4) Support and Other. The Crime and Community Development sub-sectors experienced significant declines in the number of agencies during this period. Some contraction is attributable to the IRS's revocation process that terminated the tax-exemption of mainly defunct organizations. A few mergers also contributed to the reduction in the number of nonprofits operating in these two sub-sectors. All

four sub-sectors have experienced contractions in real revenues, real assets or both.

This distribution of organizations by budget size is typical for the entire Social Services segment. Most Community Capacity organizations are Grassroots in size (57%) with only 7% of these nonprofits reporting \$5 million or more in annual revenues.

The largest 10 organizations are not concentrated in any of the subgroups, and the largest in terms of revenue do not correspond to the largest in terms of assets. Recognizable organizations include Action for Boston Community Development, Boston Community Loan Fund, Third Sector New England, Bridgespan Group, Year Up and Jobs for the Future.

In many regards, Community Capacity groups display the same financial characteristics as the full Social Services Segment. Community Capacity organizations, like the other Social Service organizations, devote about 85% of expenses to program, with 42% of spending going towards compensation. One-third report strong surplus margins of over 10% while about an equal number display losses of over 5% of revenues. Most entities (56%) have leverage of less than 10%, with about 20% having liabilities in excess of 50% of assets. The sector did demonstrate an increase in current obligations relative to current assets over the economic cycle. The median organization reported a 0.19 inverse current ratio in 2010, a doubling since 2003.

What is unusual about Community Capacity nonprofits from a financial perspective is the funding mix. Due to a focus on infrastructure and community organizing rather than direct services, Community Capacity organizations rely heavily on contributed income rather than program service revenue. One-half of revenues comes from these sources, in contrast to the other Social Services sectors that obtain just one-third of revenue from these sources. Government contributions are among the heaviest of any sector.

A second distinguishing feature is its balance sheet structure. While other Social Services sectors require significant physical plants to deliver housing and direct services, Community Capacity groups have fewer assets relative to their budget size. Social Services entities generally have a ratio of revenues-to-assets of 67%, where Community Capacity groups have a median ratio of 82%. Only the Health Care sector reports a higher ratio. In addition, Social Services nonprofits hold 46%

of their assets in the form of property, plant and equipment, while Community Capacity organizations have just 27% of those kinds of assets.

Instead of fixed assets, Community Capacity organizations hold 19% of their assets in the form of cash and 21% as investments. Over the economic cycle, the cash on hand rose more sharply than for the Social Services segment as a whole. On average, the cash on hand doubled from two to four months between 2003 to 2007 and remained over three months in 2010. This pattern may reflect a concern by this sector about the length of the recession and its ability to be sustained by contributions rather than program service revenues.

There is significant fiscal diversity within the Community Capacity industry sector. Employment nonprofits are generally larger in size, rely on more program service revenue and operate on a relatively thin surplus margin. They are generally Safety Net-sized public charities, which have access to and utilize credit, so their median leverage is high. Two-thirds have paid employees as compared to 40% of the Community Capacity sector. Community Development groups operate community loan funds and buildings, so 60% of assets are funded by debt. Fundraising expenses are meager (under 1% of total expenses) with resources being heavily devoted to program services (90%).

## Housing and Shelter

The Housing and Shelter industry sector contains just 848 entities, making it the second smallest of the 10 sectors in terms of number of organizations. It constitutes 1.3% of the sector by revenue and 2.9% by asset size. The nonprofits in this sector appear to be small, with 93% of the nonprofits having budgets of less than \$5 million. However, it should be noted that many housing organizations separately incorporate each housing project for legal and liability reasons. While the IRS offers nonprofits an ability to file group returns, many housing organizations elect to file multiple tax filings each under different employer identification numbers (EIN). This report uses separate filings to determine the organizational headcount. Despite the preference by Housing groups to file separate returns, three Housing and Shelter nonprofits reported earning over \$50 million in revenues in 2011, placing them in the Economic Engine category.

This sector is divided into three sub-sectors: (1) Housing Development; (2) Search, Shelter Associations and Improvement; and (3) Support and Other. Large organizations in this sector include subsidized housing associations, builders' and lenders' associations and housing assistance organizations. Some recognizable organizations in this category include the Metropolitan Boston Housing Partnership, Brooksby Village, Pine Street Inn and South Shore Housing Development Corporation.

Housing and Shelter organizations depend on sizeable, multi-year funding sources that allow them to build and operate buildings and also provide sustained subsidies for housing. As a result, the sector is funded almost exclusively by program service revenue (65%) and contributions (31%). While government contracts are included in program service revenue, public sector grants are generally reported as contributions.

The balance sheet of the Housing and Shelter nonprofits is dominated by property, plant and equipment to a greater extent than any other sector. These fixed assets constituted 59% of total assets in 2010, well above the 22% average for the Massachusetts public charity community as a whole. Although these extensive long-term assets may be heavily utilized and provide considerable value to clients, the Housing sector cannot readily generate revenues from them. This can be seen in the 27% ratio of total revenues-to-total assets. The nonprofit sector overall is able to yield a 42% ratio, while the Social Services segment produces a 67% ratio.

Housing and Shelter nonprofits devote relatively less to compensation, since most spending is on resources that make housing and shelter available to their clients. One-half of these organizations report paying employee costs, but compensation expense constitutes just 28% of total expenses in 2010.

Housing and Shelter organizations have a unique and risky financial profile. From a cash management perspective, this sector began the recession with two months of cash on hand, at or above the median for the other sectors. The other sectors displayed a jump in cash reserves by 2007 of about two months. In contrast, the Housing sector experienced an increase of just three weeks. By 2010, the median Housing nonprofit held cash of 2.5 months, less than its counterparts in most other sectors. In addition, the Housing sector held only 4% of its assets in the form of financial investments, in sharp contrast to the 57% in the sector overall.

The profitability in this sector is troubling. The median firm barely broke even in 2003, as reflected in the 0.5% surplus margin. Unlike all other sectors, the median housing nonprofit reported losses of 1.1% of revenues at the height of the economic expansion. Money-losing operations dominated the sector in 2010 with a median loss of 0.6%. These results are explained by chronic losses throughout the economic cycle by the Housing Development organizations. The Search & Shelter entities reported moderate profits in both 2003 and 2010 but breakeven results in 2007, while the median support services operated profitably in the 2003-2007 period but produced deficits during the downturn.

Housing and Shelter organizations depart most dramatically from the average behavior of all organizations in their use of leverage. Their median leverage was about 60% throughout the period, while state median varied from 2% to 7%. In terms of averages, the sector reported having 79% of its assets funded by liabilities in 2010 versus 34% for the full Massachusetts nonprofit sector. A similar radical departure from the average shows up in the percentage of organizations with negative net assets (28%). Since many organizations in this sector provide housing and shelter to indigent clients, these statistics are the residue of the provision of housing units financed through large amounts of borrowing, a pattern that shows up every year. This amount of leveraged debt is proving particularly problematic in declining commercial and residential housing markets.

## Human Services

With spending at \$3.4 billion, revenues of \$3.4 billion and assets of \$2.9 billion, the Human Services sector composes half of the Social Services segment. This sector is the only one to report more total revenues than total assets. The annual growth in the number of organizations is relatively low, at 0.6% per year as compared to the 1.1% expansion in the Social Services segment.

The Human Services sector is divided into six sub-sectors: (1) Agriculture and Food; (2) Human Services; (3) Children and Youth; (4) Family and Personal; (5) Residential and Adult Day Care Independence Services; and (6) Support and Other. Examples of prominent and diverse organizations in this sector include Vinfen, Stavros Center for Independent Living, Seven Hills Foundation, Hebrew SeniorLife, YMCA of Greater Boston and the Home for Little Wanderers. A relatively low percent-



age of organizations (45%) fall into the under \$250,000 spending range. The sector has 12 organizations with spending greater than \$50 million.

A major part of the work of Human Services organizations is providing skilled personnel to counsel and help needy individuals. In general, organizations in this sector operate as direct service providers. It is not surprising that they devote more of their spending to employee compensation (51%) than any other sector. It also ties with the Health Care sector for the highest percentage of organizations with paid employees (55%).

Due to its heavy reliance on skilled staff, the Human Services sector must depend on government funding and other forms of program service revenue. Government contracts and grants (the latter of which are included in contribution revenue) pose significant operational and infrastructure restrictions on the nonprofit providers. An October 2007 study by DMA Health Strategies of Massachusetts human service and health providers reported that these organizations operate within an atmosphere of extreme financial distress.<sup>1</sup> State and federal funding is generally paid in arrears and does not fully cover costs. One-third of providers have over 45 days of receivables, and 60% have less than one month of cash on hand. Additionally, little funding is offered for capital expenditures. Due to severe budgetary constraints, state contracts have been seriously reduced, adding to the financial stress.

The financial pressure from these government contracts is evident among sub-sectors of the Human Services sector that utilize them. Real revenues in these sub-sectors have been flat or contracted over the economic cycle. Real asset growth did not exceed 1% per year. The median surplus margin in these direct delivery sub-sectors (general human services, children & youth, family & personal and residential & adult day care) were close to breakeven in 2003, rose to 2.5% to 3.5% in 2007, only to fall back and break even by 2010. The percentage of direct delivery Human Services that report high surplus margins of over 10% is remarkably low. Median cash on hand was constrained, staying within a narrow band of two to three months. The median ratio of liabilities to assets for the full Human Services sector in 2010 was 53%, making it the second most leveraged sector following the Housing sector.

Human Services organizations are forced both in periods of economic expansion and contraction to sustain and even expand services despite uncertain and declining revenues. To succeed, these entities have developed a remarkable ability to manage their budgets effectively and carefully manage cash to ensure sufficient liquidity to meet payrolls and other obligations. A final strength is their remarkable asset utilization. While the Massachusetts nonprofit sector as a whole generates \$0.42 per dollar of assets, the Human Services sector produces \$1.00 with the direct delivery subsectors yielding \$1.04 in 2010.

## Youth Development, Sports and Recreation

The Youth Development industry sector has a membership of 2,551 organizations and is growing at a healthy clip of 2.9% a year. Despite representing 11% of public charities in 2011, this sector has the fewest resources with just \$655 million in revenues (1.3% of the state total) and \$650 million in total assets (1% of the state total). Not surprisingly, a remarkable 77% of the sector's agencies are Grassroots groups with under \$250,000 in annual revenue and 92% have annual budgets of under \$1 million. Only one organization placed in the over \$50 million spending category. While the Social Services segment has experienced a contraction in real revenues and constant real asset base over the recession, the Youth Development sector sustained revenue in real terms and expanded real assets by 1.4% per annum.

This sector is broken into the following four sub-sectors: (1) Camps and Facilities; (2) Amateur and Professional Sports; (3) Youth Centers and Youth Development; and (4) Support and Other. These sub-sectors show considerable diversity. Some of the larger and more prominent include the Elder Hostel, YouthBuild USA, Eastern States Exposition, Boys & Girls Clubs of Greater Boston and Special Olympics Massachusetts. In terms of the number of organizations, the largest sub-sector by far is amateur and professional sports, which accounts for 1,408 organizations in this sector. In addition, it is the source of the revenue and asset growth in the sector. However, 85% of these entities are Grassroots groups.

There is considerable diversity in terms of the business model followed by organizations in this sector. Amateur and Professional Sports essentially rely on dues and program service revenue to provide opportunities for

team and individual sports. Camps depend on tuition and user fees recorded as program service revenue for 80% of revenues.

Youth Centers have an unusual business model. They are predominantly funded by contributions. Almost 60% of organizations have paid employees, yet compensation constitutes just 13% of revenues. Program expenses, at 56% of total expenses, are one of the lowest of any sub-sector in the state. This statistic may be misleading as these centers use extensive volunteer labor, the costs of which are generally not included in either program or total expenses.

The financial ratios for the Youth Development sector reflect its grassroots emphasis. The surplus margins are relatively high throughout the period. Since Grassroots nonprofits usually raise funds in advance of committing to and paying expenses, their surplus margins tend to be positive. As they have virtually no access to credit, they save cash earned during times of economic expansion for use in downturns or in times of unexpected revenue shortfalls. These factors account for the high cash on hand, lack of leverage and the inverse current ratios of zero. The camps, youth centers and sports sub-sectors all own fixed assets, which are often vehicles and sports equipment with some larger nonprofits in each sub-sector owning land and buildings.

## The Other Societal Benefits Segment

### Arts, Culture and Humanities

The Arts, Culture and Humanities (“Arts”) industry sector’s 3,126 organizations enhance the state’s rich cultural tradition. The number of arts organizations has grown at half the pace of the overall nonprofit sector. In 2010, these organizations held \$2.8 billion in assets and drew in revenues of \$1.7 billion. The six sub-sectors within the arts industry sector are: (1) Arts, Culture and Humanities; (2) Performing Arts; (3) Museums; (4) Media and Communications; (5) Historical Societies; and (6) Support Service and Other Organizations. High profile organizations in this sector include large media and performing arts organizations such as WGBH, Harvard Business School Publishing and the Boston Symphony. Its museums and historical societies include the Museum of Fine Arts, Peabody Essex Museum, the Isabella Stewart Gardner Museum and the Clark Art Institute.

The financial outlook for the Performing Arts sub-sector is of great concern. This sub-sector is characterized by Grassroots organizations, each with its own stylistic, programmatic and creative voice. These Performing Arts nonprofits obtain considerable funding from program service revenues, such as tickets, but also host frequent special fundraising events. Traditionally, the median surplus margin in the Performing Arts has been positive. However, the economic recession reduced discretionary consumer spending on tickets and fundraisers. As a result, almost one-half of the Performing Arts groups reported operating losses in 2010.

Resilient Grassroots organizations depend on cash reserves to provide liquidity throughout the economic cycle and aspire to be debt-free. Unfortunately, the Performing Arts sub-sector is so weak that the median organization held only three weeks of cash in 2003. This rose to 2.5 months by 2007 but contracted to two months in 2010. This financial distress is also reflected in the leverage ratios. A full 6% of performing arts groups reported liabilities of 50% to 100% of assets, while 7% reported being insolvent, or having negative net assets.

The remaining Arts subsectors are larger scale and are supported by contributions, including membership dues. As a result, this sector devotes relatively more resources to fundraising expenses. Generally, these organizations operate on a moderately profitable basis. Unfortunately, the economic downturn has adversely affected all the arts segments. Museums, historical societies and cultural groups have encountered a 3% real decline in revenues. To offset this, they have cut expenses in real terms by about 1% per year. Cost management has been facilitated by relatively low reliance on paid staff. One-third hire employees and just under 40% of costs are employee-related.

The Arts organizations outside of the Performing Arts sub-sector display liquidity profiles typical of Grassroots organizations. Cash on hand moved from under two months in 2003 to over four in 2007. The cash levels remained high, with the median at four months in 2010 with most of the sub-sectors demonstrating an ability to retain cash despite the recession.

For the subsectors other than Performing Arts, fixed assets constitute one-third of total assets. Museums have built substantial endowments, while the other sub-sectors show about 20% of their balance sheets as financial investments. Due to their small budget size, many



Arts groups avoid debt. This practice is highlighted in the balance sheet analysis. Unlike most sectors, organizations in the Arts frequently fund a significant portion of their fixed assets with net assets (i.e. equity) rather than debt. Unfortunately, as the distribution of leverage ratios indicates, a number of Arts organizations have liabilities in excess of total assets. Some may have assumed debt to finance asset acquisitions while others may have purchased investments that are now “underwater.” As a result, this portion of the Arts sector also has public charities that have not been resilient enough to successfully weather the economic cycle.

## Education, Science, Technology and Social Sciences

The Education, Science, Technology and Social Sciences industry sector along with the Health Care sector are the behemoths in the Massachusetts nonprofit community. The Education sector included 4,612 organizations, revenues of \$14.9 billion and assets of \$25.8 billion in 2010. Despite the sector’s generally large financial footprint, 62% of its organizations earn under \$250,000 in revenues. While there is much discussion of the rising costs of tuition, the median Educational institution experienced a 1% real annual decline in revenues over the decade with real expenses also falling.

There are six sub-sectors in this category: (1) Elementary, Secondary and Vocational Schools; (2) Higher, Graduate and Adult Education; (3) Libraries; (4) Educational and Student Services; (5) General, Social and Applied Sciences; and (6) Support Service Organizations. The largest organizations in the Education sector are predominately internationally-known private colleges and universities (Harvard University, MIT and Boston University) or some private elementary and secondary schools. Several preeminent research organizations, such as the Mitre Corporation, Draper Laboratories and the National Bureau of Economic Research, are found in this industry sector as well. Other large organizations include the John F. Kennedy Library Foundation and the New England Association of Schools and Colleges.

This industry sector’s numerous teaching institutions and libraries are run by professional staff and have complex revenue mixes and ranges of services. Fifty-five Educational public charities fall into the Economic Engine value

proposition. The sector also has a high concentration of support service organizations and nonprofits delivering educational and student services. These two sub-sectors are two-thirds Grassroots nonprofits.

Most of the Education subsectors are funded through program services. For example, K-12 and higher education schools are funded primarily by tuition and other program service revenue (74% and 67%, respectively). The role of support organizations in this sector is primarily to fundraise from private sources. Often these groups are not-for-profit affiliates of state universities, so it is not surprising that they are overwhelmingly funded by contribution income. A large number of Educational institutions regardless of sub-sector also generate investment income. For the larger universities and some private schools, this endowment income substantially subsidizes the cost of education.

Compensation costs dominate the expense structure at most Education nonprofits. Although many are Grassroots in size, the bulk of them have some full- or part-time employees. These organizations must carefully contract with faculty and staff to manage expenses, so part-time and contract-based employment arrangements are relatively commonplace.

This sector’s median surplus margin ratio of 3.5% is well above state average. About 20% of K-12 and universities reported surpluses of over 10% of revenues, below the state average. Throughout the economic cycle, over 40% of the remaining Education nonprofits reported surplus margins of over 10%. The public charities in these sub-sectors are mainly Grassroots groups, with no or little access to leverage. During this period, they have averaged close to a 2.2% annual real decline in revenues. They have resisted pressure to deliver current services, choosing instead to follow a more conservative approach that builds cash reserves and investments. Time will tell whether this strategy is well advised.

## Environment and Animal-Related

The Environment and Animal-Related sector has been the most rapidly growing sector since 1989. In the 2003-2010 period, the number of organizations increased at 3.5% a year, double the pace of 1.6% for the other sectors. Today, 5.3% of Massachusetts public charities are in the Environmental field. The sector’s real asset growth over the past decade has been 1.9%, which is two times

faster than any other sector. However, total assets are just \$1.5 billion. Real revenues declined at 1.2%, on par with the state average. The sector produced just \$639 million in revenues in 2010. The Environmental, Youth Development and Housing sectors are the three smallest and collectively represent under 4% of the total sector's revenue base. Two-thirds of the groups are Grassroots in size, with just one organization (Conservation Services Group) falling into the Economic Engine category.

Within this sector, there are four sub-sectors: (1) Conservation and Pollution Control; (2) Botanical and Environmental; (3) Animal Welfare, Shelters and Zoos; and (4) Support Service and Other Organizations. The Conservation organizations in this group include the Trustees of Reservations and the Massachusetts Audubon Society. Animal Welfare organizations include the Massachusetts Society for the Prevention of Cruelty to Animals (MSPCA) and the New England Aquarium, while the Massachusetts Horticultural Society and the Appalachian Mountain Club are categorized as Botanical and Environmental.

In this industry sector, there is a mix of small organizations with visions established by their founders, and larger organizations with more complex objectives using more sophisticated fundraising to pursue their advocacy goals. Because of this wide range, organizations in this sector cannot be categorized into one dominant business model.

Since many of these organizations, especially those in Conservation, rely on memberships and donations, it is not surprising that they rank comparatively high in contributed income. Their share of total income coming from contributed income, at 66%, is almost three times greater than the other Societal Benefit sectors. This sector does the best at raising membership dues and is also relatively successful at fundraising events. Predictably, these firms devote over 4% of expenses to fundraising. In 2003 and again in 2007 and 2010, Environment and Animal Welfare and other animal-related organizations achieved among the highest median surplus margin ratios. Like the Education sector, Environmental nonprofits had over 40% reporting surplus margins in excess of 10%.

As a result, cash blossomed, increasing from two months on hand in 2003 to 4.5 in 2007 and 3.5 in 2010. Perhaps more significantly, the nonprofits maintained high levels of investments. While many nonprofits

worked to remain debt free, a small percentage (3.4%) of these public charities have become insolvent.

## Health Care and Medical

The Health Care and Medical industry sector contains 2,346 organizations, making it the third largest nonprofit industry sector in the state. New organizations that were formed were in the Specific Disease Treatment sub-sector, while a number of hospitals merged, resulting in no net growth in the sector. In 2010, the Health Care sector earned \$25.8 billion in revenues on \$24.2 billion in total assets, making it the most economically significant sector with 49% of the revenues and 39% of the assets.

Relative to all nonprofits in the state, the Health Care and Medical industry sector has the lowest proportion of organizations in the under \$250,000 category (38%) and the highest in the over \$50 million category (8%). This sector, along with the Education sector, contains the largest nonprofits in the state. Of the 185 organizations that spent more than \$50 million in 2010, 108 are in this industry sector. Overall, the sector has experienced no real revenue growth over the past decade and a modest drop in real assets of 0.2% a year.

This sector has been divided into six sub-sectors: (1) Hospitals; (2) Nursing; (3) Mental Health; (4) Other Health Care; (5) Specific Disease Treatment and Research; and (6) Support Services and Other Organizations. The largest hospital chains are Partners Healthcare, UMass Memorial, Children's Hospital and Massachusetts General Hospital. Other health care organizations include Harvard Pilgrim Health Care and Harvard Vanguard Medical.

Many organizations in this industry sector providing services to clients or patients rely most heavily on program service revenue from patients, insurance carriers and government for their sources of income. Overall, program service revenue is most important, with 83% of the total income in this sector coming from this source. Nursing and Mental Health facilities rely on program service revenues for over 90% of revenues. Those that engage in research or provide other types of support rely more heavily on contributions, such as the Specific Diseases, Treatment and Research sub-sector that is 29% contribution funded.

The Health Care sector resembles the Social Services Segment in that fixed asset investment is substantial,

and these long-term assets along with some short-term assets are funded by debt. The Health Care sector generally has relatively low borrowing costs as they are able to obtain mortgage and bond financing. This sector has developed sophisticated capacity management. This is exemplified by the ratio of revenues-to-total assets of 90% for the sector, 220% for the other health care sub-sector and 160% for mental health facilities.

In the 1990s, the Health Care field was faced with razor-thin operating margins. These organizations were squeezed between cost containment measures by third-party payers and high personnel costs. As in other industry sectors, larger nonprofits are more likely to have paid employees; 55% of Health organizations have paid employees. Compensation expense constitutes half of all expenses, matched only by the Human Services sector. In the 2000s the sector worked to address these narrow margins by higher asset utilization (generally through capacity management) and cost cutting measures. One of the most significant trends has been to reduce back office costs through active consolidation. As a result, median surplus margins rose from 1.1% in 2003 to 4.1% in 2007.

Organizations in the Health industry sector have financial statistics that fall on the lean side, but in general have fewer organizations reporting evidence of serious distress. Due to their secure funding, size and financial sophistication, many Health Care nonprofits chose to operate with relatively little cash on hand. The median nonprofit reports holding 40 days of cash, the lowest level in any sector. Hospitals, Mental Health and Nursing facilities along with the other Health Care subsectors display median cash levels equal to between two weeks and one month of expenses. The reasons this group of nonprofits is able to manage under such tight cash constraints are several: Spare cash is swept into investment accounts to earn higher returns; a portion of program service revenues are prepaid; and these more sizeable organizations have access to bank lines of credit and credit terms from vendors.

## Philanthropy

Philanthropic nonprofits are numerically the second smallest of the 10 sectors, with 797 organizations. The annual growth in the number of organizations, at 0.8%, is about half the rate for the nonprofit sector as a whole.

In 2010, total Philanthropic revenues were \$2.5 billion and assets were \$4.5 billion. With a few exceptions, this sector is composed of relatively small nonprofits; 77% were in the under \$250,000 spending category, and 91% earned under \$1 million in revenues. Only seven placed in the over \$50 million category.

Philanthropy is broken into four sub-sectors: (1) Private Foundations; (2) Public Foundations; (3) Federated Giving; and (4) Support, Voluntarism and Other. Examples of Massachusetts philanthropic nonprofits include a number of regional United Ways, Combined Jewish Philanthropies of Greater Boston, the Boston Foundation, Berkshire Center for Families and Children, Yawkey Foundations, and Big Brothers Big Sisters Foundation. In addition, there are now a set of large donor-advised funds such as Fidelity Investments Charitable Gift Fund and the Bank of America Charitable Gift Fund.

Overall, this sector is quite homogeneous in its mission. Almost all organizations make donations to selected causes and recipients. Considering its purpose, it is not surprising that Philanthropy has a relatively high ratio of contributed income to total revenue. Its share of revenue from contributions is 81%, well above any other sector. Also consistent with its business model, this sector relies on investment income (5%) more than any other sector. It relies far less on program service revenue (15%) than any other sector.

The combination of these organizations' relatively small size, stated mission and history of voluntarism leads to an extremely low reliance on paid employees. Only 29% of these organizations had paid employees, and only 17% of their spending went to employee compensation. Rather than compensation, their dominant expense is grants. As organizations whose primary role is to accumulate financial assets in order to make donations to targeted causes, they are relatively asset-heavy; their average ratio of revenues to assets is 28%.

For nonprofits, all investment returns, including unrealized gains and losses, are shown on the income statement annually. Therefore, Philanthropies tend to report high surpluses in strong stock and bond markets and losses in periods of decline. This pattern was clearly displayed during the recent economic cycle. Private Foundations reported a median surplus margin in 2003 of 6.2%. That ratio rose to 15.5% in 2007 and dropped down to 7.3% by 2010. Real revenues for the median

---

private foundation decreased 5.3% per year over the decade, but were divided between significant increases in the 2003-2007 period followed by precipitous declines in the 2007-2010 period.

Unlike the rest of the nonprofit sector, the levels of cash on hand are driven more by the investment outlook than by operational considerations. The Philanthropic sector's cash moved from three months of expenses in 2003 to six months in 2007. It remained at that level through 2010. This pattern is likely explained by the foundations' interest in holding cash rather than investing in a market that might continue to decline.

## Other Nonprofits

The "Other" sector contains nonprofits that are not classified in any of the nine categories described previously. This category has exploded in size, increasing from 2,990 organizations in 2003 to 4,162 in 2010. Other organizations are categorized into three sub-sectors: (1) International and Foreign; (2) Religion; and (3) Other, with organizations in the first two sub-sectors generally defined by a narrow mission and substantial contributed income. The majority of the largest organizations in this sector belong to the International and Foreign sub-sector. It should be noted that religious organizations are not required to file annual tax forms with the IRS, so the financial picture provided of religious organizations reflects the health of congregations willing to voluntarily file.

Since the Other sector is comprised of more diverse and less known organizations, it is harder to identify prominent members. Some examples are the Clinton Health Initiative, Partners in Health, ISO New England and Oxfam-America. This eclectic sector contains mostly small organizations, with 77% falling into the under \$250,000 spending range and only eight nonprofits in the over \$50 million range. The total sector reported \$892 million in revenues in 2010 with \$1.2 billion in assets.

Despite their programmatic diversity, organizations in this sector reflect the financial challenges of the Grassroots category. The Other sector relies heavily on contributed income. The ratio of contributed income to total income is 61% with many donations derived from individuals and program service revenue representing 35% of the income. As a sector that has mostly small

organizations, there is low reliance on paid employees to carry out its missions. Just 30% of expenses cover staff costs, and only 37% of these nonprofits have paid staff.

The surplus margin distribution displays the classic bimodal pattern of Grassroots groups. One-third report surplus margins of over 10%, while another third have losses over 5% of revenues. Two-thirds report that 0% to 10% of their assets are funded by debt. Only 13% indicate that their assets are primarily funded by liabilities. As a result, the median organization reports having few forms of short-term credit throughout the period. Days of cash on hand shifted from two to six months of expenses from 2003-2007 and were sustained at this high level through 2010. Cash is an important asset in the Other Sector at 21% of the total.

TABLE 3.0  
All Industry Sectors

	Community Capacity	Housing & Shelter	Human Services	Youth, Sports & Recreation	Social Services	Arts, Culture & Humanities	Education, Science, Technology & Social Sciences	Environment & Animal- Related	Health Care & Medical	Philanthropy	Other	Other Societal Benefit	Total MA
Full Public Charity Sample Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)													
Demographic Statistics													
Number of Organizations (2003)	1,887	796	2,167	2,033	6,883	2,938	4,188	966	2,349	748	2,990	14,179	21,062
Number of Organizations (2011)	1,834	848	2,278	2,551	7,511	3,126	4,614	1,272	2,346	797	4,162	16,317	23,828
Percent of MA Total	7.7%	3.6%	9.6%	10.7%	31.5%	13.1%	19.4%	5.3%	9.8%	3.3%	17.5%	68.5%	100.0%
Compounded Annual Growth Rate	-0.4%	0.8%	0.6%	2.9%	1.1%	0.8%	1.2%	3.5%	0.0%	0.8%	4.2%	1.8%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$1,081.4	\$679.5	\$3,417.7	\$655.2	\$5,833.8	\$1,690.5	\$14,924.2	\$639.4	\$25,826.0	\$2,536.3	\$891.7	\$46,508.0	\$52,341.8
Percent of MA Total	2.1%	1.3%	6.5%	1.3%	11.1%	3.2%	28.5%	1.2%	49.3%	4.8%	1.7%	88.9%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$958.4	\$1,829.2	\$2,942.4	\$650.3	\$6,380.4	\$2,834.6	\$22,024.4	\$1,456.6	\$24,183.1	\$4,516.4	\$1,231.8	\$56,246.9	\$62,627.2
Percent of MA Total	1.5%	2.9%	4.7%	1.0%	10.2%	4.5%	35.2%	2.3%	38.6%	7.2%	2.0%	89.8%	100.0%
Public Charities Operating in MA in 2003 & 2011													
Median Annual Real Total Revenue Growth Rate	-2.3%	0.7%	-0.1%	0.0%	-0.2%	-2.0%	-0.8%	-1.2%	0.0%	-3.7%	-2.9%	-1.1%	-0.7%
Median Annual Real Total Asset Growth Rate	-0.8%	-2.0%	0.9%	1.4%	0.0%	-0.5%	-0.3%	1.9%	-0.2%	-3.1%	-1.9%	-0.5%	-0.3%
For Public Charities Filing 990s or 990EZs in 2010 Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)													
Average Funding Mix (% total 2010 revenues)													
Contributions	49.6%	30.8%	29.0%	34.8%	33.8%	50.1%	36.0%	65.8%	14.6%	81.1%	60.5%	24.7%	25.5%
Which Include: Membership Dues	1.1%	0.1%	0.6%	1.4%	0.7%	3.2%	0.1%	3.3%	0.2%	0.0%	0.5%	0.2%	0.3%
Fundraising Events & Federated Campaigns	0.7%	0.4%	0.7%	2.6%	0.8%	0.7%	0.1%	1.8%	0.3%	0.6%	0.7%	0.3%	0.3%
Program Service Revenue	42.5%	64.5%	68.9%	56.0%	62.2%	37.5%	54.7%	26.0%	83.2%	15.2%	34.8%	70.6%	69.9%
Investment Income	1.0%	1.8%	0.6%	1.2%	0.9%	2.8%	4.3%	2.8%	0.7%	4.6%	1.8%	2.0%	1.9%
Other Income	6.6%	2.6%	1.2%	7.7%	3.0%	9.1%	4.8%	5.2%	1.4%	-1.3%	2.5%	2.5%	2.6%



TABLE 3.0  
All Industry Sectors (continued)

	Community Capacity	Housing & Shelter	Human Services	Youth, Sports & Recreation	Social Services	Arts, Culture & Humanities	Education, Science, Technology & Social Sciences	Environment & Animal- Related	Health Care & Medical	Philanthropy	Other	Other Societal Benefit	Total MA
<b>Median Ratios</b>													
Surplus Margin (2003)	1.1%	0.5%	1.4%	3.3%	1.7%	2.2%	2.8%	7.6%	1.1%	1.4%	1.3%	2.2%	2.0%
Surplus Margin (2007)	4.9%	-1.1%	2.9%	4.7%	3.3%	5.2%	7.6%	13.1%	4.1%	12.0%	5.8%	6.2%	4.9%
Surplus Margin (2010)	1.9%	-0.6%	1.8%	3.7%	2.1%	2.8%	3.5%	7.2%	2.0%	3.9%	1.7%	2.9%	2.6%
Leverage (2003)	0.10	0.62	0.22	0.00	0.12	0.02	0.04	0.02	0.24	0.00	0.03	0.04	0.07
Leverage (2007)	0.07	0.58	0.18	0.00	0.07	0.01	0.00	0.00	0.17	0.00	0.01	0.02	0.03
Leverage (2010)	0.05	0.57	0.15	0.00	0.05	0.01	0.00	0.00	0.18	0.00	0.01	0.01	0.02
<b>Budget Size Distribution (Number of public charities)</b>													
Under \$250K	536	240	629	1,127	2,532	1,003	1,443	357	520	287	449	4,059	6,591
\$250K-\$1M	195	218	310	233	956	291	393	119	254	68	159	1,284	2,240
\$1-\$5M	135	122	259	95	611	133	261	43	208	44	81	770	1,381
\$5-\$10M	15	29	77	8	129	24	60	11	107	10	12	224	353
\$10-\$50M	31	14	117	8	170	10	117	9	189	8	15	348	518
> \$50M	2	3	12	1	18	5	55	1	109	7	8	185	203
<b>2010 Surplus Margin Distribution</b>													
Over 10%	32.6%	28.5%	25.6%	31.7%	29.5%	35.1%	36.2%	45.0%	29.6%	39.9%	32.8%	35.2%	33.0%
5% to 10%	8.7%	9.0%	11.9%	13.4%	11.3%	9.0%	9.7%	9.5%	10.2%	7.8%	9.0%	9.5%	10.2%
2% to 5%	8.2%	6.4%	11.5%	10.0%	9.6%	7.3%	8.0%	5.4%	10.1%	5.9%	7.6%	7.9%	8.6%
0% to 2%	9.5%	3.7%	12.6%	7.0%	8.8%	6.4%	6.3%	3.7%	9.5%	6.2%	8.5%	7.0%	7.7%
-5% to 0%	10.6%	11.3%	15.0%	11.1%	12.3%	12.7%	12.0%	9.5%	13.0%	10.5%	10.1%	11.9%	12.0%
Below 5%	30.3%	41.2%	23.4%	26.8%	28.5%	29.5%	27.7%	26.7%	27.5%	29.7%	32.1%	28.5%	28.5%
<b>2010 Leverage Distribution</b>													
0%-10%	55.6%	25.1%	45.5%	77.7%	55.5%	70.5%	65.5%	74.0%	43.6%	77.0%	67.3%	63.8%	60.5%
10% to 25%	11.9%	9.3%	12.8%	6.6%	10.1%	9.1%	8.5%	6.9%	11.7%	7.6%	11.0%	9.4%	9.6%
25% to 50%	11.9%	12.2%	16.0%	6.6%	11.5%	8.1%	10.9%	8.0%	15.8%	6.4%	8.4%	10.5%	10.9%
50% to 100%	14.4%	25.8%	17.9%	5.8%	14.2%	6.0%	11.2%	7.7%	19.4%	6.9%	7.8%	10.8%	12.2%
Over 100%	6.3%	27.5%	7.8%	3.3%	8.8%	6.4%	3.8%	3.4%	9.5%	2.1%	5.5%	5.5%	6.8%

continued on next page

TABLE 3.0  
All Industry Sectors (continued)

	Community Capacity	Housing & Shelter	Human Services	Youth, Sports & Recreation	Social Services	Arts, Culture & Humanities	Education, Science, Technology & Social Sciences	Environment & Animal- Related	Health Care & Medical	Philanthropy	Other	Other Societal Benefit	Total MA
For Public Charities Filing 990s in 2010 Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)													
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>													
Compensation Expense to Total Expenses	41.5%	28.4%	50.7%	25.6%	43.5%	38.9%	41.0%	44.4%	48.6%	16.8%	29.5%	44.7%	44.6%
% of Organizations in 2010 with Employees	39.6%	49.7%	54.3%	19.0%	38.8%	34.1%	33.6%	35.2%	55.0%	29.0%	36.8%	38.2%	38.5%
Program Expenses to Total Expenses	85.6%	88.5%	87.6%	76.3%	86.3%	73.9%	85.9%	79.7%	88.5%	92.9%	82.7%	87.3%	87.2%
Fundraising Expenses to Total Expenses	1.5%	1.1%	1.1%	2.7%	1.3%	5.6%	1.6%	4.4%	0.4%	1.8%	2.3%	1.0%	1.0%
<b>Liquidity (Medians)</b>													
Days Cash on Hand (2003)	57.9	61.2	44.4	54.1	51.3	53.5	67.3	75.4	40.4	85.7	58.8	57.7	54.7
Days Cash on Hand (2007)	130.9	84.5	74.4	130.3	100.6	130.0	151.3	204.2	68.9	193.1	131.2	132.0	118.4
Days Cash on Hand (2010)	101.4	78.3	60.9	126.9	85.4	120.3	125.1	188.2	60.0	185.7	119.4	111.1	100.9
Inverse Current Ratio (2003)	0.09	0.24	0.21	0.00	0.10	0.02	0.05	0.01	0.25	0.00	0.03	0.06	0.08
Inverse Current Ratio (2007)	0.09	0.23	0.19	0.00	0.11	0.04	0.07	0.01	0.19	0.00	0.02	0.07	0.08
Inverse Current Ratio (2010)	0.19	0.25	0.37	0.06	0.24	0.09	0.35	0.07	0.43	0.02	0.10	0.26	0.25
Net Working Capital (2003)	\$72,092	\$201,655	\$112,348	\$45,709	\$78,672	\$55,045	\$70,949	\$101,766	\$215,505	\$69,328	\$66,378	\$80,174	\$79,458
Net Working Capital (2007)	\$138,322	\$184,016	\$194,287	\$68,602	\$126,127	\$103,679	\$181,196	\$245,139	\$442,102	\$296,906	\$130,412	\$194,442	\$163,526
Net Working Capital (2010)	\$255,536	\$503,745	\$408,827	\$80,754	\$266,696	\$185,178	\$250,226	\$168,172	\$499,409	\$95,654	\$142,061	\$236,298	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>													
Cash-to-Total Assets	18.7%	8.7%	12.6%	17.0%	12.5%	5.8%	3.3%	7.9%	7.9%	6.3%	21.1%	5.1%	5.5%
Investments-to-Total Assets	20.9%	3.8%	21.1%	27.2%	15.2%	47.2%	69.9%	33.4%	35.8%	87.8%	36.4%	59.5%	57.1%
Fixed Assets-to-Total Assets	26.8%	58.7%	44.9%	36.7%	46.4%	28.0%	17.7%	44.6%	28.0%	1.7%	10.1%	20.5%	21.9%
Liabilities-to-Total Assets	40.7%	78.8%	52.8%	22.0%	57.8%	17.3%	26.9%	12.1%	50.3%	4.3%	33.3%	32.3%	33.6%
Revenues-to-Total Assets	81.6%	26.7%	99.7%	69.1%	67.2%	22.8%	19.4%	25.9%	90.3%	28.4%	57.0%	40.5%	41.9%



TABLE 3.1  
Industry Sector: Community Capacity

	Crime, Legal & Civil Rights	Employment	Community Development	Support Services & Other	Community Capacity	Social Services	Total MA
<b>Full Public Charity Sample</b>							
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)							
<b>Demographic Statistics</b>							
Number of Organizations (2003)	516	171	919	281	1,887	6,883	21,062
Number of Organizations (2011)	495	183	864	292	1,834	7,511	23,828
Percent of MA Total	2.1%	0.8%	3.6%	1.2%	7.7%	31.5%	100.0%
Compounded Annual Growth Rate	-0.5%	0.9%	-0.8%	0.5%	-0.4%	1.1%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$386.9	\$440.8	\$754.2	\$133.7	\$1,081.4	\$5,833.8	\$52,341.8
Percent of MA Total	0.7%	0.8%	1.4%	0.3%	2.1%	11.1%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$412.1	\$417.3	\$858.5	\$156.6	\$958.4	\$6,380.4	\$62,627.2
Percent of MA Total	0.7%	0.7%	1.4%	0.3%	1.5%	10.2%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>							
Median Annual Real Total Revenue Growth Rate	-2.0%	0.3%	-2.8%	-4.8%	-2.3%	-0.2%	-0.7%
Median Annual Real Total Asset Growth Rate	-1.7%	-0.1%	0.4%	-3.1%	-0.8%	0.0%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>							
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Average Funding Mix (% total 2010 revenues)</b>							
Contributions	46.7%	44.5%	52.6%	54.8%	49.6%	33.8%	25.5%
Which Include: Membership Dues	3.9%	0.3%	0.2%	2.9%	1.1%	0.7%	0.3%
Fundraising Events & Federated Campaigns	1.9%	0.8%	0.2%	0.1%	0.7%	0.8%	0.3%
Program Service Revenue	26.3%	50.5%	44.4%	41.0%	42.5%	62.2%	69.9%
Investment Income	1.7%	1.6%	0.3%	1.3%	1.0%	0.9%	1.9%
Other Income	25.2%	3.2%	2.3%	1.4%	6.6%	3.0%	2.6%
<b>Median Ratios</b>							
Surplus Margin (2003)	1.8%	0.7%	0.7%	1.5%	1.1%	1.7%	2.0%
Surplus Margin (2007)	6.0%	2.6%	5.9%	3.1%	4.9%	3.3%	4.9%
Surplus Margin (2010)	0.8%	0.3%	2.9%	3.2%	1.9%	2.1%	2.6%
Leverage (2003)	0.07	0.23	0.12	0.03	0.10	0.12	0.07
Leverage (2007)	0.05	0.23	0.06	0.04	0.07	0.07	0.03
Leverage (2010)	0.05	0.22	0.04	0.02	0.05	0.05	0.02
<b>Budget Size Distribution (Number of public charities)</b>							
Under \$250K	152	39	267	78	536	2,532	6,591
\$250K-\$1M	55	31	81	28	195	956	2,240
\$1-\$5M	34	36	49	16	135	611	1,381
\$5-\$10M	1	7	6	1	15	129	353
\$10-\$50M	3	10	15	3	31	170	518
> \$50M	1	0	1	0	2	18	203

continued on next page

TABLE 3.1  
Industry Sector: Community Capacity (continued)

	Crime, Legal & Civil Rights	Employment	Community Development	Support Services & Other	Community Capacity	Social Services	Total MA
<b>2010 Surplus Margin Distribution</b>							
Over 10%	27.8%	22.1%	37.3%	36.9%	32.6%	29.5%	33.0%
5% to 10%	8.6%	7.4%	9.6%	7.4%	8.7%	11.3%	10.2%
2% to 5%	9.4%	11.5%	6.5%	8.2%	8.2%	9.6%	8.6%
0% to 2%	9.0%	14.8%	7.7%	11.5%	9.5%	8.8%	7.7%
-5% to 0%	11.4%	15.6%	8.9%	9.8%	10.6%	12.3%	12.0%
Below 5%	33.9%	28.7%	29.9%	26.2%	30.3%	28.5%	28.5%
<b>2010 Leverage Distribution</b>							
0%-10%	58.4%	38.8%	56.1%	64.5%	55.6%	55.5%	60.5%
10% to 25%	13.5%	13.2%	10.5%	12.1%	11.9%	10.1%	9.6%
25% to 50%	12.7%	19.8%	10.0%	8.9%	11.9%	11.5%	10.9%
50% to 100%	8.6%	21.5%	17.2%	9.7%	14.4%	14.2%	12.2%
Over 100%	6.9%	6.6%	6.2%	4.8%	6.3%	8.8%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>							
Compensation Expense to Total Expenses	53.8%	56.2%	32.0%	26.4%	41.5%	43.5%	44.6%
% of Organizations in 2010 with Employees	35.8%	65.9%	35.2%	36.2%	39.6%	38.8%	38.5%
Program Expenses to Total Expenses	75.0%	83.1%	90.5%	80.9%	85.6%	86.3%	87.2%
Fundraising Expenses to Total Expenses	3.6%	1.8%	0.6%	2.7%	1.5%	1.3%	1.0%
<b>Liquidity (Medians)</b>							
Days Cash on Hand (2003)	55.6	48.0	68.4	60.5	57.9	51.3	54.7
Days Cash on Hand (2007)	131.6	65.2	149.1	148.1	130.9	100.6	118.4
Days Cash on Hand (2010)	96.2	82.0	104.9	146.5	101.4	85.4	100.9
Inverse Current Ratio (2003)	0.08	0.21	0.09	0.04	0.09	0.10	0.08
Inverse Current Ratio (2007)	0.07	0.22	0.09	0.09	0.09	0.11	0.08
Inverse Current Ratio (2010)	0.11	0.29	0.22	0.07	0.19	0.24	0.25
Net Working Capital (2003)	\$64,626	\$186,675	\$60,593	\$124,360	\$72,092	\$78,672	\$79,458
Net Working Capital (2007)	\$107,088	\$351,826	\$155,908	\$126,461	\$138,322	\$126,127	\$163,526
Net Working Capital (2010)	\$107,325	\$781,040	\$351,480	\$125,243	\$255,536	\$266,696	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>							
Cash-to-Total Assets	17.4%	21.0%	16.9%	28.1%	18.7%	12.5%	5.5%
Investments-to-Total Assets	45.4%	27.4%	4.8%	30.3%	20.9%	15.2%	57.1%
Fixed Assets-to-Total Assets	20.5%	27.1%	31.8%	12.1%	26.8%	46.4%	21.9%
Liabilities-to-Total Assets	20.4%	24.5%	60.5%	25.8%	40.7%	57.8%	33.6%
Revenues-to-Total Assets	64.9%	88.6%	85.8%	83.7%	81.6%	67.2%	41.9%

TABLE 3.2  
Industry Sector: Housing & Shelter

	Housing Development	Search, Shelter, Associations & Improvement	Support Services & Other	Housing & Shelter	Social Services	Total MA
<b>Full Public Charity Sample</b>						
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)						
<b>Demographic Statistics</b>						
Number of Organizations (2003)	478	202	116	796	6,883	21,062
Number of Organizations (2011)	545	190	113	848	7,511	23,828
Percent of MA Total	2.3%	0.8%	0.5%	3.6%	31.5%	100.0%
Compounded Annual Growth Rate	1.7%	-0.8%	-0.3%	0.8%	1.1%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$862.1	\$452.6	\$89.8	\$679.5	\$5,833.8	\$52,341.8
Percent of MA Total	1.6%	0.9%	0.2%	1.3%	11.1%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$3,833.2	\$545.6	\$301.1	\$1,829.2	\$6,380.4	\$62,627.2
Percent of MA Total	6.1%	0.9%	0.5%	2.9%	10.2%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>						
Median Annual Real Total Revenue Growth Rate	0.6%	2.4%	0.3%	0.7%	-0.2%	-0.7%
Median Annual Real Total Asset Growth Rate	-2.6%	1.8%	-2.6%	-2.0%	0.0%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>						
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)						
<b>Average Funding Mix (% total 2010 revenues)</b>						
Contributions	18.8%	52.2%	30.0%	30.8%	33.8%	25.5%
Which Include: Membership Dues	0.0%	0.3%	1.2%	0.1%	0.7%	0.3%
Fundraising Events & Federated Campaigns	0.2%	0.5%	0.9%	0.4%	0.8%	0.3%
Program Service Revenue	75.8%	44.1%	67.8%	64.5%	62.2%	69.9%
Investment Income	2.5%	0.7%	1.3%	1.8%	0.9%	1.9%
Other Income	2.6%	2.9%	0.9%	2.6%	3.0%	2.6%
<b>Median Ratios</b>						
Surplus Margin (2003)	-0.6%	2.2%	1.7%	0.5%	1.7%	2.0%
Surplus Margin (2007)	-2.5%	0.4%	2.9%	-1.1%	3.3%	4.9%
Surplus Margin (2010)	-1.8%	2.6%	-3.8%	-0.6%	2.1%	2.6%
Leverage (2003)	0.72	0.26	0.26	0.62	0.12	0.07
Leverage (2007)	0.73	0.30	0.38	0.58	0.07	0.03
Leverage (2010)	0.68	0.28	0.46	0.57	0.05	0.02
<b>Budget Size Distribution (Number of public charities)</b>						
Under \$250K	159	60	21	240	2,532	6,591
\$250K-\$1M	169	34	15	218	956	2,240
\$1-\$5M	86	26	10	122	611	1,381
\$5-\$10M	18	10	1	29	129	353
\$10-\$50M	6	6	2	14	170	518
> \$50M	2	1	0	3	18	203

continued on next page

TABLE 3.2  
Industry Sector: Housing & Shelter (continued)

	Housing Development	Search, Shelter, Associations & Improvement	Support Services & Other	Housing & Shelter	Social Services	Total MA
<b>2010 Surplus Margin Distribution</b>						
Over 10%	27.6%	33.1%	22.9%	28.5%	29.5%	33.0%
5% to 10%	8.2%	13.2%	4.2%	9.0%	11.3%	10.2%
2% to 5%	6.2%	5.1%	12.5%	6.4%	9.6%	8.6%
0% to 2%	3.4%	5.9%	0.0%	3.7%	8.8%	7.7%
-5% to 0%	10.7%	12.5%	12.5%	11.3%	12.3%	12.0%
Below 5%	43.8%	30.1%	47.9%	41.2%	28.5%	28.5%
<b>2010 Leverage Distribution</b>						
0%-10%	20.8%	37.8%	28.6%	25.1%	55.5%	60.5%
10% to 25%	8.2%	10.4%	16.3%	9.3%	10.1%	9.6%
25% to 50%	12.4%	14.1%	6.1%	12.2%	11.5%	10.9%
50% to 100%	24.9%	25.9%	32.7%	25.8%	14.2%	12.2%
Over 100%	33.6%	11.9%	16.3%	27.5%	8.8%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)						
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>						
Compensation Expense to Total Expenses	27.5%	28.6%	36.7%	28.4%	43.5%	44.6%
% of Organizations in 2010 with Employees	49.8%	49.6%	49.0%	49.7%	38.8%	38.5%
Program Expenses to Total Expenses	89.0%	88.4%	84.0%	88.5%	86.3%	87.2%
Fundraising Expenses to Total Expenses	0.5%	2.0%	2.0%	1.1%	1.3%	1.0%
<b>Liquidity (Medians)</b>						
Days Cash on Hand (2003)	60.4	68.3	47.7	61.2	51.3	54.7
Days Cash on Hand (2007)	76.2	114.2	101.8	84.5	100.6	118.4
Days Cash on Hand (2010)	75.8	88.6	107.3	78.3	85.4	100.9
Inverse Current Ratio (2003)	0.26	0.18	0.25	0.24	0.10	0.08
Inverse Current Ratio (2007)	0.24	0.18	0.23	0.23	0.11	0.08
Inverse Current Ratio (2010)	0.25	0.22	0.27	0.25	0.24	0.25
Net Working Capital (2003)	\$237,413	\$158,811	\$225,136	\$201,655	\$78,672	\$79,458
Net Working Capital (2007)	\$162,275	\$207,557	\$335,697	\$184,016	\$126,127	\$163,526
Net Working Capital (2010)	\$487,688	\$825,621	\$506,677	\$503,745	\$266,696	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>						
Cash-to-Total Assets	7.3%	17.3%	11.4%	8.7%	12.5%	5.5%
Investments-to-Total Assets	3.1%	8.3%	5.8%	3.8%	15.2%	57.1%
Fixed Assets-to-Total Assets	62.0%	45.4%	29.2%	58.7%	46.4%	21.9%
Liabilities-to-Total Assets	84.6%	41.9%	65.4%	78.8%	57.8%	33.6%
Revenues-to-Total Assets	19.2%	76.8%	35.3%	26.7%	67.2%	41.9%

TABLE 3.3  
Industry Sector: Human Services

	Agriculture & Food	General Human Services	Children & Youth	Family & Personal	Residential Care, Adult Day Care, & Indepen- dence	Support Services & Other	Human Services	Social Services	Total MA
<b>Full Public Charity Sample</b>									
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)									
<b>Demographic Statistics</b>									
Number of Organizations (2003)	105	357	375	335	697	298	2,167	6,883	21,062
Number of Organizations (2011)	142	421	318	398	669	330	2,278	7,511	23,828
Percent of MA Total	0.6%	1.8%	1.3%	1.7%	2.8%	1.4%	9.6%	31.5%	100.0%
Compounded Annual Growth Rate	3.8%	2.1%	-2.0%	2.2%	-0.5%	1.3%	0.6%	1.1%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$124.7	\$1,003.5	\$575.5	\$391.7	\$2,613.6	\$178.3	\$3,417.7	\$5,833.8	\$52,341.8
Percent of MA Total	0.2%	1.9%	1.1%	0.7%	5.0%	0.3%	6.5%	11.1%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$93.6	\$1,075.0	\$391.5	\$375.3	\$2,494.1	\$234.8	\$2,942.4	\$6,380.4	\$62,627.2
Percent of MA Total	0.1%	1.7%	0.6%	0.6%	4.0%	0.4%	4.7%	10.2%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>									
Median Annual Real Total Revenue Growth Rate	4.5%	-1.2%	0.0%	-0.6%	0.4%	-3.0%	-0.1%	-0.2%	-0.7%
Median Annual Real Total Asset Growth Rate	3.7%	0.9%	0.8%	0.6%	1.0%	-1.1%	0.9%	0.0%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>									
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Average Funding Mix (% total 2010 revenues)</b>									
Contributions	72.4%	40.6%	36.7%	34.2%	19.8%	31.9%	29.0%	33.8%	25.5%
Which Include: Membership Dues	0.1%	2.6%	0.1%	0.0%	0.0%	0.5%	0.6%	0.7%	0.3%
Fundraising Events & Federated Campaigns	2.0%	1.1%	1.0%	1.7%	0.2%	3.6%	0.7%	0.8%	0.3%
Program Service Revenue	24.1%	56.4%	61.3%	62.5%	78.9%	66.4%	68.9%	62.2%	69.9%
Investment Income	0.8%	0.6%	0.9%	0.6%	0.5%	0.7%	0.6%	0.9%	1.9%
Other Income	1.7%	2.3%	1.1%	2.4%	0.6%	0.3%	1.2%	3.0%	2.6%
<b>Median Ratios</b>									
Surplus Margin (2003)	7.6%	0.9%	0.6%	1.0%	1.6%	3.7%	1.4%	1.7%	2.0%
Surplus Margin (2007)	10.2%	2.5%	2.3%	3.5%	2.1%	9.1%	2.9%	3.3%	4.9%
Surplus Margin (2010)	8.5%	0.7%	0.5%	1.6%	1.9%	8.9%	1.8%	2.1%	2.6%
Leverage (2003)	0.02	0.21	0.27	0.14	0.35	0.01	0.22	0.12	0.07
Leverage (2007)	0.01	0.21	0.23	0.07	0.30	0.00	0.18	0.07	0.03
Leverage (2010)	0.00	0.18	0.21	0.08	0.32	0.00	0.15	0.05	0.02
<b>Budget Size Distribution (Number of public charities)</b>									
Under \$250K	54	109	81	85	184	116	629	2,532	6,591
\$250K-\$1M	18	39	105	45	77	26	310	956	2,240
\$1-\$5M	10	53	63	38	84	11	259	611	1,381
\$5-\$10M	1	22	8	4	36	6	77	129	353
\$10-\$50M	2	23	10	10	68	4	117	170	518
> \$50M	1	3	1	0	7	0	12	18	203

continued on next page

TABLE 3.3  
Industry Sector: Human Services (continued)

	Agriculture & Food	General Human Services	Children & Youth	Family & Personal	Residential Care, Adult Day Care, & Indepen- dence	Support Services & Other	Human Services	Social Services	Total MA
<b>2010 Surplus Margin Distribution</b>									
Over 10%	45.3%	25.3%	11.3%	30.0%	20.5%	49.1%	25.6%	29.5%	33.0%
5% to 10%	16.3%	11.6%	12.4%	10.6%	13.7%	5.6%	11.9%	11.3%	10.2%
2% to 5%	14.0%	8.0%	14.3%	7.2%	15.2%	5.0%	11.5%	9.6%	8.6%
0% to 2%	4.7%	9.6%	17.3%	15.0%	14.5%	5.6%	12.6%	8.8%	7.7%
-5% to 0%	7.0%	19.3%	25.2%	13.3%	9.7%	13.0%	15.0%	12.3%	12.0%
Below 5%	12.8%	26.1%	19.5%	23.9%	26.4%	21.7%	23.4%	28.5%	28.5%
<b>2010 Leverage Distribution</b>									
0%-10%	33.3%	52.2%	34.7%	69.4%	33.3%	52.2%	45.5%	55.5%	60.5%
10% to 25%	23.2%	16.7%	10.2%	8.1%	23.2%	16.7%	12.8%	10.1%	9.6%
25% to 50%	24.0%	13.9%	16.7%	6.9%	24.0%	13.9%	16.0%	11.5%	10.9%
50% to 100%	12.4%	13.3%	25.8%	10.0%	12.4%	13.3%	17.9%	14.2%	12.2%
Over 100%	7.1%	3.9%	12.7%	5.6%	7.1%	3.9%	7.8%	8.8%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>									
Compensation Expense to Total Expenses	14.3%	52.9%	51.7%	61.4%	50.0%	45.0%	50.7%	43.5%	44.6%
% of Organizations in 2010 with Employees	39.5%	59.0%	65.7%	49.7%	58.3%	30.1%	54.3%	38.8%	38.5%
Program Expenses to Total Expenses	86.0%	86.4%	84.4%	82.1%	89.4%	86.8%	87.6%	86.3%	87.2%
Fundraising Expenses to Total Expenses	3.8%	1.3%	1.1%	2.5%	0.7%	2.2%	1.1%	1.3%	1.0%
<b>Liquidity (Medians)</b>									
Days Cash on Hand (2003)	55.4	34.8	45.4	41.4	41.9	85.9	44.4	51.3	54.7
Days Cash on Hand (2007)	130.9	65.8	65.2	83.2	66.2	205.1	74.4	100.6	118.4
Days Cash on Hand (2010)	113.2	51.6	60.7	69.8	50.5	138.4	60.9	85.4	100.9
Inverse Current Ratio (2003)	0.02	0.20	0.27	0.12	0.29	0.01	0.21	0.10	0.08
Inverse Current Ratio (2007)	0.03	0.19	0.22	0.09	0.28	0.02	0.19	0.11	0.08
Inverse Current Ratio (2010)	0.12	0.44	0.33	0.29	0.41	0.21	0.37	0.24	0.25
Net Working Capital (2003)	\$87,201	\$213,424	\$72,866	\$116,626	\$143,021	\$101,228	\$112,348	\$78,672	\$79,458
Net Working Capital (2007)	\$193,281	\$275,840	\$145,476	\$174,006	\$242,053	\$131,967	\$194,287	\$126,127	\$163,526
Net Working Capital (2010)	\$150,588	\$387,403	\$335,836	\$230,455	\$663,377	\$117,340	\$408,827	\$266,696	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>									
Cash-to-Total Assets	23.8%	10.5%	21.1%	16.1%	11.1%	15.6%	12.6%	12.5%	5.5%
Investments-to-Total Assets	12.8%	18.5%	28.8%	27.1%	20.9%	14.4%	21.1%	15.2%	57.1%
Fixed Assets-to-Total Assets	25.2%	51.7%	23.5%	35.8%	46.9%	47.0%	44.9%	46.4%	21.9%
Liabilities-to-Total Assets	15.8%	40.7%	28.8%	34.7%	66.0%	52.1%	52.8%	57.8%	33.6%
Revenues-to-Total Assets	129.2%	90.9%	135.8%	91.1%	98.7%	90.2%	99.7%	67.2%	41.9%

TABLE 3.4  
Industry Sector: Youth, Sports & Recreation

	Camps & Facilities	Amateur & Professional Sports	Youth Centers & Youth Development	Support Services & Other	Youth, Sports & Recreation	Social Services	Total MA
<b>Full Public Charity Sample</b>							
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)							
<b>Demographic Statistics</b>							
Number of Organizations (2003)	363	1,139	307	224	2,033	6,883	21,062
Number of Organizations (2011)	425	1,480	354	292	2,551	7,511	23,828
Percent of MA Total	1.8%	6.2%	1.5%	1.2%	10.7%	31.5%	100.0%
Compounded Annual Growth Rate	2.0%	3.3%	1.8%	3.4%	2.9%	1.1%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$338.9	\$198.3	\$275.3	\$63.6	\$655.2	\$5,833.8	\$52,341.8
Percent of MA Total	0.6%	0.4%	0.5%	0.1%	1.3%	11.1%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$383.1	\$202.4	\$436.4	\$150.1	\$650.3	\$6,380.4	\$62,627.2
Percent of MA Total	0.6%	0.3%	0.7%	0.2%	1.0%	10.2%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>							
Median Annual Real Total Revenue Growth Rate	-0.3%	0.2%	-0.2%	-1.8%	0.0%	-0.2%	-0.7%
Median Annual Real Total Asset Growth Rate	0.4%	1.9%	0.4%	0.1%	1.4%	0.0%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>							
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Average Funding Mix (% total 2010 revenues)</b>							
Contributions	15.4%	25.8%	64.0%	59.0%	34.8%	33.8%	25.5%
Which Include: Membership Dues	0.3%	4.4%	0.4%	1.5%	1.4%	0.7%	0.3%
Fundraising Events & Federated Campaigns	1.2%	0.3%	6.2%	4.4%	2.6%	0.8%	0.3%
Program Service Revenue	82.0%	60.0%	25.3%	15.6%	56.0%	62.2%	69.9%
Investment Income	0.8%	0.5%	1.9%	2.8%	1.2%	0.9%	1.9%
Other Income	1.6%	12.9%	8.6%	22.5%	7.7%	3.0%	2.6%
<b>Median Ratios</b>							
Surplus Margin (2003)	3.9%	4.1%	0.3%	1.8%	3.3%	1.7%	2.0%
Surplus Margin (2007)	9.8%	3.8%	4.3%	11.8%	4.7%	3.3%	4.9%
Surplus Margin (2010)	4.7%	3.4%	1.8%	8.3%	3.7%	2.1%	2.6%
Leverage (2003)	0.01	0.00	0.06	0.00	0.00	0.12	0.07
Leverage (2007)	0.00	0.00	0.07	0.00	0.00	0.07	0.03
Leverage (2010)	0.00	0.00	0.05	0.00	0.00	0.05	0.02
<b>Budget Size Distribution (Number of public charities)</b>							
Under \$250K	128	821	85	93	1,127	2,532	6,591
\$250K-\$1M	42	124	54	13	233	956	2,240
\$1-\$5M	19	20	48	8	95	611	1,381
\$5-\$10M	3	2	2	1	8	129	353
\$10-\$50M	2	1	5	0	8	170	518
> \$50M	1	0	0	0	1	18	203

continued on next page



TABLE 3.4  
Industry Sector: Youth, Sports & Recreation (continued)

	Camps & Facilities	Amateur & Professional Sports	Youth Centers & Youth Development	Support Services & Other	Youth, Sports & Recreation	Social Services	Total MA
<b>2010 Surplus Margin Distribution</b>							
Over 10%	40.5%	29.0%	26.8%	47.4%	31.7%	29.5%	33.0%
5% to 10%	8.2%	15.5%	12.4%	6.1%	13.4%	11.3%	10.2%
2% to 5%	9.7%	10.3%	10.3%	7.9%	10.0%	9.6%	8.6%
0% to 2%	4.6%	8.0%	5.2%	6.1%	7.0%	8.8%	7.7%
-5% to 0%	12.8%	11.5%	11.9%	3.5%	11.1%	12.3%	12.0%
Below 5%	24.1%	25.7%	33.5%	28.9%	26.8%	28.5%	28.5%
<b>2010 Leverage Distribution</b>							
0%-10%	62.0%	86.1%	34.7%	69.4%	77.7%	55.5%	60.5%
10% to 25%	15.6%	4.3%	10.2%	8.1%	6.6%	10.1%	9.6%
25% to 50%	13.5%	4.3%	16.7%	6.9%	6.6%	11.5%	10.9%
50% to 100%	4.2%	1.7%	25.8%	10.0%	5.8%	14.2%	12.2%
Over 100%	4.7%	3.5%	12.7%	5.6%	3.3%	8.8%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>							
Compensation Expense to Total Expenses	44.8%	18.9%	13.2%	46.6%	11.4%	43.5%	44.6%
% of Organizations in 2010 with Employees	30.3%	9.8%	58.8%	10.4%		38.8%	38.5%
Program Expenses to Total Expenses	87.4%	87.8%	56.0%	77.8%	76.3%	86.3%	87.2%
Fundraising Expenses to Total Expenses	1.0%	1.3%	1.5%	5.4%	3.7%	1.3%	1.0%
<b>Liquidity (Medians)</b>							
Days Cash on Hand (2003)	62.9	48.9	69.8	27.4	54.1	51.3	54.7
Days Cash on Hand (2007)	149.4	132.2	104.2	205.8	130.3	100.6	118.4
Days Cash on Hand (2010)	129.7	135.1	93.5	245.4	126.9	85.4	100.9
Inverse Current Ratio (2003)	0.01	0.00	0.08	0.00	0.00	0.10	0.08
Inverse Current Ratio (2007)	0.01	0.00	0.07	0.00	0.00	0.11	0.08
Inverse Current Ratio (2010)	0.12	0.00	0.17	0.00	0.06	0.24	0.25
Net Working Capital (2003)	\$69,732	\$37,001	\$148,188	\$38,367	\$45,709	\$78,672	\$79,458
Net Working Capital (2007)	\$162,937	\$43,056	\$349,549	\$91,646	\$68,602	\$126,127	\$163,526
Net Working Capital (2010)	\$181,772	\$44,394	\$246,808	\$261,414	\$80,754	\$266,696	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>							
Cash-to-Total Assets	15.6%	19.6%	14.0%	33.0%	17.0%	12.5%	5.5%
Investments-to-Total Assets	24.9%	13.8%	31.9%	46.7%	27.2%	15.2%	57.1%
Fixed Assets-to-Total Assets	41.0%	38.1%	37.9%	7.4%	36.7%	46.4%	21.9%
Liabilities-to-Total Assets	33.6%	22.6%	15.1%	10.1%	22.0%	57.8%	33.6%
Revenues-to-Total Assets	85.6%	93.5%	49.4%	46.0%	69.1%	67.2%	41.9%

TABLE 3.5  
Industry Sector: Arts, Culture & Humanities

	Arts, Culture & Humanities	Performing Arts	Museums	Media & Communi- cation	Historical Societies	Support Services & Other	Arts, Culture, & Humanities	Other Societal Benefit	Total MA
<b>Full Public Charity Sample</b>									
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)									
<b>Demographic Statistics</b>									
Number of Organizations (2003)	629	968	204	264	592	281	2,938	14,179	21,062
Number of Organizations (2011)	628	990	230	338	629	311	3,126	16,317	23,828
Percent of MA Total	2.6%	4.2%	1.0%	1.4%	2.6%	1.3%	13.1%	68.5%	100.0%
Compounded Annual Growth Rate	0.0%	0.3%	1.5%	3.1%	0.8%	1.3%	0.8%	1.8%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$144.1	\$473.9	\$2,444.1	\$405.7	\$193.8	\$578.7	\$1,690.5	\$46,508.0	\$52,341.8
Percent of MA Total	0.3%	0.9%	4.7%	0.8%	0.4%	1.1%	3.2%	88.9%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$219.6	\$904.1	\$4,057.2	\$684.9	\$564.7	\$532.7	\$2,834.6	\$56,246.9	\$62,627.2
Percent of MA Total	0.4%	1.4%	6.5%	1.1%	0.9%	0.9%	4.5%	89.8%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>									
Median Annual Real Total Revenue Growth Rate	-2.0%	-1.7%	-3.0%	-0.3%	-3.6%	-2.2%	-2.0%	-1.1%	-0.7%
Median Annual Real Total Asset Growth Rate	0.2%	-0.9%	-0.9%	2.0%	-1.2%	-0.5%	-0.5%	-0.5%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>									
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Average Funding Mix (% total 2010 revenues)</b>									
Contributions	52.9%	36.7%	58.8%	42.7%	73.3%	53.3%	50.1%	24.7%	25.5%
Which Include: Membership Dues	1.9%	0.4%	3.2%	6.5%	1.5%	3.7%	3.2%	0.2%	0.3%
Fundraising Events & Federated Campaigns	0.5%	1.5%	0.7%	0.1%	0.9%	0.8%	0.7%	0.3%	0.3%
Program Service Revenue	37.5%	55.8%	19.9%	49.9%	16.6%	33.6%	37.5%	70.6%	69.9%
Investment Income	1.3%	2.1%	5.4%	0.5%	3.7%	3.4%	2.8%	2.0%	1.9%
Other Income	4.5%	5.3%	15.9%	6.7%	5.9%	6.9%	9.1%	2.5%	2.6%
<b>Median Ratios</b>									
Surplus Margin (2003)	1.1%	2.1%	0.6%	3.8%	4.7%	3.7%	2.2%	2.2%	2.0%
Surplus Margin (2007)	3.7%	3.3%	15.0%	5.0%	14.5%	3.7%	5.2%	6.2%	4.9%
Surplus Margin (2010)	3.5%	0.3%	4.0%	7.2%	4.9%	2.9%	2.8%	2.9%	2.6%
Leverage (2003)	0.02	0.03	0.04	0.05	0.00	0.00	0.02	0.04	0.07
Leverage (2007)	0.01	0.01	0.03	0.02	0.00	0.00	0.01	0.02	0.03
Leverage (2010)	0.01	0.00	0.03	0.01	0.00	0.00	0.01	0.01	0.02
<b>Budget Size Distribution (Number of public charities)</b>									
Under \$250K	194	363	61	104	179	102	1,003	4,059	6,591
\$250K-\$1M	67	65	24	84	32	19	291	1,284	2,240
\$1-\$5M	21	50	20	15	18	9	133	770	1,381
\$5-\$10M	3	6	8	2	3	2	24	224	353
\$10-\$50M	0	4	5	0	1	0	10	348	518
> \$50M	0	1	2	2	0	0	5	185	203

continued on next page

TABLE 3.5  
Industry Sector: Arts, Culture & Humanities (continued)

	Arts, Culture & Humanities	Performing Arts	Museums	Media & Communi- cation	Historical Societies	Support Services & Other	Arts, Culture, & Humanities	Other Societal Benefit	Total MA
<b>2010 Surplus Margin Distribution</b>									
Over 10%	33.7%	27.2%	40.0%	43.0%	42.5%	37.7%	35.1%	35.2%	33.0%
5% to 10%	13.3%	8.9%	7.5%	8.2%	7.3%	6.2%	9.0%	9.5%	10.2%
2% to 5%	7.4%	8.2%	5.0%	6.8%	6.4%	8.5%	7.3%	7.9%	8.6%
0% to 2%	7.4%	7.0%	5.0%	8.7%	2.1%	6.9%	6.4%	7.0%	7.7%
-5% to 0%	14.4%	18.8%	5.8%	11.6%	6.4%	5.4%	12.7%	11.9%	12.0%
Below 5%	23.9%	29.9%	36.7%	21.7%	35.2%	35.4%	29.5%	28.5%	28.5%
<b>2010 Leverage Distribution</b>									
0%-10%	62.5%	69.6%	84.1%	72.5%	62.5%	69.6%	70.5%	63.8%	60.5%
10% to 25%	11.7%	9.7%	9.1%	9.2%	11.7%	9.7%	9.1%	9.4%	9.6%
25% to 50%	15.8%	7.7%	2.6%	7.6%	15.8%	7.7%	8.1%	10.5%	10.9%
50% to 100%	6.7%	6.3%	3.4%	6.9%	6.7%	6.3%	6.0%	10.8%	12.2%
Over 100%	3.3%	6.8%	0.9%	3.8%	3.3%	6.8%	6.4%	5.5%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>									
Compensation Expense to Total Expenses	27.4%	40.6%	42.8%	37.7%	37.6%	26.7%	38.9%	44.7%	44.6%
% of Organizations in 2010 with Employees	31.1%	27.8%	55.0%	51.2%	31.8%	22.0%	34.1%	38.2%	38.5%
Program Expenses to Total Expenses	61.8%	73.0%	75.1%	78.1%	62.5%	67.3%	73.9%	87.3%	87.2%
Fundraising Expenses to Total Expenses	5.8%	5.4%	6.3%	4.9%	6.6%	5.0%	5.6%	1.0%	1.0%
<b>Liquidity (Medians)</b>									
Days Cash on Hand (2003)	38.1	22.4	71.4	106.3	137.3	111.3	53.5	57.7	54.7
Days Cash on Hand (2007)	109.8	76.8	107.1	164.2	282.7	178.3	130.0	132.0	118.4
Days Cash on Hand (2010)	115.7	65.4	92.1	247.6	225.3	159.9	120.3	111.1	100.9
Inverse Current Ratio (2003)	0.03	0.03	0.07	0.05	0.01	0.00	0.02	0.06	0.08
Inverse Current Ratio (2007)	0.10	0.07	0.04	0.04	0.00	0.03	0.04	0.07	0.08
Inverse Current Ratio (2010)	0.13	0.26	0.18	0.02	0.01	0.12	0.09	0.26	0.25
Net Working Capital (2003)	\$39,902	\$28,683	\$281,171	\$79,766	\$147,477	\$61,783	\$55,045	\$80,174	\$79,458
Net Working Capital (2007)	\$63,823	\$38,602	\$503,128	\$157,599	\$231,419	\$83,823	\$103,679	\$194,442	\$163,526
Net Working Capital (2010)	\$187,242	\$76,420	\$1,302,856	\$207,418	\$122,101	\$69,038	\$185,178	\$236,298	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>									
Cash-to-Total Assets	17.1%	6.7%	3.2%	10.0%	13.7%	8.1%	5.8%	5.1%	5.5%
Investments-to-Total Assets	17.4%	49.9%	56.3%	12.2%	36.6%	24.4%	47.2%	59.5%	57.1%
Fixed Assets-to-Total Assets	40.4%	21.3%	26.8%	32.7%	31.0%	45.6%	28.0%	20.5%	21.9%
Liabilities-to-Total Assets	21.2%	18.7%	12.2%	52.3%	5.1%	23.4%	17.3%	32.3%	33.6%
Revenues-to-Total Assets	54.4%	39.2%	11.7%	55.4%	24.3%	23.4%	22.8%	40.5%	41.9%

TABLE 3.6  
Industry Sector: Education, Science, Technology & Social Sciences

	Elementary, Secondary & Vocational Schools	Higher, Graduate & Adult Education	Libraries	Educational & Student Services	General, Social Services & Applied Sciences	Support Services & Other	Education, Science, Technology & Social Sciences	Other Societal Benefit	Total MA
<b>Full Public Charity Sample</b> Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)									
<b>Demographic Statistics</b>									
Number of Organizations (2003)	609	182	149	1,658	185	1,405	4,188	14,179	21,062
Number of Organizations (2011)	638	186	143	1,904	173	1,570	4,614	16,317	23,828
Percent of MA Total	2.7%	0.8%	0.6%	8.0%	0.7%	6.6%	19.4%	68.5%	100.0%
Compounded Annual Growth Rate	0.6%	0.3%	-0.5%	1.7%	-0.8%	1.4%	1.2%	1.8%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$3,148.0	\$109,584.3	\$187.3	\$658.5	\$2,415.0	\$5,658.7	\$14,924.2	\$46,508.0	\$52,341.8
Percent of MA Total	6.0%	209.4%	0.4%	1.3%	4.6%	10.8%	28.5%	88.9%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$7,419.5	\$85,956.7	\$458.9	\$1,427.3	\$2,182.1	\$24,595.5	\$22,024.4	\$56,246.9	\$62,627.2
Percent of MA Total	11.8%	137.3%	0.7%	2.3%	3.5%	39.3%	35.2%	89.8%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>									
Median Annual Real Total Revenue Growth Rate	1.0%	1.4%	-1.7%	-3.1%	-1.6%	-2.3%	-0.8%	-1.1%	-0.7%
Median Annual Real Total Asset Growth Rate	2.2%	0.7%	-1.2%	-1.7%	-1.4%	-1.4%	-0.3%	-0.5%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Average Funding Mix (% total 2010 revenues)</b>									
Contributions	19.1%	20.6%	25.1%	35.3%	73.1%	89.7%	36.0%	24.7%	25.5%
Which Include: Membership Dues	0.1%	0.0%	0.3%	0.7%	0.1%	0.3%	0.1%	0.2%	0.3%
Fundraising Events & Federated Campaigns	0.4%	0.1%	0.0%	0.9%	0.0%	0.1%	0.1%	0.3%	0.3%
Program Service Revenue	73.8%	66.8%	57.4%	56.7%	25.2%	8.9%	54.7%	70.6%	69.9%
Investment Income	2.1%	4.0%	12.2%	3.9%	0.5%	8.6%	4.3%	2.0%	1.9%
Other Income	5.0%	8.3%	4.3%	3.1%	1.2%	-7.6%	4.8%	2.5%	2.6%
<b>Median Ratios</b>									
Surplus Margin (2003)	1.7%	2.3%	2.9%	7.5%	-0.4%	3.5%	2.8%	2.2%	2.0%
Surplus Margin (2007)	4.4%	4.9%	11.5%	9.3%	6.0%	11.1%	7.6%	6.2%	4.9%
Surplus Margin (2010)	1.8%	2.2%	2.2%	5.3%	4.9%	4.4%	3.5%	2.9%	2.6%
Leverage (2003)	0.27	0.29	0.00	0.00	0.07	0.01	0.04	0.04	0.07
Leverage (2007)	0.29	0.28	0.00	0.00	0.13	0.00	0.00	0.02	0.03
Leverage (2010)	0.34	0.37	0.00	0.00	0.11	0.00	0.00	0.01	0.02
<b>Budget Size Distribution (Number of public charities)</b>									
Under \$250K	168	33	44	634	34	530	1,443	4,059	6,591
\$250K-\$1M	122	13	30	68	11	149	393	1,284	2,240
\$1-\$5M	99	14	18	36	14	80	261	770	1,381
\$5-\$10M	35	5	3	6	2	9	60	224	353
\$10-\$50M	70	27	0	5	5	10	117	348	518
> \$50M	5	37	1	1	3	8	55	185	203

continued on next page

TABLE 3.6  
Industry Sector: Education, Science, Technology & Social Sciences (continued)

	Elementary, Secondary & Vocational Schools	Higher, Graduate & Adult Education	Libraries	Educational & Student Services	General, Social Services & Applied Sciences	Support Services & Other	Education, Science, Technology & Social Sciences	Other Societal Benefit	Total MA
<b>2010 Surplus Margin Distribution</b>									
Over 10%	19.7%	21.7%	40.6%	43.3%	44.1%	41.0%	36.2%	35.2%	33.0%
5% to 10%	16.9%	12.4%	7.3%	7.1%	5.9%	7.8%	9.7%	9.5%	10.2%
2% to 5%	12.9%	16.3%	3.1%	4.8%	10.3%	7.0%	8.0%	7.9%	8.6%
0% to 2%	9.7%	10.1%	4.2%	4.7%	1.5%	5.9%	6.3%	7.0%	7.7%
-5% to 0%	21.9%	14.0%	11.5%	8.3%	7.4%	9.5%	12.0%	11.9%	12.0%
Below 5%	18.9%	25.6%	33.3%	31.8%	30.9%	28.9%	27.7%	28.5%	28.5%
<b>2010 Leverage Distribution</b>									
0%-10%	88.4%	85.7%	48.5%	74.4%	88.4%	85.7%	65.5%	63.8%	60.5%
10% to 25%	5.3%	6.2%	13.2%	6.3%	5.3%	6.2%	8.5%	9.4%	9.6%
25% to 50%	1.1%	4.6%	19.1%	6.4%	1.1%	4.6%	10.9%	10.5%	10.9%
50% to 100%	5.3%	2.7%	11.8%	9.3%	5.3%	2.7%	11.2%	10.8%	12.2%
Over 100%	0.0%	0.9%	7.4%	3.6%	0.0%	0.9%	3.8%	5.5%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>									
Compensation Expense to Total Expenses	57.7%	44.5%	68.2%	42.6%	63.9%	6.6%	41.0%	44.7%	44.6%
% of Organizations in 2010 with Employees	62.9%	75.2%	46.9%	13.7%	53.6%	23.8%	33.6%	38.2%	38.5%
Program Expenses to Total Expenses	79.5%	84.7%	27.1%	74.8%	89.4%	97.3%	85.9%	87.3%	87.2%
Fundraising Expenses to Total Expenses	3.8%	1.9%	1.0%	2.6%	0.3%	0.2%	1.6%	1.0%	1.0%
<b>Liquidity (Medians)</b>									
Days Cash on Hand (2003)	73.19	39.97	144.92	27.11	52.30	83.20	67.3	57.7	54.7
Days Cash on Hand (2007)	97.26	58.43	159.87	232.79	104.67	213.45	151.3	132.0	118.4
Days Cash on Hand (2010)	91.51	53.79	190.58	204.99	59.88	201.73	125.1	111.1	100.9
Inverse Current Ratio (2003)	0.32	0.32	0.01	0.00	0.09	0.02	0.05	0.06	0.08
Inverse Current Ratio (2007)	0.26	0.24	0.01	0.00	0.22	0.03	0.07	0.07	0.08
Inverse Current Ratio (2010)	0.59	0.59	0.01	0.03	0.50	0.06	0.35	0.26	0.25
Net Working Capital (2003)	\$76,592	\$430,589	\$243,932	\$43,192	\$88,207	\$75,572	\$70,949	\$80,174	\$79,458
Net Working Capital (2007)	\$177,898	\$5,985,496	\$264,642	\$107,468	\$270,861	\$178,600	\$181,196	\$194,442	\$163,526
Net Working Capital (2010)	\$424,607	\$3,199,212	\$149,206	\$136,800	\$261,030	\$214,354	\$250,226	\$236,298	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>									
Cash-to-Total Assets	7.1%	2.9%	6.5%	35.8%	8.6%	1.0%	3.3%	5.1%	5.5%
Investments-to-Total Assets	48.4%	66.4%	79.5%	31.5%	40.9%	93.9%	69.9%	59.5%	57.1%
Fixed Assets-to-Total Assets	37.8%	20.1%	9.8%	4.1%	32.6%	2.5%	17.7%	20.5%	21.9%
Liabilities-to-Total Assets	27.7%	32.9%	1.3%	59.6%	34.0%	2.9%	26.9%	32.3%	33.6%
Revenues-to-Total Assets	31.0%	17.3%	18.5%	30.5%	103.0%	15.5%	19.4%	40.5%	41.9%

TABLE 3.7  
Industry Sector: Environment & Animal-Related

	Conservation & Pollution Control	Botanical & Environmental	Animal Protection & Welfare	Sanctuaries, Animal Services & Zoos	Environment & Animal-Related	Other Societal Benefit	Total MA
<b>Full Public Charity Sample</b>							
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)							
<b>Demographic Statistics</b>							
Number of Organizations (2003)	374	160	219	213	966	14,179	21,062
Number of Organizations (2011)	412	286	333	241	1,272	16,317	23,828
Percent of MA Total	1.7%	1.2%	1.4%	1.0%	5.3%	68.5%	100.0%
Compounded Annual Growth Rate	1.2%	7.5%	5.4%	1.6%	3.5%	1.8%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$390.9	\$50.1	\$265.9	\$241.6	\$639.4	\$46,508.0	\$52,341.8
Percent of MA Total	0.7%	0.1%	0.5%	0.5%	1.2%	88.9%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$1,318.4	\$162.0	\$457.4	\$705.1	\$1,456.6	\$56,246.9	\$62,627.2
Percent of MA Total	2.1%	0.3%	0.7%	1.1%	2.3%	89.8%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>							
Median Annual Real Total Revenue Growth Rate	-2.1%	-4.3%	-0.3%	1.2%	-1.2%	-1.1%	-0.7%
Median Annual Real Total Asset Growth Rate	2.9%	-1.2%	2.3%	0.6%	1.9%	-0.5%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>							
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Average Funding Mix (% total 2010 revenues)</b>							
Contributions	73.3%	51.1%	48.6%	79.8%	65.8%	24.7%	25.5%
Which Include: Membership Dues	4.1%	2.8%	2.5%	3.1%	3.3%	0.2%	0.3%
Fundraising Events & Federated Campaigns	3.2%	0.7%	0.8%	0.2%	1.8%	0.3%	0.3%
Program Service Revenue	20.7%	33.3%	40.9%	13.3%	26.0%	70.6%	69.9%
Investment Income	3.1%	3.4%	2.5%	2.5%	2.8%	2.0%	1.9%
Other Income	2.9%	11.4%	7.8%	4.7%	5.2%	2.5%	2.6%
<b>Median Ratios</b>							
Surplus Margin (2003)	29.7%	5.7%	3.7%	2.0%	7.6%	2.2%	2.0%
Surplus Margin (2007)	27.3%	12.8%	10.2%	4.9%	13.1%	6.2%	4.9%
Surplus Margin (2010)	13.5%	11.8%	0.6%	5.8%	7.2%	2.9%	2.6%
Leverage (2003)	0.01	0.00	0.01	0.08	0.02	0.04	0.07
Leverage (2007)	0.00	0.00	0.00	0.01	0.00	0.02	0.03
Leverage (2010)	0.00	0.00	0.00	0.02	0.00	0.01	0.02
<b>Budget Size Distribution (Number of public charities)</b>							
Under \$250K	117	57	122	61	357	4,059	6,591
\$250K-\$1M	35	15	30	39	119	1,284	2,240
\$1-\$5M	16	8	4	15	43	770	1,381
\$5-\$10M	2	1	3	5	11	224	353
\$10-\$50M	4	0	4	1	9	348	518
> \$50M	1	0	0	0	1	185	203

continued on next page



TABLE 3.7  
Industry Sector: Environment & Animal-Related (continued)

	Conservation & Pollution Control	Botanical & Environmental	Animal Protection & Welfare	Sanctuaries, Animal Services & Zoos	Environment & Animal-Related	Other Societal Benefit	Total MA
<b>2010 Surplus Margin Distribution</b>							
Over 10%	56.4%	53.1%	32.1%	40.8%	45.0%	35.2%	33.0%
5% to 10%	7.6%	11.1%	9.9%	10.8%	9.5%	9.5%	10.2%
2% to 5%	4.7%	2.5%	6.8%	6.7%	5.4%	7.9%	8.6%
0% to 2%	1.7%	2.5%	4.9%	5.8%	3.7%	7.0%	7.7%
-5% to 0%	5.2%	7.4%	15.4%	9.2%	9.5%	11.9%	12.0%
Below 5%	24.4%	23.5%	30.9%	26.7%	26.7%	28.5%	28.5%
<b>2010 Leverage Distribution</b>							
0%-10%	75.0%	64.2%	48.5%	74.4%	74.0%	63.8%	60.5%
10% to 25%	6.9%	10.8%	13.2%	6.3%	6.9%	9.4%	9.6%
25% to 50%	10.0%	9.2%	19.1%	6.4%	8.0%	10.5%	10.9%
50% to 100%	5.0%	12.5%	11.8%	9.3%	7.7%	10.8%	12.2%
Over 100%	3.1%	3.3%	7.4%	3.6%	3.4%	5.5%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>							
Compensation Expense to Total Expenses	46.6%	37.8%	45.8%	40.4%	44.4%	44.7%	44.6%
% of Organizations in 2010 with Employees	37.1%	27.2%	30.1%	44.6%	35.2%	38.2%	38.5%
Program Expenses to Total Expenses	81.4%	67.3%	79.4%	79.6%	79.7%	87.3%	87.2%
Fundraising Expenses to Total Expenses	3.3%	5.7%	6.2%	3.4%	4.4%	1.0%	1.0%
<b>Liquidity (Medians)</b>							
Days Cash on Hand (2003)	155.3	53.1	49.7	42.9	75.4	57.7	54.7
Days Cash on Hand (2007)	406.0	356.1	141.7	124.8	204.2	132.0	118.4
Days Cash on Hand (2010)	344.7	209.6	84.9	152.5	188.2	111.1	100.9
Inverse Current Ratio (2003)	0.00	0.01	0.01	0.10	0.01	0.06	0.08
Inverse Current Ratio (2007)	0.00	0.00	0.01	0.06	0.01	0.07	0.08
Inverse Current Ratio (2010)	0.05	0.08	0.07	0.07	0.07	0.26	0.25
Net Working Capital (2003)	\$200,374	\$118,145	\$47,473	\$86,255	\$101,766	\$80,174	\$79,458
Net Working Capital (2007)	\$322,801	\$244,975	\$134,364	\$255,838	\$245,139	\$194,442	\$163,526
Net Working Capital (2010)	\$257,070	\$187,986	\$62,398	\$204,583	\$168,172	\$236,298	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>							
Cash-to-Total Assets	4.7%	6.7%	11.0%	17.9%	7.9%	5.1%	5.5%
Investments-to-Total Assets	27.7%	33.7%	39.1%	48.7%	33.4%	59.5%	57.1%
Fixed Assets-to-Total Assets	56.0%	32.0%	37.6%	12.9%	44.6%	20.5%	21.9%
Liabilities-to-Total Assets	8.3%	9.7%	20.3%	17.2%	12.1%	32.3%	33.6%
Revenues-to-Total Assets	19.9%	23.2%	37.2%	36.6%	25.9%	40.5%	41.9%

TABLE 3.8  
Industry Sector: Health Care & Medical

	Hospitals	Other Healthcare	Nursing	Mental Health	Specific Disease Treatment & Research	Support Services & Other	Health Care & Medical	Other Societal Benefit	Total MA
<b>Full Public Charity Sample</b>									
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)									
<b>Demographic Statistics</b>									
Number of Organizations (2003)	164	418	209	280	531	747	2,349	14,179	21,062
Number of Organizations (2011)	144	428	202	243	586	743	2,346	16,317	23,828
Percent of MA Total	0.6%	1.8%	0.8%	1.0%	2.5%	3.1%	9.8%	68.5%	100.0%
Compounded Annual Growth Rate	-1.6%	0.3%	-0.4%	-1.8%	1.2%	-0.1%	0.0%	1.8%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$19,486.9	\$11,670.1	\$1,816.3	\$1,303.9	\$1,724.0	\$2,446.7	\$25,826.0	\$46,508.0	\$52,341.8
Percent of MA Total	37.2%	22.3%	3.5%	2.5%	3.3%	4.7%	49.3%	88.9%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$22,708.8	\$4,855.0	\$2,120.5	\$736.8	\$1,942.7	\$5,885.5	\$24,183.1	\$56,246.9	\$62,627.2
Percent of MA Total	36.3%	7.8%	3.4%	1.2%	3.1%	9.4%	38.6%	89.8%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>									
Median Annual Real Total Revenue Growth Rate	2.0%	2.4%	1.2%	-0.7%	-2.4%	-2.4%	0.0%	-1.1%	-0.7%
Median Annual Real Total Asset Growth Rate	-0.4%	1.9%	0.2%	0.2%	-0.2%	-1.3%	-0.2%	-0.5%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>									
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Average Funding Mix (% total 2010 revenues)</b>									
Contributions	40.3%	15.4%	5.0%	1.9%	29.3%	69.1%	14.6%	24.7%	25.5%
Which Include: Membership Dues	0.4%	0.0%	0.7%	0.0%	0.1%	0.1%	0.2%	0.2%	0.3%
Fundraising Events & Federated Campaigns	0.4%	0.1%	0.0%	0.0%	0.3%	3.6%	0.3%	0.3%	0.3%
Program Service Revenue	51.7%	82.5%	93.4%	95.5%	69.9%	26.5%	83.2%	70.6%	69.9%
Investment Income	3.4%	0.7%	0.5%	0.9%	0.2%	1.6%	0.7%	2.0%	1.9%
Other Income	4.2%	1.4%	0.9%	1.5%	0.6%	2.9%	1.4%	2.5%	2.6%
<b>Median Ratios</b>									
Surplus Margin (2003)	0.8%	0.7%	0.9%	0.3%	2.9%	3.9%	1.1%	2.2%	2.0%
Surplus Margin (2007)	4.5%	2.2%	2.9%	2.1%	8.3%	9.4%	4.1%	6.2%	4.9%
Surplus Margin (2010)	2.3%	1.3%	2.3%	0.8%	3.1%	3.6%	2.0%	2.9%	2.6%
Leverage (2003)	0.56	0.34	0.51	0.45	0.01	0.03	0.24	0.04	0.07
Leverage (2007)	0.51	0.25	0.43	0.40	0.01	0.03	0.17	0.02	0.03
Leverage (2010)	0.54	0.27	0.41	0.39	0.01	0.03	0.18	0.01	0.02
<b>Budget Size Distribution (Number of public charities)</b>									
Under \$250K	17	91	20	61	162	169	520	4,059	6,591
\$250K-\$1M	11	40	12	37	70	84	254	1,284	2,240
\$1-\$5M	8	38	27	34	34	67	208	770	1,381
\$5-\$10M	5	28	37	14	11	12	107	224	353
\$10-\$50M	11	65	65	24	8	16	189	348	518
> \$50M	62	28	3	8	5	3	109	185	203

continued on next page

TABLE 3.8  
Industry Sector: Health Care & Medical (continued)

	Hospitals	Other Healthcare	Nursing	Mental Health	Specific Disease Treatment & Research	Support Services & Other	Health Care & Medical	Other Societal Benefit	Total MA
<b>2010 Surplus Margin Distribution</b>									
Over 10%	17.3%	26.5%	18.0%	15.7%	39.6%	40.6%	29.6%	35.2%	33.0%
5% to 10%	12.7%	8.7%	23.0%	10.1%	7.3%	7.3%	10.2%	9.5%	10.2%
2% to 5%	20.9%	11.1%	10.6%	15.7%	6.3%	5.8%	10.1%	7.9%	8.6%
0% to 2%	12.7%	10.8%	13.0%	14.6%	6.3%	5.8%	9.5%	7.0%	7.7%
-5% to 0%	13.6%	14.6%	18.0%	19.1%	8.7%	9.6%	13.0%	11.9%	12.0%
Below 5%	22.7%	28.2%	17.4%	24.7%	31.9%	30.7%	27.5%	28.5%	28.5%
<b>2010 Leverage Distribution</b>									
0%-10%	13.8%	27.3%	66.7%	60.3%	13.8%	27.3%	43.6%	63.8%	60.5%
10% to 25%	18.8%	10.8%	10.6%	12.5%	18.8%	10.8%	11.7%	9.4%	9.6%
25% to 50%	26.3%	21.0%	8.5%	8.5%	26.3%	21.0%	15.8%	10.5%	10.9%
50% to 100%	26.9%	27.8%	8.9%	12.5%	26.9%	27.8%	19.4%	10.8%	12.2%
Over 100%	14.4%	13.1%	5.3%	6.1%	14.4%	13.1%	9.5%	5.5%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)									
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>									
Compensation Expense to Total Expenses	51.8%	37.9%	62.6%	71.4%	49.4%	20.7%	48.6%	44.7%	44.6%
% of Organizations in 2010 with Employees	75.7%	65.2%	83.5%	64.0%	35.5%	37.9%	55.0%	38.2%	38.5%
Program Expenses to Total Expenses	87.3%	92.5%	86.2%	87.9%	80.1%	88.8%	88.5%	87.3%	87.2%
Fundraising Expenses to Total Expenses	0.5%	0.1%	0.2%	0.5%	2.3%	1.4%	0.4%	1.0%	1.0%
<b>Liquidity (Medians)</b>									
Days Cash on Hand (2003)	13.7	33.5	23.8	30.8	63.1	122.9	40.4	57.7	54.7
Days Cash on Hand (2007)	21.4	49.4	31.4	55.9	161.2	190.9	68.9	132.0	118.4
Days Cash on Hand (2010)	18.7	44.3	32.0	47.3	118.4	191.2	60.0	111.1	100.9
Inverse Current Ratio (2003)	0.68	0.36	0.45	0.34	0.02	0.04	0.25	0.06	0.08
Inverse Current Ratio (2007)	0.35	0.29	0.30	0.29	0.04	0.05	0.19	0.07	0.08
Inverse Current Ratio (2010)	0.92	0.44	0.41	0.49	0.11	0.19	0.43	0.26	0.25
Net Working Capital (2003)	\$2,591,412	\$365,524	\$790,040	\$154,476	\$118,925	\$186,291	\$215,505	\$80,174	\$79,458
Net Working Capital (2007)	\$15,200,000	\$529,045	\$1,932,434	\$251,427	\$287,703	\$320,571	\$442,102	\$194,442	\$163,526
Net Working Capital (2010)	\$192,647	\$525,470	\$1,604,145	\$689,552	\$133,491	\$303,472	\$499,409	\$236,298	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>									
Cash-to-Total Assets	5.9%	20.2%	9.9%	12.8%	14.2%	8.4%	7.9%	5.1%	5.5%
Investments-to-Total Assets	32.3%	42.0%	23.2%	8.7%	22.7%	68.3%	35.8%	59.5%	57.1%
Fixed Assets-to-Total Assets	31.4%	14.6%	40.4%	48.8%	15.0%	11.6%	28.0%	20.5%	21.9%
Liabilities-to-Total Assets	51.0%	44.3%	60.4%	50.4%	23.0%	52.0%	50.3%	32.3%	33.6%
Revenues-to-Total Assets	80.4%	219.7%	82.7%	159.5%	113.5%	24.1%	90.3%	40.5%	41.9%

TABLE 3.9  
Industry Sector: Philanthropy

	Private Foundations	Public Foundations	Federated	Support Services & Other	Philanthropy	Other Societal Benefit	Total MA
<b>Full Public Charity Sample</b>							
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)							
<b>Demographic Statistics</b>							
Number of Organizations (2003)	15	238	109	386	748	14,179	21,062
Number of Organizations (2011)	17	294	82	404	797	16,317	23,828
Percent of MA Total	0.1%	1.2%	0.3%	1.7%	3.3%	68.5%	100.0%
Compounded Annual Growth Rate	1.6%	2.7%	-3.5%	0.6%	0.8%	1.8%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$3,054.2	\$853.2	\$149.6	\$808.0	\$2,536.3	\$46,508.0	\$52,341.8
Percent of MA Total	5.8%	1.6%	0.3%	1.5%	4.8%	88.9%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$5,235.6	\$1,478.3	\$203.4	\$1,118.1	\$4,516.4	\$56,246.9	\$62,627.2
Percent of MA Total	8.4%	2.4%	0.3%	1.8%	7.2%	89.8%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>							
Median Annual Real Total Revenue Growth Rate	-1.6%	-5.3%	-3.4%	-4.5%	-3.7%	-1.1%	-0.7%
Median Annual Real Total Asset Growth Rate	-3.6%	0.1%	-2.6%	-3.6%	-3.1%	-0.5%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>							
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Average Funding Mix (% total 2010 revenues)</b>							
Contributions	82.1%	78.1%	90.5%	76.2%	81.1%	24.7%	25.5%
Which Include: Membership Dues	0.0%	0.0%	0.1%	0.2%	0.0%	0.2%	0.3%
Fundraising Events & Federated Campaigns	0.1%	0.8%	3.3%	2.6%	0.6%	0.3%	0.3%
Program Service Revenue	17.4%	10.5%	3.3%	11.0%	15.2%	70.6%	69.9%
Investment Income	4.7%	6.7%	2.9%	2.7%	4.6%	2.0%	1.9%
Other Income	-3.9%	4.2%	2.6%	8.7%	-1.3%	2.5%	2.6%
<b>Median Ratios</b>							
Surplus Margin (2003)	1.1%	6.2%	-2.0%	2.2%	1.4%	2.2%	2.0%
Surplus Margin (2007)	14.5%	15.5%	5.4%	13.5%	12.0%	6.2%	4.9%
Surplus Margin (2010)	7.5%	7.3%	-0.6%	2.1%	3.9%	2.9%	2.6%
Leverage (2003)	0.00	0.00	0.12	0.00	0.00	0.04	0.07
Leverage (2007)	0.00	0.00	0.11	0.00	0.00	0.02	0.03
Leverage (2010)	0.00	0.00	0.05	0.00	0.00	0.01	0.02
<b>Budget Size Distribution (Number of public charities)</b>							
Under \$250K	52	112	26	97	287	4,059	6,591
\$250K-\$1M	11	18	15	24	68	1,284	2,240
\$1-\$5M	8	13	11	12	44	770	1,381
\$5-\$10M	0	6	3	1	10	224	353
\$10-\$50M	0	3	2	3	8	348	518
> \$50M	3	2	0	2	7	185	203

continued on next page

TABLE 3.9  
Industry Sector: Philanthropy (continued)

	Private Foundations	Public Foundations	Federated	Support Services & Other	Philanthropy	Other Societal Benefit	Total MA
<b>2010 Surplus Margin Distribution</b>							
Over 10%	44.6%	46.4%	26.3%	36.0%	39.9%	35.2%	33.0%
5% to 10%	9.5%	6.0%	12.3%	7.2%	7.8%	9.5%	10.2%
2% to 5%	6.8%	4.6%	5.3%	7.2%	5.9%	7.9%	8.6%
0% to 2%	4.1%	7.9%	3.5%	6.5%	6.2%	7.0%	7.7%
-5% to 0%	9.5%	7.3%	26.3%	7.9%	10.5%	11.9%	12.0%
Below 5%	25.7%	27.8%	26.3%	35.3%	29.7%	28.5%	28.5%
<b>2010 Leverage Distribution</b>							
0%-10%	54.4%	77.5%	66.7%	60.3%	77.0%	63.8%	60.5%
10% to 25%	14.0%	7.2%	10.6%	12.5%	7.6%	9.4%	9.6%
25% to 50%	15.8%	6.5%	8.5%	8.5%	6.4%	10.5%	10.9%
50% to 100%	15.8%	4.3%	8.9%	12.5%	6.9%	10.8%	12.2%
Over 100%	0.0%	4.3%	5.3%	6.1%	2.1%	5.5%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)							
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>							
Compensation Expense to Total Expenses	45.2%	15.4%	14.9%	17.1%	16.8%	44.7%	44.6%
% of Organizations in 2010 with Employees	23.0%	22.7%	49.1%	30.9%	29.0%	38.2%	38.5%
Program Expenses to Total Expenses	87.1%	96.0%	87.0%	81.4%	92.9%	87.3%	87.2%
Fundraising Expenses to Total Expenses	1.0%	0.4%	2.9%	9.3%	1.8%	1.0%	1.0%
<b>Liquidity (Medians)</b>							
Days Cash on Hand (2003)	133.0	68.8	75.9	71.8	85.7	57.7	54.7
Days Cash on Hand (2007)	378.8	250.8	102.9	149.4	193.1	132.0	118.4
Days Cash on Hand (2010)	233.2	293.8	121.3	154.9	185.7	111.1	100.9
Inverse Current Ratio (2003)	0.00	0.00	0.12	0.00	0.00	0.06	0.08
Inverse Current Ratio (2007)	0.00	0.00	0.16	0.00	0.00	0.07	0.08
Inverse Current Ratio (2010)	0.05	0.00	0.27	0.03	0.02	0.26	0.25
Net Working Capital (2003)	\$55,971	\$65,824	\$117,590	\$59,656	\$69,328	\$80,174	\$79,458
Net Working Capital (2007)	\$268,912	\$230,401	\$739,426	\$200,317	\$296,906	\$194,442	\$163,526
Net Working Capital (2010)	\$380,292	\$26,176	\$225,853	\$61,447	\$95,654	\$236,298	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>							
Cash-to-Total Assets	6.2%	5.0%	12.9%	7.4%	6.3%	5.1%	5.5%
Investments-to-Total Assets	90.4%	90.1%	57.5%	73.1%	87.8%	59.5%	57.1%
Fixed Assets-to-Total Assets	0.7%	2.6%	4.6%	5.3%	1.7%	20.5%	21.9%
Liabilities-to-Total Assets	1.9%	4.8%	24.4%	13.7%	4.3%	32.3%	33.6%
Revenues-to-Total Assets	30.8%	17.6%	55.8%	27.7%	28.4%	40.5%	41.9%

TABLE 3.10  
Industry Sector: Other

	International & Foreign	Religion	Other	Total Other	Other Societal Benefit	Total MA
<b>Full Public Charity Sample</b>						
Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)						
<b>Demographic Statistics</b>						
Number of Organizations (2003)	345.0	2,223.0	422.0	2,990	14,179	21,062
Number of Organizations (2011)	528	3,060	574	4,162	16,317	23,828
Percent of MA Total	2.2%	12.8%	2.4%	17.5%	68.5%	100.0%
Compounded Annual Growth Rate	0.1	0.0	0.0	4.2%	1.8%	1.6%
Total Subsector Total Revenues (2011 in Millions)	\$838.7	\$172.9	\$1,139.4	\$891.7	\$46,508.0	\$52,341.8
Percent of MA Total	1.6%	0.3%	2.2%	1.7%	88.9%	100.0%
Total Subsector Total Assets (2011 in Millions)	\$1185.8	\$426.0	\$1421.9	\$1,231.8	\$56,246.9	\$62,627.2
Percent of MA Total	1.9%	0.7%	2.3%	2.0%	89.8%	100.0%
<b>Public Charities Operating in MA in 2003 &amp; 2011</b>						
Median Annual Real Total Revenue Growth Rate	-0.1%	-6.1%	-0.8%	-2.9%	-1.1%	-0.7%
Median Annual Real Total Asset Growth Rate	1.3%	-3.9%	0.9%	-1.9%	-0.5%	-0.3%
<b>For Public Charities Filing 990s or 990EZs in 2010</b>						
Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)						
<b>Average Funding Mix (% total 2010 revenues)</b>						
Contributions	70.4%	70.6%	52.1%	60.5%	24.7%	25.5%
Which Include: Membership Dues	0.1%	0.6%	0.9%	0.5%	0.2%	0.3%
Fundraising Events & Federated Campaigns	1.2%	0.7%	0.2%	0.7%	0.3%	0.3%
Program Service Revenue	21.2%	26.9%	46.2%	34.8%	70.6%	69.9%
Investment Income	2.1%	3.2%	1.5%	1.8%	2.0%	1.9%
Other Income	6.3%	-3.4%	0.2%	2.5%	2.5%	2.6%
<b>Median Ratios</b>						
Surplus Margin (2003)	2.2%	1.5%	0.8%	1.3%	2.2%	2.0%
Surplus Margin (2007)	13.2%	4.0%	4.0%	5.8%	6.2%	4.9%
Surplus Margin (2010)	1.7%	3.0%	0.8%	1.7%	2.9%	2.6%
Leverage (2003)	0.03	0.01	0.05	0.03	0.04	0.07
Leverage (2007)	0.00	0.00	0.03	0.01	0.02	0.03
Leverage (2010)	0.01	0.00	0.03	0.01	0.01	0.02
<b>Budget Size Distribution (Number of public charities)</b>						
Under \$250K	153	192	104	449	4,059	6,591
\$250K-\$1M	58	59	42	159	1,284	2,240
\$1-\$5M	41	16	24	81	770	1,381
\$5-\$10M	6	2	4	12	224	353
\$10-\$50M	10	1	4	15	348	518
> \$50M	3	0	5	8	185	203

continued on next page



TABLE 3.10  
Industry Sector: Other (continued)

	International & Foreign	Religion	Other	Total Other	Other Societal Benefit	Total MA
<b>2010 Surplus Margin Distribution</b>						
Over 10%	34.8%	34.5%	27.2%	32.8%	35.2%	33.0%
5% to 10%	6.7%	9.8%	11.1%	9.0%	9.5%	10.2%
2% to 5%	7.8%	7.6%	7.2%	7.6%	7.9%	8.6%
0% to 2%	8.9%	7.6%	9.4%	8.5%	7.0%	7.7%
-5% to 0%	8.9%	11.0%	10.6%	10.1%	11.9%	12.0%
Below 5%	33.0%	29.5%	34.4%	32.1%	28.5%	28.5%
<b>2010 Leverage Distribution</b>						
0%-10%	61.4%	77.5%	66.7%	67.3%	63.8%	60.5%
10% to 25%	10.8%	7.2%	10.6%	11.0%	9.4%	9.6%
25% to 50%	9.7%	6.5%	8.5%	8.4%	10.5%	10.9%
50% to 100%	13.1%	4.3%	8.9%	7.8%	10.8%	12.2%
Over 100%	5.1%	4.3%	5.3%	5.5%	5.5%	6.8%
<b>For Public Charities Filing 990s in 2010</b> Sources: The Urban Institute, NCCS Core File (Public Charities, 2010); The Urban Institute, NCCS Core Supplement (Public Charities, 2010)						
<b>Profitability and Efficiency Ratios (Average unless otherwise indicated)</b>						
Compensation Expense to Total Expenses	27.7%	28.9%	31.0%	29.5%	44.7%	44.6%
% of Organizations in 2010 with Employees	37.3%	31.6%	43.7%	36.8%	38.2%	38.5%
Program Expenses to Total Expenses	82.7%	64.7%	84.4%	82.7%	87.3%	87.2%
Fundraising Expenses to Total Expenses	4.1%	2.8%	0.9%	2.3%	1.0%	1.0%
<b>Liquidity (Medians)</b>						
Days Cash on Hand (2003)	64.2	50.0	78.4	58.8	57.7	54.7
Days Cash on Hand (2007)	129.8	92.8	180.2	131.2	132.0	118.4
Days Cash on Hand (2010)	104.2	108.3	160.4	119.4	111.1	100.9
Inverse Current Ratio (2003)	0.06	0.01	0.04	0.03	0.06	0.08
Inverse Current Ratio (2007)	0.03	0.00	0.07	0.02	0.07	0.08
Inverse Current Ratio (2010)	0.10	0.09	0.13	0.10	0.26	0.25
Net Working Capital (2003)	\$80,734	\$48,439	\$78,198	\$66,378	\$80,174	\$79,458
Net Working Capital (2007)	\$249,324	\$93,308	\$172,626	\$130,412	\$194,442	\$163,526
Net Working Capital (2010)	\$207,108	\$52,000	\$276,164	\$142,061	\$236,298	\$253,063
<b>2010 Balance Sheet Strength (Averages)</b>						
Cash-to-Total Assets	24.6%	5.7%	21.6%	21.1%	5.1%	5.5%
Investments-to-Total Assets	30.9%	65.9%	33.5%	36.4%	59.5%	57.1%
Fixed Assets-to-Total Assets	8.2%	17.6%	10.1%	10.1%	20.5%	21.9%
Liabilities-to-Total Assets	19.1%	12.6%	53.9%	33.3%	32.3%	33.6%
Revenues-to-Total Assets	52.0%	27.8%	70.2%	57.0%	40.5%	41.9%

## CHAPTER FOUR

# The Uneven Regional Distribution of Nonprofits and Their Resources

Geography offers a third perspective on the Massachusetts nonprofit sector. Over the past decade, the population in Massachusetts grew by just 0.3% a year (**Table 4.1**). In contrast, the number of nonprofits operating in the Commonwealth exploded (**Table 4.2**). The number of federally registered nonprofits increased from 30,323 in 2000 to 34,365 in 2011, for an annual compounded growth rate of 1.1%. Furthermore, new public charities were founded at a pace of 2.6% per year from 2000 to 2011. In other words, the state went from having one public charity for every 352 persons in 2000 to having one per every 250 people by 2011.

To facilitate comparisons, this report views the distribution of nonprofits across the Commonwealth's 14 counties. Geographically, Plymouth experienced the fastest rate of public charity growth at 3.1%, followed by Essex at 2.4% Worcester at 2.3% and Hampden at 2.2% per

### Regional Classifications

The nonprofits were assigned to Massachusetts counties based on their mailing address listed on the relevant Form 990 filing. When inconsistencies arose, the city and zip code information from the annual filings and also the IRS Business Master File were used to determine the county in which a nonprofit was situated.

year. Due to the revocation process put in place by the IRS, Suffolk experienced a 0.3% drop in public charities per annum. Suffolk was the only county whose public charity growth was slower than its population growth.

In 2010, per capita personal income averaged \$33,966. Nantucket boasted the highest per capital personal

TABLE 4.1  
**County Demographics**

	2010 Population	Population CAGR* 2000-2010	2010 Per Capita Revenue	Per Capita Revenue CAGR 2000-2010
Barnstable	215,888	-0.3%	\$35,246	1.1%
Berkshire	131,219	-0.3%	\$28,300	0.4%
Bristol	548,285	0.3%	\$27,736	0.6%
Dukes	16,535	1.0%	\$33,390	0.1%
Essex	743,159	0.3%	\$33,828	0.3%
Franklin	71,372	0.0%	\$27,544	0.6%
Hampden	463,490	0.2%	\$24,718	0.1%
Hampshire	158,080	0.4%	\$28,367	0.4%
Middlesex	1,503,085	0.3%	\$40,139	0.3%
Nantucket	10,172	0.7%	\$53,410	3.1%
Norfolk	670,850	0.3%	\$42,371	0.4%
Plymouth	494,919	0.5%	\$33,333	0.7%
Suffolk	722,023	0.5%	\$30,720	0.8%
Worcester	798,552	0.6%	\$30,557	0.6%
<b>Total MA</b>	<b>6,547,629</b>	<b>0.3%</b>	<b>\$33,966</b>	<b>0.5%</b>

\*Compounded Annual Growth Rate

Source: US Census Bureau, Quick State and County Facts (2000 & 2010)

income of \$53,410 as well as the highest rate of real annual growth at 3.1%. Hampden reported the lowest per capita income at \$24,718. Hampden and Dukes experienced the slowest pace of real income growth at a mere 0.1% a year. During the decade, Massachusetts personal income expanded on average 0.5% in real terms.

Despite the effects of the nonprofit upsurge and the extensive downturn in the economy over this period, the per capita revenues of public charities increased at an impressive real rate of 9.9% per year. Franklin and Worcester public charities posted an average increase of 8.4% in real public charity revenues. Only two counties experienced real revenue contractions: Hampshire County saw a 5.0% annual decline, while Nantucket displayed a 1.7% decrease.

These varying growth rates over the course of the economic cycle, though interesting, fail to highlight the crucial geographic dilemma: the highly inequitable geographic distribution of the sector resources and services. These inequities are highlighted by the following examples: Middlesex County nonprofits garner per

capita revenues that are 26 times greater than Plymouth County. Two neighboring counties have about 11.5% of residents living under the poverty line, yet Hampshire County generates \$2,129 in per capita Social Service revenues while Franklin County receives only \$975. Suffolk County reports a homeownership rate that is 60% lower than the state average and quite a low median family income; however, its nonprofits own the highest per capita assets, three times greater than the state average.

This chapter seeks to spotlight the regional discrepancies and provide some insight into the factors giving rise to them. The Conclusion will discuss what forms of leadership and legislative action might help the extensive nonprofit resources to better meet the economic, social and societal needs.

TABLE 4.2  
**Nonprofit Sector by County**

	Number of Nonprofits (2011)	Number of Public Charities (2011)	Annual Growth in Number of Public Charities (2000-2011)	2011 Public Charity Revenues (\$000s)	2011 Public Charity Assets (\$000s)	2011 Per Capita Public Charity Revenue	Per Capita Public Charity Real Revenue CAGR 2000-2011
Barnstable	1,563	1,063	2.7%	1,550,145	2,300,285	7,180.32	2.1%
Berkshire	962	685	2.1%	1,591,929	4,379,630	12,131.85	7.4%
Bristol	1,816	1,202	2.5%	2,564,644	2,790,377	4,677.57	4.1%
Dukes	248	195	2.4%	112,691	289,325	6,815.32	3.9%
Essex	3,347	2,321	3.1%	3,710,331	5,753,123	4,992.65	0.7%
Franklin	509	350	2.8%	620,043	1,130,236	8,687.48	8.4%
Hampden	1,884	1,269	3.4%	3,299,513	4,166,889	7,118.84	0.7%
Hampshire	984	739	2.5%	2,231,937	6,060,549	14,119.03	-5.0%
Middlesex	8,266	5,943	2.9%	117,183,930	84,464,515	77,962.28	18.8%
Nantucket	139	103	2.8%	59,337	333,214	5,833.41	-1.7%
Norfolk	3,541	2,429	2.9%	6,969,206	6,462,020	10,388.62	5.9%
Plymouth	2,008	1,361	4.1%	1,464,596	1,739,578	2,959.26	5.2%
Suffolk	5,727	3,871	0.8%	31,632,107	64,913,810	43,810.39	2.3%
Worcester	3,371	2,297	3.0%	8,197,461	8,541,659	10,265.41	8.3%
<b>TOTAL MA</b>	<b>34,365</b>	<b>23,828</b>	<b>2.6%</b>	<b>181,187,871</b>	<b>193,325,209</b>	<b>27,672.29</b>	<b>9.9%</b>

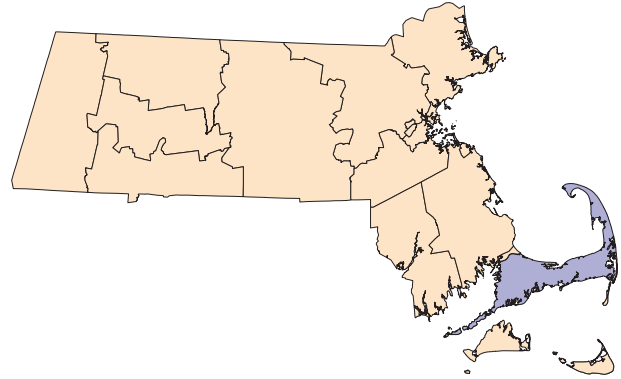
Sources: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, 2000 & 2011); US Census Bureau, Quick State and County Facts, 2010

## Barnstable

County Demographics	Barnstable	MA
Population	215,888	6,547,629
Percent of Population Under Poverty Level	7.2%	10.5%
Unemployment Rate	9.5%	6.8%
Per Capita Income	\$35,246	\$33,966
Homeownership Rate	80.40%	64.00%
Ethnic Breakdown:		
White	92.70%	80.40%
Black	1.90%	6.60%
Native American	0.60%	0.30%
Asian	1.10%	5.30%
Latino*	2.20%	9.60%
Female	52.40%	51.60%

\* Can overlap with other categories

Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010



**Barnstable County** includes the communities of Barnstable, Falmouth, Hyannis and Provincetown, which are situated on Cape Cod. Barnstable has 3.3% of the state's population and has experienced a 0.3% average annual contraction in population over the past decade. The per capita income (\$35,246) and persons under the poverty line (7.2% of residents) compare favorably to the state averages of \$33,966 and 10.5%, respectively. However, due to vacation-driven fluctuations in demand, the average unemployment rate is 9.5% as compared to 6.8% for the state. The county has a disproportionate share of white and elderly residents and a relatively high home ownership rate of 80.4%, well above the 64% rate state-wide.

Barnstable benefits from a relatively high number of public charities, equaling 4.9 per thousand residents. The Cape Cod Medical Center and Woods Hole Oceanographic Institution are the largest nonprofits by revenues and also the largest employers in the county. The Barnstable nonprofit community is disproportionately small and has a focus on the Arts, Education and the Environment. The per capita revenues of the Barnstable nonprofits are also relatively small. Only \$888 is raised by the Social Services segment per capita in Barnstable versus \$1,357 for the state. The Other Societal Benefit segment generates per capita that are a mere 24% of the state average. The one exception is the Environmental nonprofit sector, which raised \$210 per capita as compared to \$142 for the state average.

Barnstable nonprofits were adversely affected over the 2003-2010 period. While Massachusetts nonprofits as a whole experienced an increase in the median surplus margin, from 2.0% to 2.6%, Barnstable nonprofits reported a robust median surplus margin of 4.3% in 2003 with a sizeable drop to 1.9% in 2010. The Social Services segment accounted for much of this trend, with its surplus margin declining from 2.2% in 2003 to 0.3% in 2010. The contraction was led by a severe decline in the median surplus margin in the Housing and Environment sectors.

Throughout the period, most Barnstable nonprofits reported little to no debt as seen by its leverage. Liabilities as a percent of assets were a mere 1% in 2003 and 2010. The low median is due to the Grassroots organizations and smaller Safety Net groups that reported little to no leverage. Barnstable nonprofits did increase current liabilities (such as accounts payable to vendors) relative to current assets from a median of 0.17 to 0.25, consistent with patterns seen across the state.

Barnstable nonprofits held relatively high cash reserves as a financial buffer throughout the period. The median organization held 107 days of cash on hand in 2003, which increased to 118 by 2010. The unusually high cash cushion is due to the county's high concentration of Grassroots organizations. Due to their lack of access to credit, Grassroots organizations rely heavily on cash holdings to survive economic downturns.

All Ratios are Medians.

	BARNSTABLE				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	97	0.4	\$185.72	\$178.70	0.3	\$262.03	\$281.71
Housing & Shelter	26	0.1	\$144.31	\$274.42	0.1	\$214.51	\$714.75
Human Services	95	0.4	\$457.05	\$316.66	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	123	0.6	\$100.78	\$105.14	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>341</b>	<b>1.6</b>	<b>\$887.85</b>	<b>\$874.92</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	173	0.8	\$217.31	\$548.89	0.5	\$647.59	\$1,063.47
Education	218	1.0	\$2,326.44	\$3,991.87	0.7	\$18,579.51	\$18,638.81
Environment	103	0.5	\$268.08	\$1,110.84	0.2	\$144.84	\$403.65
Health Care & Medical	72	0.3	\$3,279.12	\$3,870.69	0.4	\$5,872.03	\$5,841.73
Philanthropy	33	0.2	\$124.13	\$200.91	0.1	\$743.03	\$1,227.21
Other Nonprofits	123	0.6	\$77.39	\$56.87	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>722</b>	<b>3.3</b>	<b>\$6,292.47</b>	<b>\$9,780.07</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>859</b>	<b>4.0</b>	<b>\$136.46</b>	<b>\$403.53</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>201</b>	<b>0.9</b>	<b>\$2,253.55</b>	<b>\$4,061.41</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	126	0.6	\$308.10	\$1,009.82	0.4	\$190.24	\$468.27
\$1M-\$5M	48	0.2	\$438.75	\$830.23	0.2	\$538.19	\$1,164.83
\$5M-\$10M	11	0.1	\$340.92	\$501.43	0.1	\$445.39	\$944.80
\$10-\$50M	16	0.1	\$1,165.78	\$1,719.92	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>3</b>	<b>0.0</b>	<b>\$4,790.30</b>	<b>\$6,190.05</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>1,063</b>	<b>4.9</b>	<b>\$7,180.32</b>	<b>\$10,654.99</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	-0.6%	0.2%	0.12	0.00	32.1	95.9	0.03	0.46
Housing & Shelter	4.0%	1.0%	0.50	0.18	150.6	104.3	0.31	0.44
Human Services	3.4%	2.7%	0.05	0.08	58.3	100.1	0.03	0.32
Youth, Sports & Recreation	1.2%	-0.3%	0.00	0.00	113.3	169.8	0.00	0.19
<b>Social Services</b>	<b>2.2%</b>	<b>0.3%</b>	<b>0.07</b>	<b>0.03</b>	<b>61.4</b>	<b>125.9</b>	<b>0.03</b>	<b>0.34</b>
Arts	7.9%	1.7%	0.01	0.00	132.1	107.5	0.01	0.03
Education	5.2%	6.0%	0.00	0.00	96.0	162.7	0.00	0.41
Environment	20.9%	13.2%	0.00	0.01	253.8	421.2	0.00	0.06
Health Care & Medical	4.2%	0.2%	0.10	0.07	40.9	43.7	0.11	0.33
Philanthropy	6.4%	5.6%	0.00	0.00	44.2	86.3	0.00	0.31
Other Nonprofits	2.4%	1.0%	0.14	0.00	53.3	88.0	0.01	0.42
<b>Other Societal Benefit</b>	<b>5.7%</b>	<b>4.0%</b>	<b>0.00</b>	<b>0.00</b>	<b>116.7</b>	<b>114.7</b>	<b>0.01</b>	<b>0.22</b>
<b>Grassroots (&lt;\$250K)</b>	<b>5.4%</b>	<b>1.4%</b>	<b>0.00</b>	<b>0.00</b>	<b>144.7</b>	<b>230.7</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>3.8%</b>	<b>1.9%</b>	<b>0.14</b>	<b>0.13</b>	<b>104.0</b>	<b>91.8</b>	<b>0.12</b>	<b>0.00</b>
\$250K-\$1M	3.8%	2.0%	0.07	0.09	105.2	100.1	0.07	0.14
\$1M-\$5M	7.0%	5.6%	0.17	0.15	31.1	35.0	0.14	0.42
\$5M-\$10M	0.6%	0.1%	0.37	0.35	32.0	33.1	0.52	0.63
\$10-\$50M	0.7%	1.5%	0.54	0.37	50.8	18.6	0.43	0.45
<b>Economic Engines (&gt;\$50M)</b>	<b>8.4%</b>	<b>4.5%</b>	<b>0.33</b>	<b>0.39</b>	<b>50.8</b>	<b>18.6</b>	<b>0.38</b>	<b>1.18</b>
<b>COUNTY TOTAL</b>	<b>4.3%</b>	<b>1.9%</b>	<b>0.01</b>	<b>0.01</b>	<b>106.5</b>	<b>117.7</b>	<b>0.17</b>	<b>0.25</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

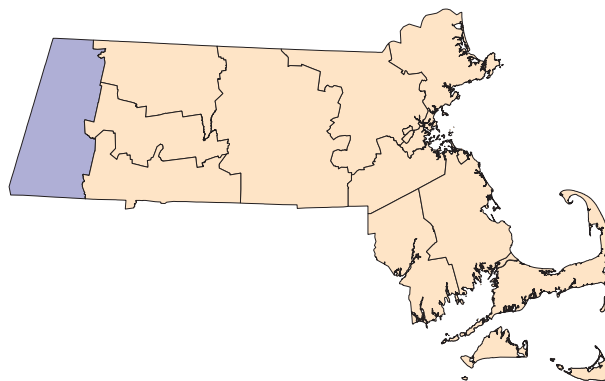
Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Berkshire

County Demographics	Berkshire	MA
Population	131,219	6,547,629
Percent of Population Under Poverty Level	9.2%	10.5%
Unemployment Rate	7.9%	6.8%
Per Capita Income	\$28,300	\$33,966
Homeownership Rate	68.90%	64.00%
Ethnic Breakdown:		
White	92.50%	80.40%
Black	2.70%	6.60%
Native American	0.20%	0.30%
Asian	1.20%	5.30%
Latino*	3.50%	9.60%
Female	51.90%	51.60%

\* Can overlap with other categories

Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010



**Berkshire County** includes North Adams, Pittsfield and Stockbridge. From a demographic standpoint, this country has experienced trends quite similar to Barnstable. Berkshire has 2.0% of the state's population and has experienced a 0.3% average annual contraction in population over the past decade. The vacation-based economy results in an above average unemployment rate of 7.9% yet a smaller proportion of people (9.2%) live under the poverty line. The county also has a disproportionate share of white and elderly residents. While Barnstable has more affluent residents, the average per capita income in the Berkshires is \$28,300, well below the \$33,960 average for the state.

Berkshire County is flush with nonprofit organizations, with 5.2 organizations per thousand residents as compared to 3.6 for the state. The county is particularly strong in the Arts, with double the number of nonprofits, more than twice the revenue and 4.2 times the assets of the state as a whole. The county has several large Arts facilities (Tanglewood and Clark Art Institute), Hospitals (Berkshire Medical Center, North Adams Regional Hospital, and Fairview Hospital) and one college, (Williams College). Philanthropic and Other Nonprofit sectors are undersized compared to the state. Overall, the Social Services segment is 11% better funded per capita than the state, although Housing is significantly under resourced, receiving only 39% of the state average. The county has extensive Grassroots organizations

as well as a number of moderately sized nonprofits, primarily in the Arts.

Financially, Berkshire nonprofits experienced a weakening, similar to that experienced by the entire state. The overall surplus margin shrank from 2.1% to 1.6% with Housing, Human Services and Other Nonprofits most significantly influenced. The Philanthropic sector also suffered, reporting median operating losses in both 2003 and 2010.

Berkshire organizations increased their cash on hand from 38 to 50 days with virtually all industry sectors and budget sizes contributing to this trend. Their cash holdings, however, feel well short of the 75 to 90 day range seen in the state overall. Philanthropies ended 2010 with a seven-fold increase in cash on hand, probably driven by investment-related strategies. The cash at Youth nonprofits surged from 47 to 235 days. For most Berkshire-based groups, cash remained well below the three months of cash traditionally recommended.

From a debt perspective, the leverage of Berkshire nonprofits declined from 17% of assets to 9% in 2010. Housing entities were the most highly leveraged, with assets fully funded by liabilities. The inverse current ratio expanded from 0.28 to 0.33, indicating an increase in short-term credit. This ratio matches the trend throughout the state. As seen in many other counties, Grassroots groups had little access to short- or long-term credit throughout the period.



All Ratios are Medians.

	BERKSHIRE				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	63	0.5	\$148.70	\$180.61	0.3	\$262.03	\$281.71
Housing & Shelter	17	0.1	\$84.61	\$292.52	0.1	\$214.51	\$714.75
Human Services	62	0.5	\$1,141.74	\$845.91	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	59	0.4	\$136.25	\$266.30	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>201</b>	<b>1.5</b>	<b>\$1,511.29</b>	<b>\$1,585.34</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	127	1.0	\$1,424.12	\$4,495.75	0.5	\$647.59	\$1,063.47
Education	103	0.8	\$2,625.34	\$19,530.62	0.7	\$18,579.51	\$18,638.81
Environment	59	0.4	\$176.27	\$369.11	0.2	\$144.84	\$403.65
Health Care & Medical	77	0.6	\$6,083.07	\$6,634.92	0.4	\$5,872.03	\$5,841.73
Philanthropy	20	0.2	\$261.95	\$700.01	0.1	\$743.03	\$1,227.21
Other Nonprofits	98	0.7	\$49.81	\$60.75	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>484</b>	<b>3.7</b>	<b>\$10,620.56</b>	<b>\$31,791.16</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>508</b>	<b>3.9</b>	<b>\$112.22</b>	<b>\$597.34</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>172</b>	<b>1.3</b>	<b>\$6,234.65</b>	<b>\$9,023.11</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	70	0.5	\$264.71	\$543.71	0.4	\$190.24	\$468.27
\$1M-\$5M	55	0.4	\$984.85	\$1,636.90	0.2	\$538.19	\$1,164.83
\$5M-\$10M	22	0.2	\$1,298.53	\$2,975.93	0.1	\$445.39	\$944.80
\$10-\$50M	25	0.2	\$3,686.56	\$3,866.57	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>5</b>	<b>0.0</b>	<b>\$5,784.99</b>	<b>\$23,756.04</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>685</b>	<b>5.2</b>	<b>\$12,131.85</b>	<b>\$33,376.49</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	0.7%	0.2%	0.10	0.00	17.0	31.3	0.24	0.70
Housing & Shelter	0.2%	-2.5%	0.97	1.14	24.2	51.0	0.19	0.35
Human Services	2.5%	1.0%	0.32	0.30	41.8	45.5	0.33	0.40
Youth, Sports & Recreation	-0.3%	1.8%	0.04	0.00	47.0	235.3	0.10	0.03
<b>Social Services</b>	<b>1.3%</b>	<b>0.8%</b>	<b>0.23</b>	<b>0.14</b>	<b>35.8</b>	<b>51.0</b>	<b>0.24</b>	<b>0.36</b>
Arts	1.1%	1.0%	0.06	0.05	52.6	44.5	0.22	0.14
Education	2.9%	2.3%	0.08	0.01	75.5	78.8	0.63	0.64
Environment	8.1%	9.8%	0.10	0.01	182.2	173.4	0.11	0.28
Health Care & Medical	3.5%	1.4%	0.52	0.40	14.6	11.7	0.33	0.39
Philanthropy	-2.1%	-1.6%	0.04	0.06	20.9	145.8	0.22	0.11
Other Nonprofits	3.4%	-0.4%	0.05	0.05	46.3	56.5	0.33	0.32
<b>Other Societal Benefit</b>	<b>2.5%</b>	<b>2.2%</b>	<b>0.14</b>	<b>0.08</b>	<b>41.0</b>	<b>42.9</b>	<b>0.30</b>	<b>0.34</b>
<b>Grassroots (&lt;\$250K)</b>	<b>6.1%</b>	<b>2.6%</b>	<b>0.00</b>	<b>0.00</b>	<b>265.7</b>	<b>104.8</b>	<b>0.19</b>	<b>0.02</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>0.9%</b>	<b>1.0%</b>	<b>0.29</b>	<b>0.30</b>	<b>33.6</b>	<b>44.2</b>	<b>0.29</b>	<b>0.36</b>
\$250K-\$1M	2.0%	-1.6%	0.23	0.14	101.1	75.5	0.19	0.18
\$1M-\$5M	-0.3%	1.4%	0.21	0.28	41.0	49.9	0.30	0.36
\$5M-\$10M	1.7%	3.7%	0.39	0.38	18.1	21.0	0.34	0.41
\$10-\$50M	2.9%	1.4%	0.51	0.60	19.9	11.4	0.37	0.60
<b>Economic Engines (&gt;\$50M)</b>	<b>-2.2%</b>	<b>-0.8%</b>	<b>0.31</b>	<b>0.17</b>	<b>27.3</b>	<b>35.0</b>	<b>0.63</b>	<b>0.80</b>
<b>COUNTY TOTAL</b>	<b>2.1%</b>	<b>1.6%</b>	<b>0.17</b>	<b>0.09</b>	<b>38.4</b>	<b>50.1</b>	<b>0.28</b>	<b>0.36</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

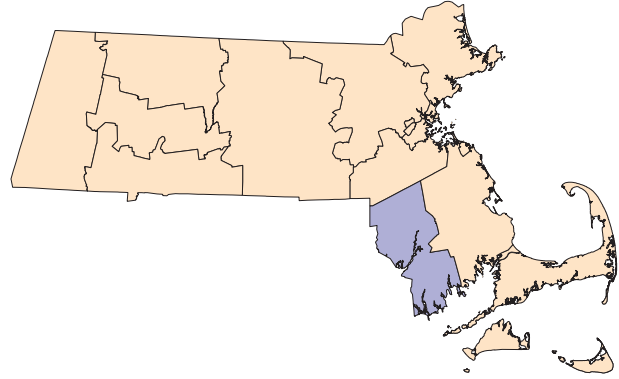
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Bristol

County Demographics	Bristol	MA
Population	548,285	6,547,629
Percent of Population Under Poverty Level	11.3%	10.5%
Unemployment Rate	10.2%	6.8%
Per Capita Income	\$27,736	\$33,966
Homeownership Rate	64.10%	64.00%
Ethnic Breakdown:		
White	88.40%	80.40%
Black	3.30%	6.60%
Native American	0.40%	0.30%
Asian	1.90%	5.30%
Latino*	6.00%	9.60%
Female	51.60%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Bristol County** is located in southeastern Massachusetts and includes Fall River, New Bedford and Taunton. Bristol is home to 8.4% of the state's residents and is economically weaker than the state as a whole, with a 10.2% unemployment rate, 11.3% living under the poverty level and a per capita income of \$27,736. Its homeownership rate, at 64.1%, matches the state's as does its concentration of female, youth and elderly residents. The county is disproportionately white, at 88.4% of the inhabitants, with fewer Asians, Blacks and Latinos than many other counties in the state.

Bristol County is underserved by nonprofits, with just 2.2 organizations per 1,000 residents, one-third less than the state average. This trend is broad-based, affecting all industry sectors. Bristol is particularly underserved in the Housing sector, receiving only 27% of the per capita funding common throughout the state. Philanthropies also have less than half the per capita revenues of their statewide peers. Community Capacity and Health Care organizations are the more robust sectors with numerous hospitals in the list of top 20 employers. As a result, per capita revenues of Bristol public charities are a mere 17% of the state's average. In the Social Services sector, per capita revenues are two-thirds of the statewide figure. In the Education, Philanthropy, Arts and other sectors, per capita revenues are meager, at 10% or less of the state rate.

Bristol public charities have been operating in a weaker condition than nonprofits in other parts of the state. The surplus margin of 3.2%, which was higher than the state average in 2003, fell to 2.1% in 2010. In contrast, the state's margin widened from 2.0% to 2.6%. A surplus margin decline was noticed most sharply in the Environmental and Housing sectors, and Philanthropic groups experienced surplus margin gains. The overall leverage declined from 9% in 2003 to 13% in 2010, mimicking the pattern seen across the state.

Cash on hand across the county rose by 11 days from 55 to 66 days. Cash reserves in the county were consistently lower than the state by three weeks or more. The inverse current ratio, a measure of current liabilities to current assets, rose from 0.35 to 0.4, following the trend of the state. The increase in the inverse current ratio was reflected in the subsectors as well.

All Ratios are Medians.

	BRISTOL				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	86	0.2	\$303.95	\$244.26	0.3	\$262.03	\$281.71
Housing & Shelter	19	0.0	\$25.51	\$62.60	0.1	\$214.51	\$714.75
Human Services	118	0.2	\$477.69	\$347.69	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	170	0.3	\$45.57	\$74.58	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>393</b>	<b>0.7</b>	<b>\$852.71</b>	<b>\$729.14</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	155	0.3	\$48.04	\$124.00	0.5	\$647.59	\$1,063.47
Education	218	0.4	\$629.09	\$1,383.88	0.7	\$18,579.51	\$18,638.81
Environment	72	0.1	\$31.34	\$79.27	0.2	\$144.84	\$403.65
Health Care & Medical	116	0.2	\$3,041.73	\$2,683.95	0.4	\$5,872.03	\$5,841.73
Philanthropy	30	0.1	\$56.75	\$75.12	0.1	\$743.03	\$1,227.21
Other Nonprofits	218	0.4	\$17.91	\$13.92	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>809</b>	<b>1.5</b>	<b>\$3,824.87</b>	<b>\$4,360.14</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>981</b>	<b>1.8</b>	<b>\$51.96</b>	<b>\$127.64</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>214</b>	<b>0.4</b>	<b>\$1,761.09</b>	<b>\$1,617.71</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	85	0.2	\$73.69	\$140.61	0.4	\$190.24	\$468.27
\$1M-\$5M	77	0.1	\$320.28	\$647.16	0.2	\$538.19	\$1,164.83
\$5M-\$10M	25	0.0	\$338.13	\$328.97	0.1	\$445.39	\$944.80
\$10-\$50M	27	0.0	\$1,028.99	\$500.96	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>7</b>	<b>0.0</b>	<b>\$2,864.52</b>	<b>\$3,343.94</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>1,202</b>	<b>2.2</b>	<b>\$4,677.57</b>	<b>\$5,089.28</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	1.7%	0.3%	0.24	0.30	51.1	63.2	0.30	0.38
Housing & Shelter	3.0%	-3.5%	0.23	0.56	83.5	158.4	0.00	0.00
Human Services	3.0%	1.4%	0.29	0.19	45.9	41.4	0.35	0.39
Youth, Sports & Recreation	6.7%	3.0%	0.00	0.00	77.9	84.9	0.05	0.45
<b>Social Services</b>	<b>3.4%</b>	<b>1.3%</b>	<b>0.04</b>	<b>0.03</b>	<b>54.3</b>	<b>62.7</b>	<b>0.27</b>	<b>0.39</b>
Arts	3.0%	2.8%	0.01	0.00	42.5	113.9	0.14	0.17
Education	3.8%	6.1%	0.01	0.00	67.8	82.9	0.30	0.39
Environment	29.8%	-7.6%	0.02	0.00	145.9	117.8	0.06	0.12
Health Care & Medical	2.9%	1.6%	0.36	0.27	40.8	40.6	0.42	0.44
Philanthropy	-3.3%	4.9%	0.15	0.10	122.8	154.4	0.00	0.00
Other Nonprofits	1.1%	0.1%	0.11	0.11	105.7	70.1	0.22	0.25
<b>Other Societal Benefit</b>	<b>3.1%</b>	<b>2.4%</b>	<b>0.11</b>	<b>0.02</b>	<b>60.6</b>	<b>68.5</b>	<b>0.40</b>	<b>0.42</b>
<b>Grassroots (&lt;\$250K)</b>	<b>7.6%</b>	<b>4.0%</b>	<b>0.00</b>	<b>0.00</b>	<b>81.8</b>	<b>133.6</b>	<b>0.00</b>	<b>0.20</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>2.3%</b>	<b>1.2%</b>	<b>0.29</b>	<b>0.27</b>	<b>54.3</b>	<b>61.9</b>	<b>0.35</b>	<b>0.41</b>
\$250K-\$1M	2.0%	0.0%	0.06	0.10	118.2	99.3	0.04	0.07
\$1M-\$5M	2.5%	2.0%	0.34	0.32	51.5	43.9	0.24	0.40
\$5M-\$10M	1.7%	-0.1%	0.43	0.32	42.8	60.3	0.36	0.40
\$10-\$50M	3.0%	2.1%	0.49	0.47	32.8	28.6	0.46	0.46
<b>Economic Engines (&gt;\$50M)</b>	<b>3.4%</b>	<b>4.4%</b>	<b>0.52</b>	<b>0.45</b>	<b>6.7</b>	<b>15.5</b>	<b>0.74</b>	<b>1.03</b>
<b>COUNTY TOTAL</b>	<b>3.2%</b>	<b>2.1%</b>	<b>0.09</b>	<b>0.03</b>	<b>55.1</b>	<b>66.2</b>	<b>0.35</b>	<b>0.40</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

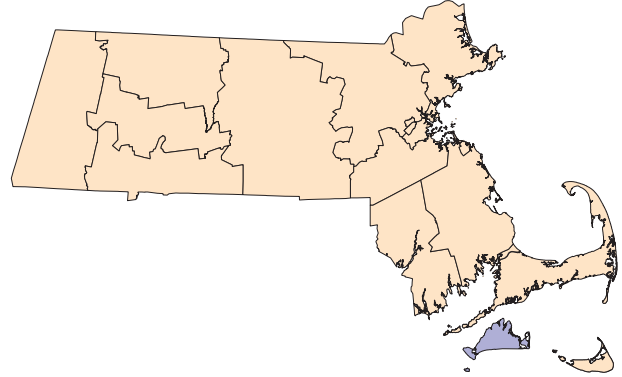
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Dukes

County Demographics	Dukes	MA
Population	16,535	6,547,629
Percent of Population Under Poverty Level	8.6%	10.5%
Unemployment Rate	9.4%	6.8%
Per Capita Income	\$33,390	\$33,966
Homeownership Rate	81.10%	64.00%
Ethnic Breakdown:		
White	87.60%	80.40%
Black	3.10%	6.60%
Native American	1.10%	0.30%
Asian	0.80%	5.30%
Latino*	2.30%	9.60%
Female	50.50%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Dukes County** includes Martha's Vineyard and the surrounding islands. It is the second smallest county by population, with just 0.3% of the state's inhabitants. Dukes experienced the fastest population growth in the state, at 1.0% per year over the past decade. Per capita income, at \$33,390, is just below the state average. Nantucket, like the rest of the Cape's communities, has a low percentage of residents living under the poverty line, at 8.6%, when compared with the state as a whole, at 10.5%. But it also has a high unemployment rate: 9.4%, as compared to 6.8% statewide. In addition, Dukes County maintains a high homeownership rate (81.1%).

Dukes County has a heavy concentration of nonprofits, 11.8 per thousand residents, while the state has just 3.6 per thousand. These nonprofits are mostly Grassroots organizations (38 out of the 97) or small Safety Net groups (24 out of 97). Housing and Environmental organizations are nine and seven times as frequent as the state, respectively. Grassroots nonprofits raise four times the per capita revenues raised by Grassroots groups statewide. Environmental entities raise four times the resources as their peers across the state, while Housing and Youth groups bring in over twice as much. The remaining nonprofits generate well below the state average of per capita revenues.

Dukes County nonprofits retained their financial footing over the period examined in this report. The agencies reported a robust 6.0% median surplus margin in 2003 and a still healthy 4.4% surplus margin in 2010.

The thinning of the surplus margin was most noticeable in Grassroots and the smallest Safety Net organizations. Unfortunately, some sectors were more adversely impacted. The Housing sector continued to report serious operating losses with a negative median of 18.5% in 2010. Both Environmental and Other Nonprofits found their earlier operating surplus converted to losses by 2010.

Dukes County nonprofits experienced an improvement in liquidity. Cash on hand climbed from three to four months. The county's nonprofits consistently held one full month more of cash than their state peers. The most profound increases occurred in the Other Societal Benefit sector with an over two month rise in cash holdings over the period.

From a debt perspective, Dukes County groups expanded their current liabilities sharply from an average of 9% to 26% of current assets over the period. The trend was driven by larger ratios in the smaller Safety Net organizations. While for some organizations an increased inverse current ratio might permit expanded operations, it might, in some cases, indicate an inability to pay bills on a timely basis. From a long-term perspective, the median nonprofit remained unable to access credit with only 1-2% of assets funded by liabilities in both 2003 and 2010.

All Ratios are Medians.

	DUKES				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	16	1.0	\$29.43	\$41.43	0.3	\$262.03	\$281.71
Housing & Shelter	20	1.2	\$546.05	\$1,396.87	0.1	\$214.51	\$714.75
Human Services	21	1.3	\$563.19	\$1,730.33	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	20	1.2	\$311.12	\$560.48	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>77</b>	<b>4.7</b>	<b>\$1,449.79</b>	<b>\$3,729.11</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	32	1.9	\$452.97	\$1,203.51	0.5	\$647.59	\$1,063.47
Education	23	1.4	\$148.99	\$232.07	0.7	\$18,579.51	\$18,638.81
Environment	24	1.5	\$586.92	\$5,147.78	0.2	\$144.84	\$403.65
Health Care & Medical	15	0.9	\$4,013.47	\$6,564.61	0.4	\$5,872.03	\$5,841.73
Philanthropy	8	0.5	\$83.54	\$575.51	0.1	\$743.03	\$1,227.21
Other Nonprofits	16	1.0	\$79.64	\$45.11	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>118</b>	<b>7.1</b>	<b>\$5,365.52</b>	<b>\$13,768.60</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>153</b>	<b>9.3</b>	<b>\$367.15</b>	<b>\$1,782.89</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>41</b>	<b>2.5</b>	<b>\$3,181.77</b>	<b>\$9,733.39</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	28	1.7	\$798.26	\$2,558.07	0.4	\$190.24	\$468.27
\$1M-\$5M	10	0.6	\$1,246.23	\$2,976.08	0.2	\$538.19	\$1,164.83
\$5M-\$10M	3	0.2	\$1,137.29	\$4,199.23	0.1	\$445.39	\$944.80
\$10-\$50M	0	0.0	\$0.00	\$0.00	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>1</b>	<b>0.1</b>	<b>\$3,266.40</b>	<b>\$5,981.43</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>195</b>	<b>11.8</b>	<b>\$6,815.32</b>	<b>\$17,497.70</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	5.9%	11.6%	0.00	0.00	0.0	331.1	0.00	0.00
Housing & Shelter	-24.6%	-18.5%	0.27	0.33	60.1	172.7	0.15	0.08
Human Services	15.1%	1.9%	0.12	0.05	246.6	101.6	0.09	0.26
Youth, Sports & Recreation	-1.2%	11.9%	0.00	0.00	98.5	67.8	0.00	0.00
<b>Social Services</b>	<b>-1.2%</b>	<b>1.9%</b>	<b>0.01</b>	<b>0.03</b>	<b>96.5</b>	<b>118.1</b>	<b>0.05</b>	<b>0.05</b>
Arts	6.8%	11.7%	0.01	0.02	88.8	182.2	0.12	0.60
Education	1.8%	4.0%	0.51	0.12	182.3	65.7	0.21	0.11
Environment	6.1%	0.7%	0.00	0.00	497.0	296.5	0.00	0.05
Health Care & Medical	24.2%	5.9%	0.22	0.23	29.5	61.9	0.56	0.53
Philanthropy	60.8%	41.1%	0.00	0.00	479.5	419.8	0.05	0.01
Other Nonprofits	27.7%	-9.7%	0.00	0.83	0.00	26.6	0.00	0.00
<b>Other Societal Benefit</b>	<b>8.8%</b>	<b>5.6%</b>	<b>0.01</b>	<b>0.01</b>	<b>104.7</b>	<b>178.6</b>	<b>0.20</b>	<b>0.49</b>
<b>Grassroots (&lt;\$250K)</b>	<b>3.5%</b>	<b>1.9%</b>	<b>0.00</b>	<b>0.00</b>	<b>21.6</b>	<b>172.7</b>	<b>0.03</b>	<b>0.01</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>16.2%</b>	<b>7.4%</b>	<b>0.11</b>	<b>0.06</b>	<b>109.5</b>	<b>123.2</b>	<b>0.12</b>	<b>0.29</b>
\$250K-\$1M	4.7%	6.3%	0.04	0.05	197.8	191.7	0.11	0.19
\$1M-\$5M	19.5%	11.3%	0.14	0.04	128.6	107.8	0.09	0.20
\$5M-\$10M	16.2%	0.7%	0.36	0.32	35.4	65.7	0.91	0.80
\$10-\$50M	5.4%	6.7%	0.30	0.14	0.00	N/A	0.32	N/A
<b>Economic Engines (&gt;\$50M)</b>	<b>N/A</b>	<b>6.7%</b>	<b>N/A</b>	<b>0.14</b>	<b>N/A</b>	<b>51.0</b>	<b>N/A</b>	<b>0.57</b>
<b>COUNTY TOTAL</b>	<b>6.0%</b>	<b>4.4%</b>	<b>0.01</b>	<b>0.02</b>	<b>96.5</b>	<b>123.2</b>	<b>0.09</b>	<b>0.26</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

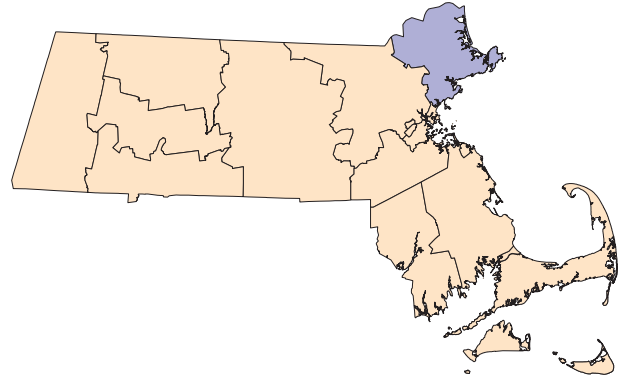
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Essex

County Demographics	Essex	MA
Population	743,159	6,547,629
Percent of Population Under Poverty Level	10.1%	10.5%
Unemployment Rate	8.5%	6.8%
Per Capita Income	\$33,828	\$33,966
Homeownership Rate	65.40%	64.00%
Ethnic Breakdown:		
White	81.90%	80.40%
Black	3.80%	6.60%
Native American	0.40%	0.30%
Asian	3.10%	5.30%
Latino*	16.50%	9.60%
Female	52.00%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Essex County** is in the northeast corner of Massachusetts and includes Gloucester, Haverhill, Lawrence, Lynn and Salem. Essex is a moderately sized county containing 11.4% of the state's population. While its population grew a modest 0.3% per year over the decade, its nonprofit sector expanded, with a 3.1% per year increase in the number of public charities. In many regards, Essex County mirrors the state as a whole, with 10.1% of the population living under the poverty line, per capita income of \$33,828 and a 65.4% homeownership rate. The population demographics also are similar to the state in terms of gender and age. While the white population is similar to the state, it does report a higher Latino population and a lower percentage of Asian and African-American residents than the rest of Massachusetts.

The nonprofit sector is smaller in Essex County than it is in the state, with 3.1 nonprofits per thousand residents or only 86% of the concentration found statewide. Massachusetts per capita profit revenues grew at a real annual rate of 9.9%, yet Essex experienced only a 3.0% real gain. Essex does appear to be quite underserved when per capita resources are assessed. On a per capita basis, the Massachusetts nonprofit sector earns \$27,672 in annual revenues to just \$4,993 for Essex County. The Social Services segment generates revenues comparable to the rest of the state, although Community Capacity groups produce just 19% of the state average. It is in the Educational and Philanthropic sectors where resources

are particularly scarce. In both sectors, Essex nonprofits earn a mere 7% of the peer average. While raising relatively few revenues, Health Care agencies in Essex are substantial employers.

Financially, the Essex nonprofit sector performed comparably to the state. The median surplus margin of 1.9% climbed to 2.5% on 2010. With the exception of the Other Nonprofit subsector, the median surplus margins in all industry sectors were positive in 2010. The Other Societal Benefits segment demonstrated the most significant improvement, particularly in the Arts. The Environmental sector, however, underwent a marked decline in the surplus margin for a median of 20.3% in 2003 to 9.2% in 2010.

The Essex nonprofit community reported cash patterns similar to the state. The cash on hand increased from 70 days in 2003 to 96 days in 2010. The smallest Safety Net groups exhibited the largest increase, while Environmental groups had the most significant decline. Essex nonprofits reported very little access to debt with most sectors reporting little or no leverage in both 2003 and 2010. The Grassroots organizations also reported no access to short-term debt or credit. Led by the Education sector, the larger Safety Net and Economic Engine organizations maintained or increased their reliance on current liabilities to fund operations. As a result, the median inverse current ratio rose from 0.31 to 0.37.



All Ratios are Medians.

	ESSEX				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	155	0.2	\$106.65	\$81.31	0.3	\$262.03	\$281.71
Housing & Shelter	103	0.1	\$210.43	\$908.81	0.1	\$214.51	\$714.75
Human Services	251	0.3	\$987.47	\$802.43	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	310	0.4	\$71.60	\$123.15	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>819</b>	<b>1.1</b>	<b>\$1,376.15</b>	<b>\$1,915.69</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	296	0.4	\$262.32	\$661.36	0.5	\$647.59	\$1,063.47
Education	432	0.6	\$1,354.14	\$3,057.61	0.7	\$18,579.51	\$18,638.81
Environment	129	0.2	\$122.51	\$403.42	0.2	\$144.84	\$403.65
Health Care & Medical	203	0.3	\$1,765.35	\$1,507.84	0.4	\$5,872.03	\$5,841.73
Philanthropy	96	0.1	\$49.81	\$117.49	0.1	\$743.03	\$1,227.21
Other Nonprofits	346	0.5	\$62.37	\$78.03	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>1,502</b>	<b>2.0</b>	<b>\$3,616.50</b>	<b>\$5,825.75</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>1,842</b>	<b>2.5</b>	<b>\$84.99</b>	<b>\$289.02</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>465</b>	<b>0.6</b>	<b>\$2,501.49</b>	<b>\$3,419.59</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	226	0.3	\$149.75	\$355.13	0.4	\$190.24	\$468.27
\$1M-\$5M	146	0.2	\$449.33	\$842.83	0.2	\$538.19	\$1,164.83
\$5M-\$10M	40	0.1	\$387.34	\$574.35	0.1	\$445.39	\$944.80
\$10-\$50M	53	0.1	\$1,515.07	\$1,647.28	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>14</b>	<b>0.0</b>	<b>\$2,406.17</b>	<b>\$4,032.83</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>2,321</b>	<b>3.1</b>	<b>\$4,992.65</b>	<b>\$7,741.44</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	3.1%	4.4%	0.00	0.00	90.0	91.9	0.10	0.17
Housing & Shelter	4.8%	2.5%	0.59	0.54	36.5	84.2	0.30	0.43
Human Services	1.3%	1.2%	0.25	0.20	51.0	55.8	0.41	0.47
Youth, Sports & Recreation	3.8%	2.7%	0.00	0.00	125.1	172.0	0.00	0.03
<b>Social Services</b>	<b>2.2%</b>	<b>2.3%</b>	<b>0.10</b>	<b>0.07</b>	<b>61.3</b>	<b>72.7</b>	<b>0.31</b>	<b>0.38</b>
Arts	-0.3%	4.3%	0.00	0.00	123.0	150.5	0.01	0.02
Education	4.7%	2.7%	0.00	0.00	117.0	131.6	0.27	0.49
Environment	20.3%	9.2%	0.00	0.00	319.9	143.9	0.05	0.03
Health Care & Medical	0.0%	1.6%	0.23	0.24	29.6	63.7	0.39	0.44
Philanthropy	1.9%	3.8%	0.00	0.00	98.6	125.4	0.28	0.20
Other Nonprofits	2.0%	-0.2%	0.02	0.05	149.8	160.2	0.12	0.15
<b>Other Societal Benefit</b>	<b>1.6%</b>	<b>2.6%</b>	<b>0.01</b>	<b>0.01</b>	<b>103.6</b>	<b>117.9</b>	<b>0.30</b>	<b>0.33</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2.0%</b>	<b>4.0%</b>	<b>0.00</b>	<b>0.00</b>	<b>152.1</b>	<b>217.2</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>2.0%</b>	<b>1.6%</b>	<b>0.24</b>	<b>0.28</b>	<b>64.0</b>	<b>77.8</b>	<b>0.35</b>	<b>0.39</b>
\$250K-\$1M	3.0%	1.4%	0.08	0.13	108.6	121.1	0.18	0.13
\$1M-\$5M	1.5%	2.6%	0.25	0.27	69.7	73.6	0.30	0.27
\$5M-\$10M	0.2%	0.7%	0.52	0.53	29.9	35.3	0.45	0.58
\$10-\$50M	1.9%	1.0%	0.50	0.54	28.9	41.0	0.42	0.52
<b>Economic Engines (&gt;\$50M)</b>	<b>1.3%</b>	<b>1.3%</b>	<b>0.56</b>	<b>0.54</b>	<b>7.0</b>	<b>18.8</b>	<b>0.90</b>	<b>1.08</b>
<b>COUNTY TOTAL</b>	<b>1.9%</b>	<b>2.5%</b>	<b>0.04</b>	<b>0.02</b>	<b>70.0</b>	<b>96.0</b>	<b>0.31</b>	<b>0.37</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

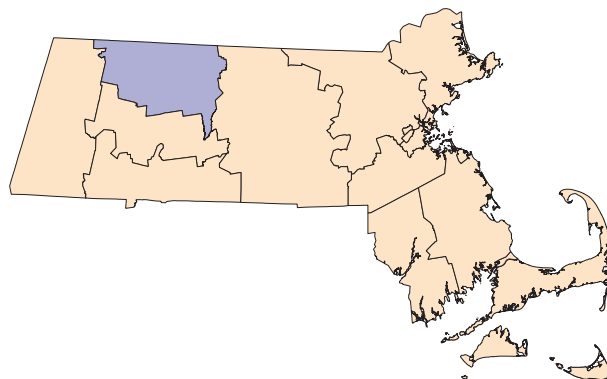
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Franklin

County Demographics	Franklin	MA
Population	71,372	6,547,629
Percent of Population Under Poverty Level	11.3%	10.5%
Unemployment Rate	7.4%	6.8%
Per Capita Income	\$27,544	\$33,966
Homeownership Rate	70.00%	64.00%
Ethnic Breakdown:		
White	94.20%	80.40%
Black	1.10%	6.60%
Native American	0.30%	0.30%
Asian	1.30%	5.30%
Latino*	3.20%	9.60%
Female	51.20%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Franklin County** includes Deerfield and Greenfield. The county is small with just 1% of the state's population. The number of residents remained unchanged over the 2000-2010 period. The per capita income in real terms rose 0.6% per annum, just above the state average. But the number of public charities expanded at a much higher clip of 2.8% a year, exceeding the state average. The economic indicators suggest a financially weak county: 11.3% of residents live under the poverty level versus 6.8% statewide. The median income at \$27,544 is 81% of that for the state.

Demographically, the county is skewed with a higher number of elderly and fewer young people than the state. Ethnically, the county is heavily white (94.2%) with minimal representation from minority groups.

Franklin County is, however, served by a high number of nonprofits with 4.9 public charities per thousand residents. In the Social Services sector, the county reports almost double the number of Community Capacity entities, but a shortage of Housing groups. The county is especially rich in Arts organizations with 2.5 times the state average. The Education, Environmental and Other services areas are also well represented.

Although rich in nonprofits, Franklin County is weak in nonprofit financial resources. The county's public charities earn just \$8,687 in per capita revenues, a fraction of the \$27,672 of the state. Only the Community Capacity and Arts sectors produce per capita revenues higher than the state. Despite being home to several boarding

schools, the Education sector generates revenues that are just 28% of the state average. One important reason for the disparities in the county arises from size. Some 85% of the county's nonprofits are Grassroots groups. On a positive note, Franklin nonprofits have experienced the fastest growth in real revenues, equaling 8.4% per annum from 2000-2011.

The median nonprofit in Franklin County reported robust growth in its surplus margin from 1.6% in 2003 to 3.4% in 2010. This favorable trend is accompanied by significant disparity by subsector. The Environmental, Arts, Education, Youth and other groups generated strong surplus margins in 2010, while the Philanthropic, Community Capacity and Health Care sectors reported operating losses.

Franklin County public charities experienced a moderate improvement in liquidity with cash building from 58 to 83 days over the period. The Social Services segment reported a contraction from 60 to 51 days, and the Environmental and Education sectors reported sizeable jumps in their cash on hand.

The Franklin nonprofits have a higher level of leverage than most counties. The Social Services segment doubled its median leverage from 0.11 to 0.22, while the Other Societal Benefit segment displayed a contraction of 0.19 to 0.13. While Massachusetts nonprofits displayed an increase in the inverse current ratio, Franklin groups posted a contraction from 0.40 to 0.26, driven by declines by Economic Engine and Grassroots organizations.

All Ratios are Medians.

	FRANKLIN				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	36	0.5	\$506.82	\$180.93	0.3	\$262.03	\$281.71
Housing & Shelter	3	0.0	\$85.46	\$261.10	0.1	\$214.51	\$714.75
Human Services	25	0.4	\$329.43	\$279.13	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	25	0.4	\$53.67	\$71.81	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>89</b>	<b>1.2</b>	<b>\$975.38</b>	<b>\$792.98</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	83	1.2	\$763.03	\$1,190.41	0.5	\$647.59	\$1,063.47
Education	68	1.0	\$5,403.95	\$12,543.09	0.7	\$18,579.51	\$18,638.81
Environment	25	0.4	\$56.69	\$130.57	0.2	\$144.84	\$403.65
Health Care & Medical	12	0.2	\$1,425.87	\$1,058.32	0.4	\$5,872.03	\$5,841.73
Philanthropy	7	0.1	\$43.04	\$85.47	0.1	\$743.03	\$1,227.21
Other Nonprofits	66	0.9	\$19.52	\$35.01	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>261</b>	<b>3.7</b>	<b>\$7,712.10</b>	<b>\$15,042.87</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>296</b>	<b>4.1</b>	<b>\$115.77</b>	<b>\$336.91</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>51</b>	<b>0.7</b>	<b>\$2,909.24</b>	<b>\$4,349.66</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	22	0.3	\$152.34	\$308.17	0.4	\$190.24	\$468.27
\$1M-\$5M	20	0.3	\$549.61	\$846.56	0.2	\$538.19	\$1,164.83
\$5M-\$10M	4	0.1	\$360.31	\$397.57	0.1	\$445.39	\$944.80
\$10-\$50M	5	0.1	\$1,846.98	\$2,797.37	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>3</b>	<b>0.0</b>	<b>\$5,662.46</b>	<b>\$11,149.28</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>350</b>	<b>4.9</b>	<b>\$8,687.48</b>	<b>\$15,835.84</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	2.8%	-3.9%	0.35	0.25	18.0	21.7	0.06	0.09
Housing & Shelter	-127.5%	8.8%	0.71	0.44	197.2	74.9	0.25	0.29
Human Services	4.3%	1.5%	0.23	0.36	80.9	58.8	0.47	0.47
Youth, Sports & Recreation	0.8%	4.3%	0.01	0.04	62.9	98.6	0.05	0.08
<b>Social Services</b>	<b>1.6%</b>	<b>1.7%</b>	<b>0.11</b>	<b>0.22</b>	<b>60.6</b>	<b>51.2</b>	<b>0.15</b>	<b>0.17</b>
Arts	3.1%	10.2%	0.13	0.05	35.8	66.6	0.13	0.15
Education	-3.4%	3.7%	0.24	0.37	84.9	110.9	0.40	0.44
Environment	22.8%	22.7%	0.35	0.17	89.2	148.1	0.00	0.00
Health Care & Medical	0.5%	-5.7%	0.46	0.61	10.8	17.7	0.57	0.63
Philanthropy	12.7%	-1.0%	0.27	0.00	50.3	7.2	0.00	0.00
Other Nonprofits	2.2%	6.7%	0.15	0.02	176.5	137.7	0.00	0.00
<b>Other Societal Benefit</b>	<b>1.7%</b>	<b>5.7%</b>	<b>0.19</b>	<b>0.13</b>	<b>47.6</b>	<b>96.5</b>	<b>0.49</b>	<b>0.44</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2.2%</b>	<b>5.1%</b>	<b>0.04</b>	<b>0.03</b>	<b>107.8</b>	<b>117.3</b>	<b>0.29</b>	<b>0.08</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1.2%</b>	<b>1.7%</b>	<b>0.35</b>	<b>0.55</b>	<b>54.4</b>	<b>47.1</b>	<b>0.32</b>	<b>0.37</b>
\$250K-\$1M	3.7%	1.7%	0.13	0.54	61.8	57.1	0.05	0.08
\$1M-\$5M	-1.1%	1.0%	0.37	0.58	52.2	56.4	0.40	0.29
\$5M-\$10M	1.2%	4.4%	0.45	0.50	18.3	30.4	0.85	0.58
\$10-\$50M	-12.3%	12.8%	0.37	0.39	73.0	89.8	0.38	0.58
<b>Economic Engines (&gt;\$50M)</b>	<b>1.7%</b>	<b>-5.7%</b>	<b>0.20</b>	<b>0.42</b>	<b>29.6</b>	<b>42.2</b>	<b>1.32</b>	<b>0.63</b>
<b>COUNTY TOTAL</b>	<b>1.6%</b>	<b>3.4%</b>	<b>0.17</b>	<b>0.17</b>	<b>58.4</b>	<b>83.1</b>	<b>0.40</b>	<b>0.26</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

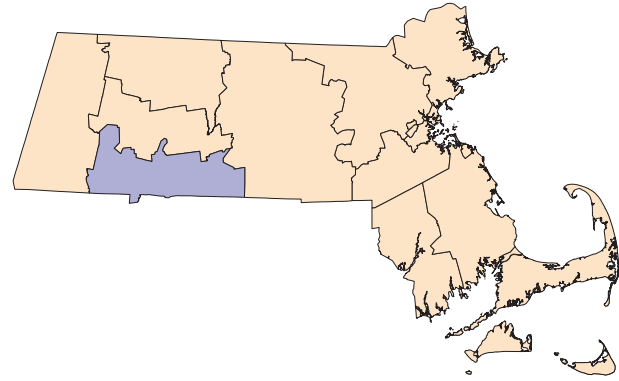
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Hampden

County Demographics	Hampden	MA
Population	463,490	6,547,629
Percent of Population Under Poverty Level	17.2%	10.5%
Unemployment Rate	9.7%	6.8%
Per Capita Income	\$24,718	\$33,966
Homeownership Rate	63.00%	64.00%
Ethnic Breakdown:		
White	76.50%	80.40%
Black	9.00%	6.60%
Native American	0.40%	0.30%
Asian	2.00%	5.30%
Latino*	20.90%	9.60%
Female	52.00%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Hampden County** includes Chicopee, Holyoke and Springfield. Economically, Hampden continues to suffer. Real per capita income has expanded only 0.1% per annum. The unemployment rate stands at 9.7% versus 6.8% for the state. In addition, 17.2% of its population lives under the poverty line, 70% more than the state average. Its per capita income of \$24,718 is only 73% of its peers. Homeownership, however, is on par with the rest of the state. From a demographic viewpoint, the county has significantly higher concentration of Latinos and Blacks.

The nonprofit community is small in Hampden County with only 2.7 nonprofits per thousand inhabitants. Both the Social Services and Other Societal Benefits segments reflect this lower concentration. There are relatively more Housing & Shelter (12% higher) and Other Nonprofit (33%) groups than the state average, but the nonprofits themselves are diminutive in size. The median nonprofit generates only 26% of the revenues of its statewide counterparts. The Education, Arts and Environmental sectors are particularly poorly funded with about 10% of the resources of its peers. The Health Care Sector contains the largest nonprofit organizations. Five of the top 20 employers in the state are hospitals or medical centers. The Social Services segment is better funded than the Other Societal Benefits segment. Overall, Social Services segment revenues equal 87% of its state peers. Only the Housing & Shelter sector reports per capita revenues that exceed state levels.

The Hampden nonprofits continue to be under financial strain. The surplus margin dropped from 1.3% in 2003 to 0.4% in 2010, just above breakeven. The Social Services segment was particularly hard hit, with the Housing and Youth sub-sectors both reporting median operating losses and Community Capacity groups essentially breaking even. Environmental and Philanthropic public charities continued to operate at a loss as they had in 2003.

These weak operating results place other financial strains on Hampden nonprofits. County-wide leverage rested at the highest in the state with 28% of assets funded by liabilities in 2003 and 14% in 2010. Hampden nonprofits built their cash on hand only moderately during the period; the median organization had 47 days of cash in 2003 and 58 in 2010. The Grassroots groups boosted their median reserves from eight to more than eight months; however, the larger nonprofits experienced a substantial decline in cash. While the Grassroots groups had no access to credit, the largest nonprofits relied on debt to fund two-thirds of their assets. On a current basis, Hampden public charities report high inverse current ratios with about half of all current assets funded by current liabilities.

All Ratios are Medians.

	HAMPDEN				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	110	0.2	\$231.48	\$141.38	0.3	\$262.03	\$281.71
Housing & Shelter	73	0.2	\$239.40	\$449.63	0.1	\$214.51	\$714.75
Human Services	127	0.3	\$614.89	\$494.86	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	109	0.2	\$87.91	\$142.62	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>419</b>	<b>0.9</b>	<b>\$1,173.67</b>	<b>\$1,228.49</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	107	0.2	\$71.13	\$196.10	0.5	\$647.59	\$1,063.47
Education	189	0.4	\$1,194.71	\$1,477.43	0.7	\$18,579.51	\$18,638.81
Environment	48	0.1	\$15.79	\$24.11	0.2	\$144.84	\$403.65
Health Care & Medical	89	0.2	\$4,143.41	\$3,951.82	0.4	\$5,872.03	\$5,841.73
Philanthropy	24	0.1	\$82.82	\$314.14	0.1	\$743.03	\$1,227.21
Other Nonprofits	393	0.8	\$437.32	\$1,798.15	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>850</b>	<b>1.8</b>	<b>\$5,945.17</b>	<b>\$7,761.76</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>1,029</b>	<b>2.2</b>	<b>\$45.73</b>	<b>\$169.76</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>226</b>	<b>0.5</b>	<b>\$2,215.79</b>	<b>\$3,024.94</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	93	0.2	\$98.56	\$268.68	0.4	\$190.24	\$468.27
\$1M-\$5M	79	0.2	\$393.97	\$981.46	0.2	\$538.19	\$1,164.83
\$5M-\$10M	23	0.0	\$348.62	\$421.64	0.1	\$445.39	\$944.80
\$10-\$50M	31	0.1	\$1,374.64	\$1,353.16	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>14</b>	<b>0.0</b>	<b>\$4,857.32</b>	<b>\$5,795.55</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>1,269</b>	<b>2.7</b>	<b>\$7,118.84</b>	<b>\$8,990.25</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011)

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	0.3%	0.2%	0.28	0.22	56.7	90.7	0.35	0.39
Housing & Shelter	-2.7%	-4.4%	0.88	0.78	55.9	83.4	0.50	0.53
Human Services	1.4%	0.9%	0.36	0.33	28.6	28.6	0.46	0.40
Youth, Sports & Recreation	4.9%	-0.3%	0.00	0.00	69.9	63.6	0.05	0.13
<b>Social Services</b>	<b>1.3%</b>	<b>-0.2%</b>	<b>0.30</b>	<b>0.21</b>	<b>46.9</b>	<b>59.7</b>	<b>0.39</b>	<b>0.39</b>
Arts	8.0%	0.4%	0.05	0.02	66.6	100.4	0.07	0.07
Education	1.4%	3.1%	0.11	0.02	50.3	72.5	0.64	0.68
Environment	-18.1%	-1.3%	0.44	0.00	1.3	11.7	0.49	2.05
Health Care & Medical	-1.7%	0.7%	0.63	0.54	25.1	20.7	0.64	0.63
Philanthropy	-1.9%	-1.7%	0.05	0.01	91.4	139.7	0.50	0.61
Other Nonprofits	14.7%	0.0%	0.02	0.00	469.0	380.3	0.07	0.01
<b>Other Societal Benefit</b>	<b>1.3%</b>	<b>0.8%</b>	<b>0.26</b>	<b>0.04</b>	<b>47.7</b>	<b>55.4</b>	<b>0.60</b>	<b>0.62</b>
<b>Grassroots (&lt;\$250K)</b>	<b>1.7%</b>	<b>1.6%</b>	<b>0.00</b>	<b>0.00</b>	<b>118.4</b>	<b>252.0</b>	<b>0.04</b>	<b>0.04</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>0.9%</b>	<b>-0.2%</b>	<b>0.39</b>	<b>0.36</b>	<b>42.0</b>	<b>41.7</b>	<b>0.49</b>	<b>0.47</b>
\$250K-\$1M	-2.6%	-2.7%	0.25	0.29	82.8	87.5	0.34	0.25
\$1M-\$5M	2.3%	0.0%	0.37	0.38	37.1	33.6	0.35	0.44
\$5M-\$10M	-2.3%	0.3%	0.41	0.43	23.8	24.9	0.57	0.40
\$10-\$50M	1.0%	1.2%	0.55	0.45	20.9	27.0	0.63	0.61
<b>Economic Engines (&gt;\$50M)</b>	<b>-0.9%</b>	<b>1.2%</b>	<b>0.64</b>	<b>0.76</b>	<b>39.2</b>	<b>23.1</b>	<b>1.01</b>	<b>1.42</b>
<b>COUNTY TOTAL</b>	<b>1.3%</b>	<b>0.4%</b>	<b>0.28</b>	<b>0.14</b>	<b>47.4</b>	<b>58.1</b>	<b>0.47</b>	<b>0.45</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

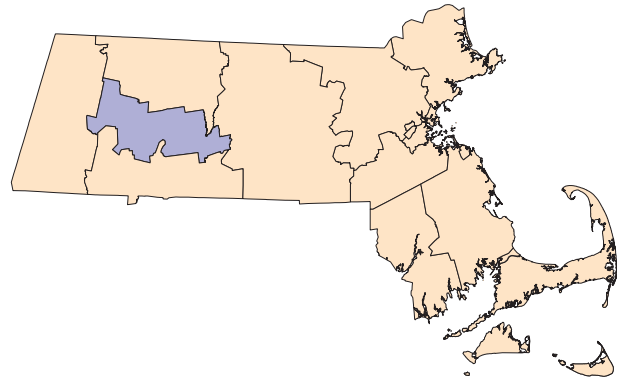
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Hampshire

County Demographics	Hampshire	MA
Population	158,080	6,547,629
Percent of Population Under Poverty Level	11.7%	10.5%
Unemployment Rate	6.4%	6.8%
Per Capita Income	\$28,367	\$33,966
Homeownership Rate	68.00%	64.00%
Ethnic Breakdown:		
White	88.70%	80.40%
Black	2.50%	6.60%
Native American	0.20%	0.30%
Asian	4.50%	5.30%
Latino*	4.70%	9.60%
Female	53.20%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Hampshire County** includes Amherst, Hadley and Northampton and represents 2.4% of the state population. The county grew over the past decade at 0.4% per annum, slightly higher than the state as a whole. The per capita income was 20% lower than the state at \$28,367 and grew in real terms at a slow rate of 0.4% per annum. Despite a below average unemployment rate of 6.4%, Hampshire County has 11.7% of its residents living under the poverty line, more than a full point higher than the state. In addition, the per capita income was \$28,367, 16% lower than the state. From a demographic standpoint, the county has significantly fewer people under 18 and a higher concentration of women than in the rest of the state. In addition, the county reports being 88.7% white with no minority group meeting or exceeding the state average.

The Hampshire County nonprofit sector has struggled over the past decade. Hampshire is one of only two counties to experience a real drop in revenues during this period. While the state experienced a 9.9% real annual revenue expansion, Hampshire nonprofits felt a 5.0% annual contraction. Not only did the revenues contract, but Hampshire nonprofits in 2011 raised only half the per capita revenues of the state.

While Human Services and Community Capacity organizations raised per capita revenues in excess of their peers, the Philanthropic sector produced per capita revenues that are only 5% of the per capita revenues raised by Massachusetts foundations. This result is not surpris-

ing, given that the Philanthropic entities have only 2% of the per capita total assets of their state counterparts. Hampshire Grassroots organizations produce 24% more revenues per capita, but the Economic Engine public charities garner just 45% of the state average.

The financial picture for Hampshire nonprofits reflects the state's performance closely. The median surplus margin widened from 2.1% in 2003 to 2.6% in 2011. Most notably, the six Economic Engine organizations went from a median positive 1.2% surplus margin in 2003 to a negative 1.5% in 2010. This translated into improved margins in most sectors, except Other Nonprofits which reported a significantly negative ratio of 4.6%.

The cash reserves held by Hampshire nonprofits matched state figures, rising from 78 to 96 days on hand. Environmental groups, in particular, experienced a dramatic decline in their cash holdings but still sported more than a year of cash. The Economic Engines reduced their cash holdings from more than four to one and a half months of cash. In most categories, the nonprofits were able to expand their current borrowings relative to current assets in line with their state peers. The median nonprofit went from 31% of current assets funded by liabilities in 2003 to 35%. Its leverage also mimicked the state, starting at a median of 9% in 2003 and falling to 4% in 2010.



All Ratios are Medians.

	HAMPSHIRE				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	72	0.5	\$409.39	\$475.89	0.3	\$262.03	\$281.71
Housing & Shelter	15	0.1	\$94.87	\$275.58	0.1	\$214.51	\$714.75
Human Services	66	0.4	\$1,544.72	\$1,006.05	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	64	0.4	\$79.75	\$97.34	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>217</b>	<b>1.4</b>	<b>\$2,128.73</b>	<b>\$1,854.86</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	125	0.8	\$206.21	\$521.30	0.5	\$647.59	\$1,063.47
Education	176	1.1	\$9,559.74	\$34,038.85	0.7	\$18,579.51	\$18,638.81
Environment	50	0.3	\$23.69	\$44.49	0.2	\$144.84	\$403.65
Health Care & Medical	41	0.3	\$2,002.40	\$1,665.80	0.4	\$5,872.03	\$5,841.73
Philanthropy	9	0.1	\$35.33	\$56.31	0.1	\$743.03	\$1,227.21
Other Nonprofits	121	0.8	\$162.94	\$156.90	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>522</b>	<b>3.3</b>	<b>\$11,990.30</b>	<b>\$36,483.64</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>589</b>	<b>3.7</b>	<b>\$109.79</b>	<b>\$355.15</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>144</b>	<b>0.9</b>	<b>\$3,003.15</b>	<b>\$3,944.78</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	74	0.5	\$230.28	\$498.98	0.4	\$190.24	\$468.27
\$1M-\$5M	43	0.3	\$546.51	\$752.49	0.2	\$538.19	\$1,164.83
\$5M-\$10M	14	0.1	\$629.82	\$934.94	0.1	\$445.39	\$944.80
\$10-\$50M	13	0.1	\$1,596.55	\$1,758.37	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>6</b>	<b>0.0</b>	<b>\$11,006.09</b>	<b>\$34,038.57</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>739</b>	<b>4.7</b>	<b>\$14,119.03</b>	<b>\$38,338.50</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	0.5%	4.8%	0.18	0.04	66.5	98.3	0.36	0.11
Housing & Shelter	0.9%	4.1%	0.46	1.00	60.9	17.1	13.87	7.98
Human Services	3.1%	3.2%	0.16	0.31	44.8	58.8	0.53	0.70
Youth, Sports & Recreation	-4.0%	-0.7%	0.00	0.00	51.1	50.5	0.08	1.41
<b>Social Services</b>	<b>0.9%</b>	<b>3.1%</b>	<b>0.12</b>	<b>0.05</b>	<b>53.6</b>	<b>62.5</b>	<b>0.43</b>	<b>0.38</b>
Arts	5.1%	4.6%	0.08	0.03	66.4	141.7	0.23	0.10
Education	3.6%	2.4%	0.05	0.01	141.6	135.9	0.19	0.37
Environment	7.3%	9.0%	0.00	0.00	1,246.5	500.5	0.03	0.04
Health Care & Medical	1.4%	1.9%	0.52	0.26	55.7	58.2	0.83	0.56
Philanthropy	-3.7%	-2.0%	0.16	0.09	329.6	309.1	0.00	0.00
Other Nonprofits	-1.4%	-4.6%	0.16	0.05	70.3	131.3	0.73	0.10
<b>Other Societal Benefit</b>	<b>3.0%</b>	<b>1.6%</b>	<b>0.08</b>	<b>0.03</b>	<b>111.0</b>	<b>131.3</b>	<b>0.24</b>	<b>0.33</b>
<b>Grassroots (&lt;\$250K)</b>	<b>5.1%</b>	<b>3.9%</b>	<b>0.00</b>	<b>0.00</b>	<b>150.8</b>	<b>194.9</b>	<b>0.31</b>	<b>0.06</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1.0%</b>	<b>1.6%</b>	<b>0.15</b>	<b>0.14</b>	<b>70.7</b>	<b>83.7</b>	<b>0.26</b>	<b>0.31</b>
\$250K-\$1M	1.7%	3.3%	0.13	0.12	92.7	78.2	0.09	0.08
\$1M-\$5M	0.7%	1.4%	0.12	0.13	71.9	131.3	0.46	0.31
\$5M-\$10M	1.4%	0.4%	0.35	0.28	55.7	56.4	0.41	0.47
\$10-\$50M	1.6%	-1.4%	0.67	0.49	28.6	42.7	0.65	0.57
<b>Economic Engines (&gt;\$50M)</b>	<b>1.2%</b>	<b>-1.5%</b>	<b>0.27</b>	<b>0.31</b>	<b>130.6</b>	<b>44.6</b>	<b>0.35</b>	<b>0.81</b>
<b>COUNTY TOTAL</b>	<b>2.1%</b>	<b>2.6%</b>	<b>0.09</b>	<b>0.04</b>	<b>77.8</b>	<b>96.3</b>	<b>0.31</b>	<b>0.35</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

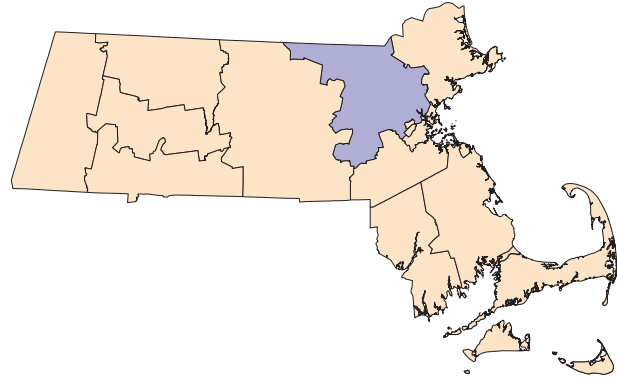
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Middlesex

County Demographics	Middlesex	MA
Population	1,503,085	6,547,629
Percent of Population Under Poverty Level	7.6%	10.5%
Unemployment Rate	6.7%	6.8%
Per Capita Income	\$40,139	\$33,966
Homeownership Rate	63.00%	64.00%
Ethnic Breakdown:		
White	80.00%	80.40%
Black	4.70%	6.60%
Native American	0.20%	0.30%
Asian	9.30%	5.30%
Latino*	6.50%	9.60%
Female	51.40%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Middlesex County** includes Cambridge, Framingham, Lowell, Malden, Newton and Woburn. It is the largest county in Massachusetts with 23% of the state's residents. Like the state, the population expanded 0.3% per year over the past decade. The residents are relatively wealthy with per capita income of \$40,139, 18% higher than the state average. Only 7.6% of residents live under the poverty line as compared to 10.5% for the state. The unemployment rate at 6.7% is on par with the state as is the home ownership rate. Demographically, Middlesex County's age and gender distribution match that of the state. While the white population is comparable to the state, Asians disproportionately live in this county, although there are significantly fewer Blacks and Latinos.

Middlesex County experienced robust growth in its nonprofit sector. The number of public charities expanded at 2.9% per year. More impressively, the per capita revenues have surged with a real growth of 18.8% per year, the highest in the state. Its charitable revenues and assets are without equal in the Commonwealth. Public charity revenues were \$117.2 billion, constituting 65% of the statewide revenues. Total assets of \$84.4 billion compose 44% of the state total. The presence of Harvard University and MIT account for much of the assets and revenues in Middlesex County as well as the strong growth in revenues.

The key issue facing Middlesex County is whether its abundance of resources is being well utilized. The large

universities serve undergraduate, graduate and executive student populations. The costs of this education are expensive to deliver and are funded through tuition, research grants and investment income. The promise of this education is to develop thought leaders, researchers, technology and other systems to enrich society. Though not easily measured, this education should reap long-term economic and social benefits not only for Middlesex County but well beyond.

From an industry sector distribution perspective, the Social Services segment is below average: It matches the state in terms of the number of organizations but has only 80% of the per capita revenues and 76% of the per capita assets of the state. The county is relatively heavily populated by Educational institutions with 20% more than the state as a whole. Due to the large universities, the Educational sector earns almost four times the per capita revenues and owns over 2.5 times the per capita assets of the state mean.

Middlesex Public Charities as a whole experienced little change in financial health. The median surplus margin in 2010 was 2.1% versus 2.2% in 2003. The one industry sector with a significant decline was Housing, moving from a median surplus margin of 3.4% in 2003 to 1.5% in 2010. The median level of leverage in 2003 and 2010 was quite modest at 5% and 3%, respectively. The inverse current ratio expanded from a median of 28% in 2003 to 34% in 2010, led by the increases in the current liabilities in the Education and Health Care sectors.

All Ratios are Medians.

	MIDDLESEX				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	383	0.3	\$105.34	\$114.06	0.3	\$262.03	\$281.71
Housing & Shelter	171	0.1	\$111.14	\$525.69	0.1	\$214.51	\$714.75
Human Services	554	0.4	\$760.26	\$624.33	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	641	0.4	\$103.45	\$162.36	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>1,749</b>	<b>1.2</b>	<b>\$1,080.20</b>	<b>\$1,426.44</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	860	0.6	\$1,107.56	\$850.57	0.5	\$647.59	\$1,063.47
Education	1,267	0.8	\$70,464.11	\$48,541.06	0.7	\$18,579.51	\$18,638.81
Environment	276	0.2	\$91.59	\$296.58	0.2	\$144.84	\$403.65
Health Care & Medical	564	0.4	\$4,681.50	\$4,383.62	0.4	\$5,872.03	\$5,841.73
Philanthropy	176	0.1	\$100.16	\$234.88	0.1	\$743.03	\$1,227.21
Other Nonprofits	1,051	0.7	\$437.16	\$460.94	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>4,194</b>	<b>2.8</b>	<b>\$76,882.08</b>	<b>\$54,767.66</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>4,681</b>	<b>3.1</b>	<b>\$104.95</b>	<b>\$344.76</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1,216</b>	<b>0.8</b>	<b>\$2,678.54</b>	<b>\$5,527.81</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	652	0.4	\$222.94	\$448.84	0.4	\$190.24	\$468.27
\$1M-\$5M	347	0.2	\$496.18	\$1,079.87	0.2	\$538.19	\$1,164.83
\$5M-\$10M	103	0.1	\$492.78	\$1,561.53	0.1	\$445.39	\$944.80
\$10-\$50M	114	0.1	\$1,466.64	\$2,437.58	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>46</b>	<b>0.0</b>	<b>\$75,178.79</b>	<b>\$50,321.53</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>5,943</b>	<b>4.0</b>	<b>\$77,962.28</b>	<b>\$56,194.10</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	2.0%	1.6%	0.06	0.05	71.2	86.1	0.08	0.19
Housing & Shelter	3.4%	1.5%	0.45	0.38	97.7	91.6	0.15	0.22
Human Services	1.7%	1.8%	0.26	0.19	50.9	76.3	0.38	0.37
Youth, Sports & Recreation	3.2%	4.9%	0.00	0.00	103.2	135.1	0.01	0.05
<b>Social Services</b>	<b>2.1%</b>	<b>2.3%</b>	<b>0.10</b>	<b>0.05</b>	<b>74.5</b>	<b>87.9</b>	<b>0.23</b>	<b>0.28</b>
Arts	2.0%	2.6%	0.02	0.01	110.7	123.3	0.06	0.09
Education	2.6%	1.9%	0.08	0.03	93.6	107.3	0.32	0.55
Environment	4.7%	7.1%	0.01	0.01	98.0	221.5	0.15	0.24
Health Care & Medical	1.5%	0.3%	0.15	0.08	90.4	71.1	0.37	0.48
Philanthropy	1.7%	5.3%	0.00	0.00	205.0	214.4	0.01	0.03
Other Nonprofits	1.2%	4.6%	0.02	0.02	111.1	104.6	0.10	0.14
<b>Other Societal Benefit</b>	<b>2.1%</b>	<b>2.1%</b>	<b>0.03</b>	<b>0.02</b>	<b>100.8</b>	<b>110.1</b>	<b>0.24</b>	<b>0.43</b>
<b>Grassroots (&lt;\$250K)</b>	<b>3.5%</b>	<b>3.8%</b>	<b>0.00</b>	<b>0.00</b>	<b>156.1</b>	<b>217.5</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1.8%</b>	<b>1.3%</b>	<b>0.24</b>	<b>0.20</b>	<b>79.2</b>	<b>89.2</b>	<b>0.29</b>	<b>0.38</b>
\$250K-\$1M	1.7%	1.4%	0.15	0.11	102.0	122.5	0.07	0.10
\$1M-\$5M	1.9%	1.0%	0.27	0.25	88.1	83.7	0.31	0.39
\$5M-\$10M	2.1%	0.1%	0.44	0.50	37.8	44.5	0.42	0.56
\$10-\$50M	1.8%	2.4%	0.39	0.33	35.8	54.4	0.39	0.58
<b>Economic Engines (&gt;\$50M)</b>	<b>1.2%</b>	<b>0.6%</b>	<b>0.54</b>	<b>0.46</b>	<b>18.0</b>	<b>24.1</b>	<b>0.81</b>	<b>0.77</b>
<b>COUNTY TOTAL</b>	<b>2.1%</b>	<b>2.2%</b>	<b>0.05</b>	<b>0.03</b>	<b>86.5</b>	<b>101.3</b>	<b>0.23</b>	<b>0.34</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

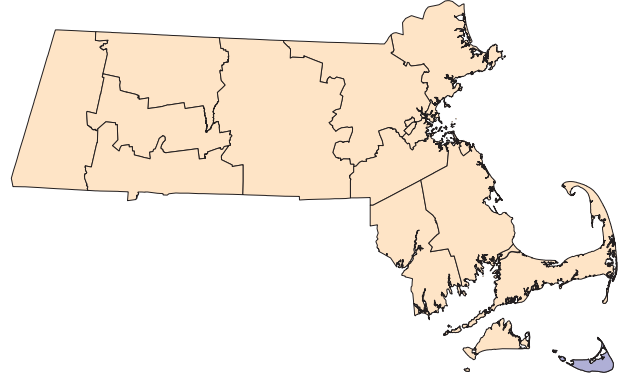
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Nantucket

County Demographics	Nantucket	MA
Population	10,172	6,547,629
Percent of Population Under Poverty Level	7.2%	10.5%
Unemployment Rate	8.7%	6.8%
Per Capita Income	\$53,410	\$33,966
Homeownership Rate	73.30%	64.00%
Ethnic Breakdown:		
White	87.60%	80.40%
Black	6.80%	6.60%
Native American	N/A	0.30%
Asian	1.20%	5.30%
Latino*	9.40%	9.60%
Female	48.80%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Nantucket County** includes only the island of Nantucket and is the smallest county with just 0.2% of the state population. Nantucket experienced one of the fastest population growth rates in the state, at 0.7% per year over the past decade. The per capita income (\$53,410) is significantly higher than the rest of the state, whose average was \$33,966. Nantucket like the rest of the Cape communities has a low percentage of the population under the poverty line (7.2%) when compared with the state (10.5%) yet a high unemployment rate (8.7%) as compared to 6.8% for the state. In addition, it maintains a high homeownership rate (73.3%) and a population that is disproportionately white (87.6% vs. 80.4% for the state). Unlike the Cape communities, Nantucket has a lower percentage of elderly residents when compared to the state.

Nantucket is home to a relatively high number of public charities (103), equating to 10.1 organizations per thousand residents vs. 3.6 per thousand for the state as a whole. These nonprofits are mostly Grassroots organizations (66 nonprofits) or small Safety Net groups (37 entities). In virtually every sector, Nantucket reports having two or three times as many nonprofits as the state average. Environmental, Philanthropic and Youth organizations are four to five times as frequent. These three sectors report per capita revenues that significantly exceed state per capita revenues, while the most of remaining sectors garner little in revenue.

Overall, the county brings in only one-quarter of the per capita revenues of the state. Due to its economic wealth and demographic patterns, this county may not need as many resources per capita. However, selected sectors in Nantucket County are clearly resource constrained: Community Capacity organizations (8% of state per capita revenues), Education (9%), Health Care (5%) and Other (under 1%). This trend is unlikely to be easily reversed as the county has experienced a 1.7% real annual contraction in revenues over the past decade.

Nantucket nonprofit groups experienced a weakening in their financial position in the 2003-2010 period. The public charities reported a very healthy 10.6% median surplus margin in 2003 but a much smaller 1.2% margin in 2010. In contrast, the median statewide ratio expanded from 2.0% to 2.6%. This pattern was seen in several size and industry categories, with the median of four industry sectors, small Safety Net groups and the Economic Engines experiencing operating losses in 2010.

The financial weakness affected the nonprofits' liquidity as well. The median cash held fell by two weeks from 79 days in 2003 to 57 days of cash in 2010 at the same time that Massachusetts overall experienced a two-week increase. The more cash-constrained nonprofits may have delayed paying bills, producing the dramatic rise in the inverse current ratio. Nantucket groups, particularly those in the Social Services segment, increased their current liabilities from an average of 5% to 47% of current assets over the period.

All Ratios are Medians.

	NANTUCKET				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	3	0.3	\$20.49	\$75.85	0.3	\$262.03	\$281.71
Housing & Shelter	5	0.5	\$187.88	\$1,129.27	0.1	\$214.51	\$714.75
Human Services	10	1.0	\$355.53	\$1,048.01	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	17	1.7	\$523.41	\$2,974.14	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>35</b>	<b>3.4</b>	<b>\$1,087.31</b>	<b>\$5,227.27</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	18	1.8	\$1,318.67	\$5,498.65	0.5	\$647.59	\$1,063.47
Education	16	1.6	\$1,598.90	\$3,561.72	0.7	\$18,579.51	\$18,638.81
Environment	10	1.0	\$1,240.87	\$16,226.54	0.2	\$144.84	\$403.65
Health Care & Medical	10	1.0	\$293.63	\$1,754.95	0.4	\$5,872.03	\$5,841.73
Philanthropy	6	0.6	\$294.02	\$487.66	0.1	\$743.03	\$1,227.21
Other Nonprofits	8	0.8	\$0.00	\$1.18	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>68</b>	<b>6.7</b>	<b>\$4,746.09</b>	<b>\$27,530.69</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>66</b>	<b>6.5</b>	<b>\$301.40</b>	<b>\$1,531.82</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>37</b>	<b>3.6</b>	<b>\$5,532.00</b>	<b>\$31,226.13</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	22	2.2	\$1,048.34	\$6,371.46	0.4	\$190.24	\$468.27
\$1M-\$5M	12	1.2	\$2,436.76	\$9,857.49	0.2	\$538.19	\$1,164.83
\$5M-\$10M	3	0.3	\$2,046.90	\$14,997.19	0.1	\$445.39	\$944.80
\$10-\$50M	0	N/A	N/A	N/A	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>0</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>103</b>	<b>10.1</b>	<b>\$5,833.41</b>	<b>\$32,757.96</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Housing & Shelter	19.0%	-1.2%	0.15	0.22	97.6	30.5	0.00	0.52
Human Services	13.5%	-21.3%	0.02	0.16	193.9	40.4	0.09	0.51
Youth, Sports & Recreation	8.5%	16.9%	0.00	0.01	198.4	106.2	0.22	0.16
<b>Social Services</b>	<b>8.9%</b>	<b>1.0%</b>	<b>0.11</b>	<b>0.01</b>	<b>179.7</b>	<b>43.8</b>	<b>0.09</b>	<b>0.49</b>
Arts	8.5%	0.8%	0.02	0.07	79.3	62.4	0.05	0.06
Education	5.7%	-2.7%	0.16	0.01	36.8	94.7	0.00	0.00
Environment	35.3%	5.6%	0.01	0.22	482.7	235.1	0.08	0.55
Health Care & Medical	12.6%	-13.9%	0.09	0.09	63.9	156.0	0.19	0.39
Philanthropy	-2.8%	31.8%	0.00	0.00	2.7	737.8	0.00	0.00
Other Nonprofits	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Other Societal Benefit</b>	<b>17.5%</b>	<b>1.7%</b>	<b>0.09</b>	<b>0.01</b>	<b>50.8</b>	<b>104.8</b>	<b>0.05</b>	<b>0.06</b>
<b>Grassroots (&lt;\$250K)</b>	<b>-0.2%</b>	<b>5.6%</b>	<b>0.00</b>	<b>0.01</b>	<b>9.8</b>	<b>68.7</b>	<b>0.00</b>	<b>0.47</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>20.9%</b>	<b>-4.4%</b>	<b>0.09</b>	<b>0.07</b>	<b>79.7</b>	<b>52.8</b>	<b>0.11</b>	<b>0.35</b>
\$250K-\$1M	4.9%	-4.6%	0.11	0.09	127.3	41.1	0.13	0.16
\$1M-\$5M	19.3%	20.0%	0.09	0.20	47.6	140.8	1.51	1.42
\$5M-\$10M	52.0%	14.5%	0.01	0.01	678.8	177.2	0.06	0.31
\$10-\$50M	47.4%	-9.1%	0.04	0.15	874.3	202.8	0.40	0.80
<b>Economic Engines (&gt;\$50M)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>COUNTY TOTAL</b>	<b>10.6%</b>	<b>1.2%</b>	<b>0.04</b>	<b>0.05</b>	<b>79.33</b>	<b>57.0</b>	<b>0.05</b>	<b>0.47</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

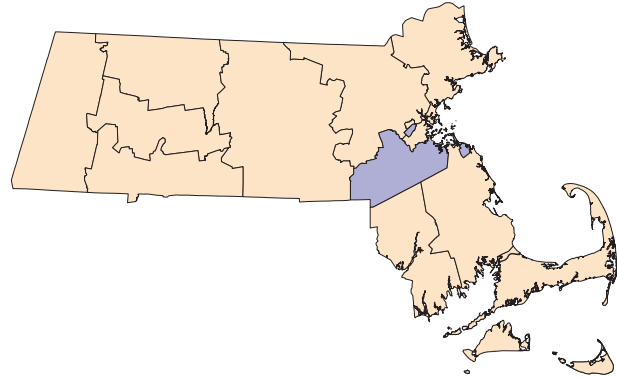
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Norfolk

County Demographics	Norfolk	MA
Population	670,850	6,547,629
Percent of Population Under Poverty Level	6.2%	10.5%
Unemployment Rate	7.1%	6.8%
Per Capita Income	\$42,371	\$33,966
Homeownership Rate	70.40%	64.00%
Ethnic Breakdown:		
White	82.30%	80.40%
Black	5.70%	6.60%
Native American	0.20%	0.30%
Asian	8.60%	5.30%
Latino*	3.30%	9.60%
Female	52.10%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Norfolk County** includes Brookline, Franklin and Quincy and represents 10.2% of the state's population. The county's population experienced 3% annual growth, matching the state. Its per capita income at \$42,371 is the second highest in the state, following Nantucket County. The relative wealth of the county is reflected in the high home ownership rate of 70.4% and a low percentage (6.2%) of residents living below the poverty line. However, its unemployment rate of 7.1% is just above the state's. The population is composed of more children, women and elderly residents than the rest of the state. White and Asian populations are disproportionately represented, with significantly fewer Latinos than the state as a whole.

Over the past decade, the number of Norfolk public charities has grown at a pace of 2.9% a year. As a result, the county reported 3.6 nonprofits per thousand residents, matching the state. The county has relatively more Educational organizations and significantly fewer Arts groups. Ample Arts organizations, however, are situated in nearby Suffolk and Middlesex counties.

This wealthy county is generally well resourced. Nonprofit real per capita revenues have expanded at a moderate pace of 5.9% annually. The Social Services segment with \$1,279 in per capita revenues is on par with the state. Given the economic strength of the county, Social Services nonprofits are ample to generous on a per capita basis. In the Other Societal Benefits segment, per capita revenues are \$9,109 as compared

to \$26,316 for the state. This \$17,000 differential is largely attributed to the oversized revenues earned by Middlesex County-based universities. When this effect is excluded, then the per capita Other Societal Benefit revenues generated in Norfolk County equal 90% of the state. So, on a needs-adjusted basis, Norfolk County appears to be fully served by the nonprofit community.

From a financial perspective, Norfolk public charities became weaker during the 2003-2010 period. The median surplus margin fell from 3.4% in 2003 to 1.6% in 2010. Virtually every sector experienced declines in the surplus margin. Housing, Environmental and Philanthropic groups reported negative surplus margins, while Community Capacity and Other Nonprofits displayed improved operating performance.

Overall, cash on hand rose by two weeks from 86 to 102 days. This expansion was broad-based but was apparent in the Social Services segment. These cash holdings will be critical for the numerous Grassroots groups without leverage or access to much credit. These organizations did increase their inverse current ratios from 0.30 to 0.43, suggesting that the cash buildup may be largely attributed to delays in paying outside parties, such as suppliers.



All Ratios are Medians.

	NORFOLK				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	149	0.2	\$412.04	\$489.47	0.3	\$262.03	\$281.71
Housing & Shelter	73	0.1	\$104.04	\$485.30	0.1	\$214.51	\$714.75
Human Services	261	0.4	\$642.64	\$868.45	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	271	0.4	\$120.42	\$139.23	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>754</b>	<b>1.1</b>	<b>\$1,279.14</b>	<b>\$1,982.44</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	295	0.4	\$76.43	\$129.04	0.5	\$647.59	\$1,063.47
Education	618	0.9	\$2,240.70	\$4,074.06	0.7	\$18,579.51	\$18,638.81
Environment	124	0.2	\$54.02	\$149.26	0.2	\$144.84	\$403.65
Health Care & Medical	205	0.3	\$6,633.46	\$3,111.82	0.4	\$5,872.03	\$5,841.73
Philanthropy	83	0.1	\$58.94	\$115.47	0.1	\$743.03	\$1,227.21
Other Nonprofits	350	0.5	\$45.92	\$70.49	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>1,675</b>	<b>2.5</b>	<b>\$9,109.48</b>	<b>\$7,650.14</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2,008</b>	<b>3.0</b>	<b>\$94.50</b>	<b>\$262.48</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>402</b>	<b>0.6</b>	<b>\$2,257.06</b>	<b>\$3,793.05</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	195	0.3	\$139.53	\$346.66	0.4	\$190.24	\$468.27
\$1M-\$5M	135	0.2	\$466.04	\$962.56	0.2	\$538.19	\$1,164.83
\$5M-\$10M	31	0.0	\$327.08	\$541.05	0.1	\$445.39	\$944.80
\$10-\$50M	41	0.1	\$1,324.41	\$1,942.78	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>19</b>	<b>0.0</b>	<b>\$8,037.06</b>	<b>\$5,577.05</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>2,429</b>	<b>3.6</b>	<b>\$10,388.62</b>	<b>\$9,632.59</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	0.3%	1.8%	0.02	0.01	96.4	103.7	0.14	0.13
Housing & Shelter	-1.8%	-2.7%	0.81	1.03	30.1	56.9	0.24	0.23
Human Services	2.5%	1.3%	0.18	0.13	42.5	55.4	0.37	0.47
Youth, Sports & Recreation	4.5%	3.1%	0.00	0.00	131.9	158.6	0.03	0.08
<b>Social Services</b>	<b>2.1%</b>	<b>1.7%</b>	<b>0.08</b>	<b>0.04</b>	<b>58.3</b>	<b>78.2</b>	<b>0.30</b>	<b>0.34</b>
Arts	5.9%	0.3%	0.01	0.01	168.8	175.6	0.05	0.05
Education	4.9%	2.0%	0.00	0.00	107.5	119.8	0.27	0.52
Environment	2.2%	-0.1%	0.00	0.00	300.5	171.8	0.05	0.33
Health Care & Medical	1.9%	2.0%	0.17	0.14	48.9	63.1	0.67	0.70
Philanthropy	15.6%	-2.3%	0.00	0.00	140.1	430.7	0.08	0.15
Other Nonprofits	5.1%	2.5%	0.00	0.00	130.8	218.7	0.00	0.01
<b>Other Societal Benefit</b>	<b>4.5%</b>	<b>1.6%</b>	<b>0.01</b>	<b>0.00</b>	<b>108.2</b>	<b>118.8</b>	<b>0.28</b>	<b>0.45</b>
<b>Grassroots (&lt;\$250K)</b>	<b>6.3%</b>	<b>3.0%</b>	<b>0.00</b>	<b>0.00</b>	<b>242.2</b>	<b>249.1</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1.2%</b>	<b>0.5%</b>	<b>0.21</b>	<b>0.26</b>	<b>70.6</b>	<b>78.2</b>	<b>0.34</b>	<b>0.47</b>
\$250K-\$1M	2.0%	1.4%	0.08	0.17	105.6	137.8	0.16	0.12
\$1M-\$5M	0.6%	0.6%	0.25	0.24	70.7	77.9	0.31	0.42
\$5M-\$10M	2.6%	-0.5%	0.35	0.41	48.9	52.7	0.35	0.49
\$10-\$50M	0.4%	0.3%	0.44	0.47	36.6	37.2	0.48	0.58
<b>Economic Engines (&gt;\$50M)</b>	<b>1.2%</b>	<b>1.9%</b>	<b>0.55</b>	<b>0.47</b>	<b>17.5</b>	<b>20.1</b>	<b>0.72</b>	<b>0.92</b>
<b>COUNTY TOTAL</b>	<b>3.4%</b>	<b>1.6%</b>	<b>0.02</b>	<b>0.01</b>	<b>85.5</b>	<b>102.1</b>	<b>0.30</b>	<b>0.43</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

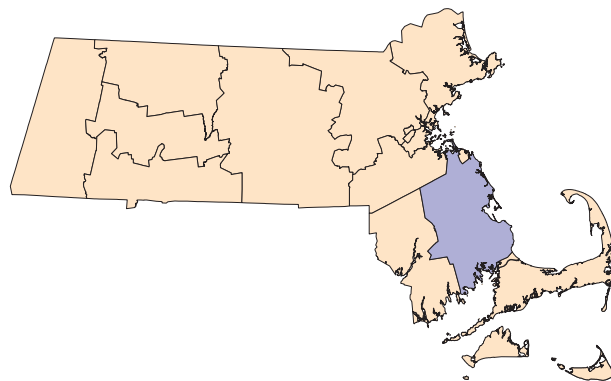
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Plymouth

County Demographics	Plymouth	MA
Population	494,919	6,547,629
Percent of Population Under Poverty Level	7.0%	10.5%
Unemployment Rate	8.4%	6.8%
Per Capita Income	\$33,333	\$33,966
Homeownership Rate	77.90%	64.00%
Ethnic Breakdown:		
White	85.50%	80.40%
Black	7.20%	6.60%
Native American	0.20%	0.30%
Asian	1.20%	5.30%
Latino*	3.20%	9.60%
Female	51.40%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Plymouth County** lies south of Boston and includes Brockton, Plymouth, Scituate and Wareham. The county represents 7.6% of the state's population. The population grew by 0.7% a year, double the rate of the state as a whole. By most measures, Plymouth County is economically stronger than the state. It reports only 7.0% of the population under the poverty line (compared to 10.5% for the state), 78% homeownership rate (compared to 64%) and a higher median household income of \$73,131 (compared to \$64,509 for the state). Its unemployment rate is higher at 8.4%, while its per capita income is comparable at \$33,333. Its white and African American populations are higher than the state average with a lesser percentage of Asian and Latino residents.

The number of nonprofits in Plymouth has expanded at a rapid rate over the past decade, averaging a 4.1% annual increase. In addition, per capita revenues earned by its public charities grew at a real annual rate of 5.2%. Despite these sharp growth trends, Plymouth remains an underserved county. The number of organizations per thousand residents is 2.7, three-quarters of the number found throughout the state. In all of the industry and budget size categories, Plymouth displays a smaller than average concentration of public charities.

The most alarming trend is the lack of nonprofit financial resources in the county. On a per capita basis, Plymouth reports earning just 11% of the per capita revenues of the state. Social Services organizations are better funded but still only receive 57% of the revenues of its

peers. Education and Philanthropy produce a mere 3% of the per capita revenues of its peer groups. Though medical facilities are the largest employers in the state, their budgets are significantly smaller than their Boston area counterparts.

Financially, the picture is mixed. From a profitability perspective, individual organizations are healthy. The median surplus margin widened from 2.1% to 4.0%, a substantially greater improvement than the state. None of the industry sectors or budget categories reported median operating deficits in 2010.

The cash on hand grew along with the state from 75 to 90 days, with most of the increase coming from the Grassroots organizations. Their median cash went from seven to nine months of expenses. Grassroots organizations had virtually no access to credit during the full period, while Safety Net and Economic Engine organizations were extended more short-term credit. As a result, current liabilities expanded from 19% to 28% of current assets.

Size, profitability, liquidity and sustainable measures all suggest that Plymouth nonprofits cannot deliver a higher volume of services than they do currently. Some significant initiatives led by philanthropic and service-oriented leaders will be needed if the county is to attract the substantial influx of resources and programs necessary to meet its Social Services and Other Societal needs.

All Ratios are Medians.

	PLYMOUTH				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	97	0.2	\$65.57	\$26.29	0.3	\$262.03	\$281.71
Housing & Shelter	39	0.1	\$241.78	\$1,104.07	0.1	\$214.51	\$714.75
Human Services	122	0.2	\$399.20	\$312.11	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	210	0.4	\$64.04	\$103.78	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>468</b>	<b>0.9</b>	<b>\$770.58</b>	<b>\$1,546.25</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	143	0.3	\$101.34	\$206.98	0.5	\$647.59	\$1,063.47
Education	274	0.6	\$222.92	\$389.09	0.7	\$18,579.51	\$18,638.81
Environment	84	0.2	\$31.13	\$89.26	0.2	\$144.84	\$403.65
Health Care & Medical	109	0.2	\$1,789.78	\$1,216.94	0.4	\$5,872.03	\$5,841.73
Philanthropy	49	0.1	\$22.35	\$36.20	0.1	\$743.03	\$1,227.21
Other Nonprofits	234	0.5	\$21.17	\$30.15	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>893</b>	<b>1.8</b>	<b>\$2,188.69</b>	<b>\$1,968.62</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>1,176</b>	<b>2.4</b>	<b>\$63.88</b>	<b>\$177.29</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>179</b>	<b>0.4</b>	<b>\$1,220.33</b>	<b>\$1,485.81</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	101	0.2	\$102.66	\$180.95	0.4	\$190.24	\$468.27
\$1M-\$5M	52	0.1	\$222.46	\$324.75	0.2	\$538.19	\$1,164.83
\$5M-\$10M	5	0.0	\$69.78	\$252.21	0.1	\$445.39	\$944.80
\$10-\$50M	21	0.0	\$825.43	\$727.89	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>6</b>	<b>0.0</b>	<b>\$1,675.05</b>	<b>\$1,851.77</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>1,361</b>	<b>2.7</b>	<b>\$2,959.26</b>	<b>\$3,514.87</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	3.3%	4.9%	0.01	0.04	38.1	30.7	0.27	0.29
Housing & Shelter	-3.3%	4.4%	1.01	0.69	53.4	48.3	0.37	0.32
Human Services	2.8%	1.3%	0.13	0.04	48.8	79.7	0.19	0.27
Youth, Sports & Recreation	5.8%	0.8%	0.00	0.00	121.3	141.3	0.00	0.00
<b>Social Services</b>	<b>3.0%</b>	<b>1.5%</b>	<b>0.04</b>	<b>0.00</b>	<b>59.1</b>	<b>70.3</b>	<b>0.18</b>	<b>0.24</b>
Arts	-0.6%	5.7%	0.00	0.00	203.5	140.4	0.04	0.23
Education	2.2%	5.9%	0.00	0.00	195.6	227.3	0.24	0.20
Environment	8.3%	11.5%	0.02	0.01	133.9	182.3	0.00	0.02
Health Care & Medical	-0.4%	3.8%	0.25	0.17	22.2	25.0	0.48	0.90
Philanthropy	6.7%	15.2%	0.00	0.00	117.0	91.1	0.28	0.31
Other Nonprofits	0.0%	7.1%	0.04	0.00	51.8	105.9	0.25	0.38
<b>Other Societal Benefit</b>	<b>1.0%</b>	<b>6.1%</b>	<b>0.01</b>	<b>0.00</b>	<b>89.9</b>	<b>113.3</b>	<b>0.23</b>	<b>0.37</b>
<b>Grassroots (&lt;\$250K)</b>	<b>5.3%</b>	<b>5.5%</b>	<b>0.00</b>	<b>0.00</b>	<b>208.1</b>	<b>263.8</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>0.7%</b>	<b>2.9%</b>	<b>0.19</b>	<b>0.21</b>	<b>51.7</b>	<b>69.6</b>	<b>0.27</b>	<b>0.34</b>
\$250K-\$1M	0.3%	5.1%	0.09	0.10	123.3	120.4	0.05	0.07
\$1M-\$5M	1.0%	0.6%	0.09	0.08	51.1	68.9	0.20	0.30
\$5M-\$10M	2.5%	1.3%	0.35	0.50	24.8	25.6	0.46	1.07
\$10-\$50M	0.0%	1.2%	0.50	0.69	26.3	24.5	0.46	0.53
<b>Economic Engines (&gt;\$50M)</b>	<b>0.6%</b>	<b>3.6%</b>	<b>0.82</b>	<b>0.73</b>	<b>9.3</b>	<b>12.3</b>	<b>0.48</b>	<b>0.90</b>
<b>COUNTY TOTAL</b>	<b>2.1%</b>	<b>4.0%</b>	<b>0.01</b>	<b>0.00</b>	<b>74.9</b>	<b>89.5</b>	<b>0.19</b>	<b>0.28</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

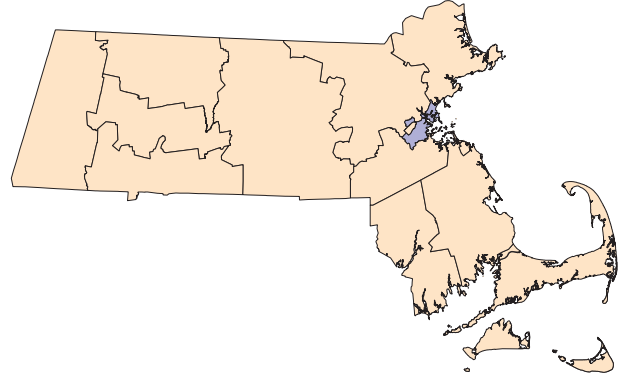
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Suffolk

County Demographics	Suffolk	MA
Population	722,023	6,547,629
Percent of Population Under Poverty Level	20.6%	10.5%
Unemployment Rate	7.9%	6.8%
Per Capita Income	\$30,720	\$33,966
Homeownership Rate	36.50%	64.00%
Ethnic Breakdown:		
White	56.00%	80.40%
Black	21.60%	6.60%
Native American	0.40%	0.30%
Asian	8.20%	5.30%
Latino*	19.90%	9.60%
Female	51.80%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Suffolk County** includes the City of Boston and has 11% of the state's population. The population has increased at 0.5% per year over the past decade, exceeding the 0.3% annual statewide increase. Per capita income real growth at 0.8% also has outpaced the 0.5% growth in Massachusetts as a whole. Despite this growth in income, Suffolk County residents have a per capita income of \$30,720, which is 10% lower than the state average. Other indicators also highlight the economic weaknesses in the county: More than one-fifth of the residents live under the poverty line, almost twice the state average. The unemployment rate of 7.9% stands at 15% higher than the state. Moreover, the home ownership rate is just 36.5%, a sharp contrast to the 64% for the state. Suffolk County's population consists of a lower percentage of children and elderly residents than the Massachusetts average. The ethnic makeup of the county varies considerably from the rest of the state. It reports three times as many African Americans and two times as many Latinos than the state as a whole.

Nonprofit trends in Suffolk County differ considerably from the rest of the state as well. The five largest employers (Brigham & Women's Hospital, Massachusetts General Hospital, Boston University School of Medicine, Boston University and Children's Hospital) are all nonprofit organizations. Per capita expansion in real public charity revenues in Suffolk over the last decade was a modest 2.3%. And, while the state experienced a 2.6% per year net expansion in the number of public charities, Suffolk County had an increase of just 0.8%.

Despite these indications of slow growth, the Suffolk nonprofit community remains well-resourced. There are 5.4 nonprofits per thousand residents, 47% higher than the state. This is accounted for by the number of statewide, regional and national organizations that are headquartered in Boston. These organizations contribute significantly to the robust per capita revenues and assets of the county. Overall, the nonprofit sector in Suffolk County earns \$43,810 in per capita revenues, 60% higher than the state. With the exception of the Education and Human Services sectors, the sectors earn two to eight times as much in revenues as the state.

Although Suffolk County public charities are successful in revenue-raising, the overall financial picture is mixed. The median organization experienced a decline in its surplus margin from 1.6% in 2003 to 1.1% in 2010. The contraction was primarily experienced by the Other Societal Benefits segment organizations, but the Housing sector generated an operating loss in 2010. The contraction primarily occurred among Safety Net and Grassroots groups rather than Economic Engine organizations. Cash on hand increased by two weeks, ending at three months in 2010. The levels of reserves climbed appreciably in the Social Services segment. Leverage was higher in the county than it was in the state but remained relatively stable around one-tenth of assets. As in many other counties, Grassroots entities had little to no access to short- or long-term credit. The inverse current ratio remained flat at 0.29.

All Ratios are Medians.

	SUFFOLK				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	393	0.5	\$931.11	\$1,164.49	0.3	\$262.03	\$281.71
Housing & Shelter	225	0.3	\$861.03	\$2,497.11	0.1	\$214.51	\$714.75
Human Services	332	0.5	\$1,091.41	\$1,357.96	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	257	0.4	\$516.96	\$501.91	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>1,207</b>	<b>1.7</b>	<b>\$3,400.50</b>	<b>\$5,521.46</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	444	0.6	\$2,443.19	\$5,022.56	0.5	\$647.59	\$1,063.47
Education	599	0.8	\$11,251.53	\$40,372.54	0.7	\$18,579.51	\$18,638.81
Environment	121	0.2	\$558.83	\$1,426.47	0.2	\$144.84	\$403.65
Health Care & Medical	620	0.9	\$18,500.67	\$26,167.58	0.4	\$5,872.03	\$5,841.73
Philanthropy	186	0.3	\$6,098.42	\$9,640.60	0.1	\$743.03	\$1,227.21
Other Nonprofits	694	1.0	\$1,557.24	\$1,754.25	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>2,664</b>	<b>3.7</b>	<b>\$40,409.88</b>	<b>\$84,384.00</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>2,508</b>	<b>3.5</b>	<b>\$115.98</b>	<b>\$698.90</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1,282</b>	<b>1.8</b>	<b>\$7,744.58</b>	<b>\$14,796.02</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	580	0.8	\$432.17	\$1,235.69	0.4	\$190.24	\$468.27
\$1M-\$5M	446	0.6	\$1,389.69	\$3,492.97	0.2	\$538.19	\$1,164.83
\$5M-\$10M	97	0.1	\$970.49	\$1,900.25	0.1	\$445.39	\$944.80
\$10-\$50M	159	0.2	\$4,952.23	\$8,167.11	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>81</b>	<b>0.1</b>	<b>\$35,949.82</b>	<b>\$74,410.54</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>3,871</b>	<b>5.4</b>	<b>\$43,810.39</b>	<b>\$89,905.46</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	2.0%	1.1%	0.14	0.12	98.1	137.5	0.21	0.23
Housing & Shelter	0.7%	-0.3%	0.55	0.54	73.9	91.9	0.25	0.24
Human Services	-0.1%	0.9%	0.19	0.18	57.0	68.4	0.32	0.31
Youth, Sports & Recreation	0.6%	2.3%	0.05	0.02	73.9	113.6	0.09	0.19
<b>Social Services</b>	<b>0.7%</b>	<b>1.0%</b>	<b>0.19</b>	<b>0.14</b>	<b>69.3</b>	<b>97.7</b>	<b>0.25</b>	<b>0.25</b>
Arts	3.0%	0.6%	0.05	0.07	97.1	91.6	0.25	0.24
Education	2.9%	2.5%	0.11	0.08	92.8	111.7	0.31	0.40
Environment	1.5%	0.1%	0.07	0.07	89.5	116.2	0.30	0.15
Health Care & Medical	1.3%	2.2%	0.29	0.22	53.3	62.2	0.42	0.37
Philanthropy	0.0%	1.4%	0.00	0.00	194.7	196.4	0.06	0.22
Other Nonprofits	4.0%	0.0%	0.07	0.04	70.3	106.8	0.16	0.14
<b>Other Societal Benefit</b>	<b>2.1%</b>	<b>1.3%</b>	<b>0.11</b>	<b>0.09</b>	<b>80.1</b>	<b>94.1</b>	<b>0.31</b>	<b>0.32</b>
<b>Grassroots (&lt;\$250K)</b>	<b>1.9%</b>	<b>1.2%</b>	<b>0.01</b>	<b>0.00</b>	<b>152.8</b>	<b>200.1</b>	<b>0.03</b>	<b>0.02</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>1.6%</b>	<b>1.0%</b>	<b>0.19</b>	<b>0.18</b>	<b>75.3</b>	<b>95.2</b>	<b>0.29</b>	<b>0.27</b>
\$250K-\$1M	0.6%	0.4%	0.12	0.13	92.7	127.5	0.21	0.12
\$1M-\$5M	2.7%	1.9%	0.21	0.19	88.1	94.6	0.22	0.26
\$5M-\$10M	1.1%	1.3%	0.27	0.20	50.4	72.4	0.38	0.31
\$10-\$50M	1.8%	1.6%	0.30	0.27	46.4	62.2	0.32	0.34
<b>Economic Engines (&gt;\$50M)</b>	<b>1.0%</b>	<b>2.0%</b>	<b>0.44</b>	<b>0.43</b>	<b>22.2</b>	<b>25.1</b>	<b>0.54</b>	<b>0.72</b>
<b>COUNTY TOTAL</b>	<b>1.6%</b>	<b>1.1%</b>	<b>0.13</b>	<b>0.11</b>	<b>76.0</b>	<b>95.6</b>	<b>0.29</b>	<b>0.29</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

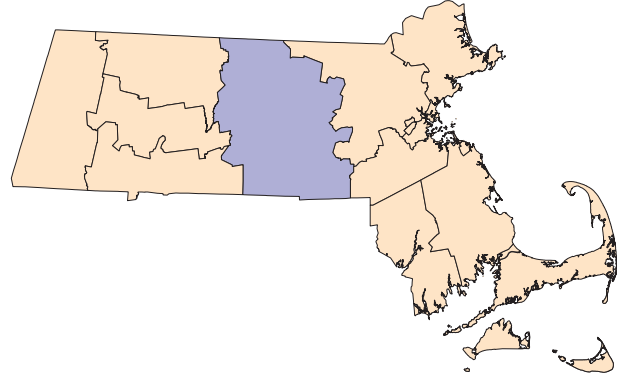
\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

## Worcester

County Demographics	Worcester	MA
Population	798,552	6,547,629
Percent of Population Under Poverty Level	9.5%	10.5%
Unemployment Rate	8.8%	6.8%
Per Capita Income	\$30,557	\$33,966
Homeownership Rate	67.60%	64.00%
Ethnic Breakdown:		
White	85.60%	80.40%
Black	4.20%	6.60%
Native American	0.20%	0.30%
Asian	4.00%	5.30%
Latino*	9.40%	9.60%
Female	50.80%	51.60%

\* Can overlap with other categories



Sources: US Census Bureau, Quick State and County Facts, 2010; US Bureau of Labor Statistics, Unemployment Statistics, 2010

**Worcester County**, including Athol, Auburn, Fitchburg and Worcester, underwent significant growth during the past decade. Its population expanded 0.6% per year, double the rate of the state as a whole. Per capita income also grew at a 0.6% real annual rate, modestly higher than the state. Despite this growth, the county reports a per capita income of \$30,557 (10% lower than the state average) with an unemployment rate of 8.8%, two full points higher than the state. Some economic indicators point to stronger financial health, with only 9.5% of residents under the poverty line (compared to 10.5% for the state) and a home ownership rate of 67.6%, which is 3.6% higher. The county reports having a demographic mix that is slightly younger and more heavily white than the rest of the state.

By most measures, Worcester County is underserved by the nonprofit community. The county has relatively few public charities with just 2.9 nonprofits per thousand residents, 21% lower than the state. While population grew rapidly, new public charities were formed at a much slower pace of 0.8% per annum as compared to the state average of 2.6%. The per capita annual revenues raised by public charities in Worcester County are a mere 37% of the state average. Other (8%), Education (9%), Philanthropy (14%) and Community Capacity (18%) displayed the lowest per capita revenues relative to their full state peers.

The county has several strengths: The per capita revenues raised by public charities climbed at an 8.3% real annual rate, second fastest growth in the state. Two sectors—Health Care and the Environment—play important roles in the Worcester economy. They reported per capita revenues that were 24% and 14% higher than the state, respectively. Five of the top 20 county employers are hospitals and health services providers.

The financial position of Worcester nonprofits worsened in the 2003-2009 period. The median surplus margin held steady at just under 2%. Housing and other sectors reported operating losses in 2010. In addition, Community Capacity, Education and Philanthropic nonprofits experienced significant declines in their surplus margins. Days of cash on hand declined by six days to just over two months. The drop occurred in Grassroots and smaller Safety Net organizations.

Worcester nonprofits report a median level of leverage (11% of total assets) in 2003, which contracted to 2% of assets by 2010. Leverage levels fell in both the Social Services segment (particularly Human Services and Community Capacity), and the Other Societal Benefits segment (evidenced by Education and Health Care) sectors. A budget size analysis reveals an unfortunate pattern: Safety Net and Economic Engine organizations are able to borrow significantly in the short term and long term to fund their assets, while Grassroots organizations have no access to credit.



All Ratios are Medians.

	WORCESTER				MASSACHUSETTS		
	Number of Public Charities (PC)	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets	2011 PC Count (per thousand)	2011 Per Capita PC Revenues	2011 Per Capita PC Assets
Community Capacity	174	0.2	\$77.42	\$99.13	0.3	\$262.03	\$281.71
Housing & Shelter	59	0.1	\$88.56	\$128.09	0.1	\$214.51	\$714.75
Human Services	234	0.3	\$648.61	\$744.25	0.3	\$746.42	\$712.35
Youth, Sports & Recreation	275	0.3	\$61.88	\$130.88	0.4	\$133.81	\$178.98
<b>Social Services</b>	<b>742</b>	<b>0.9</b>	<b>\$876.47</b>	<b>\$1,102.35</b>	<b>1.1</b>	<b>\$1,356.77</b>	<b>\$1,887.79</b>
Arts	268	0.3	\$142.70	\$334.74	0.5	\$647.59	\$1,063.47
Education	413	0.5	\$1,669.84	\$4,441.18	0.7	\$18,579.51	\$18,638.81
Environment	147	0.2	\$161.44	\$142.36	0.2	\$144.84	\$403.65
Health Care & Medical	213	0.3	\$7,292.62	\$4,360.10	0.4	\$5,872.03	\$5,841.73
Philanthropy	70	0.1	\$100.16	\$234.62	0.1	\$743.03	\$1,227.21
Other Nonprofits	444	0.6	\$22.18	\$81.09	0.6	\$328.52	\$463.34
<b>Other Societal Benefit</b>	<b>1,555</b>	<b>1.9</b>	<b>\$9,388.93</b>	<b>\$9,594.09</b>	<b>2.5</b>	<b>\$26,315.52</b>	<b>\$27,638.20</b>
<b>Grassroots (&lt;\$250K)</b>	<b>1,929</b>	<b>2.4</b>	<b>\$63.65</b>	<b>\$202.29</b>	<b>2.8</b>	<b>\$88.45</b>	<b>\$321.09</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>352</b>	<b>0.4</b>	<b>\$2,175.82</b>	<b>\$3,751.13</b>	<b>0.8</b>	<b>\$2,966.10</b>	<b>\$5,127.19</b>
\$250K-\$1M	161	0.2	\$105.59	\$268.23	0.4	\$190.24	\$468.27
\$1M-\$5M	112	0.1	\$331.63	\$646.55	0.2	\$538.19	\$1,164.83
\$5M-\$10M	24	0.0	\$221.81	\$350.30	0.1	\$445.39	\$944.80
\$10-\$50M	55	0.1	\$1,516.78	\$2,486.04	0.1	\$1,792.28	\$2,549.30
<b>Economic Engines (&gt;\$50M)</b>	<b>16</b>	<b>0.0</b>	<b>\$8,025.94</b>	<b>\$6,743.01</b>	<b>0.0</b>	<b>\$24,617.74</b>	<b>\$24,077.70</b>
<b>COUNTY TOTAL</b>	<b>2,297</b>	<b>2.9</b>	<b>\$10,265.41</b>	<b>\$10,696.43</b>	<b>3.6</b>	<b>\$27,672.29</b>	<b>\$29,525.99</b>

Source: IRS, Exempt Organizations Business Master File (501(c)(3) organizations, December 2011

	2003 Surplus Margin	2010 Surplus Margin	2003 Leverage	2010 Leverage	2003 Days Cash on Hand*	2010 Days Cash on Hand*	2003 Inverse Current Ratio*	2010 Inverse Current Ratio*
Community Capacity	1.8%	0.4%	0.14	0.04	154.6	188.8	0.21	0.13
Housing & Shelter	0.8%	-1.4%	0.72	0.78	29.8	52.4	0.13	0.26
Human Services	0.1%	0.9%	0.26	0.16	34.2	31.5	0.34	0.49
Youth, Sports & Recreation	4.1%	2.3%	0.00	0.00	137.4	165.7	0.07	0.09
<b>Social Services</b>	<b>1.2%</b>	<b>0.8%</b>	<b>0.14</b>	<b>0.06</b>	<b>72.4</b>	<b>52.4</b>	<b>0.21</b>	<b>0.27</b>
Arts	-0.1%	3.1%	0.02	0.01	53.4	52.5	0.05	0.18
Education	4.3%	2.7%	0.09	0.00	141.8	87.6	0.45	0.50
Environment	10.5%	8.6%	0.07	0.00	93.0	128.8	0.26	0.14
Health Care & Medical	1.3%	2.7%	0.34	0.27	32.7	33.5	0.39	0.43
Philanthropy	3.6%	1.6%	0.10	0.00	158.5	132.5	0.70	0.21
Other Nonprofits	-1.7%	-0.6%	0.00	0.00	62.1	149.6	0.01	0.02
<b>Other Societal Benefit</b>	<b>2.8%</b>	<b>2.8%</b>	<b>0.10</b>	<b>0.02</b>	<b>79.0</b>	<b>82.0</b>	<b>0.34</b>	<b>0.41</b>
<b>Grassroots (&lt;\$250K)</b>	<b>5.9%</b>	<b>3.4%</b>	<b>0.00</b>	<b>0.00</b>	<b>159.3</b>	<b>195.2</b>	<b>0.00</b>	<b>0.00</b>
<b>Safety Net (\$250K - \$50M):</b>	<b>0.7%</b>	<b>1.0%</b>	<b>0.31</b>	<b>0.31</b>	<b>65.2</b>	<b>50.4</b>	<b>0.32</b>	<b>0.41</b>
\$250K-\$1M	0.3%	0.7%	0.24	0.24	107.9	93.3	0.16	0.17
\$1M-\$5M	0.4%	0.4%	0.22	0.26	68.7	45.9	0.24	0.27
\$5M-\$10M	0.6%	0.8%	0.40	0.49	15.7	26.1	0.48	0.50
\$10-\$50M	1.0%	1.6%	0.47	0.48	24.2	40.0	0.46	0.50
<b>Economic Engines (&gt;\$50M)</b>	<b>1.5%</b>	<b>3.2%</b>	<b>0.48</b>	<b>0.46</b>	<b>29.1</b>	<b>33.5</b>	<b>0.83</b>	<b>0.80</b>
<b>COUNTY TOTAL</b>	<b>1.8%</b>	<b>1.9%</b>	<b>0.11</b>	<b>0.03</b>	<b>75.6</b>	<b>68.1</b>	<b>0.28</b>	<b>0.36</b>
<b>MA TOTAL</b>	<b>2.0%</b>	<b>2.6%</b>	<b>0.07</b>	<b>0.02</b>	<b>75.1</b>	<b>89.8</b>	<b>0.28</b>	<b>0.33</b>

\*Due to data limitations, only 990 filers are included in the cash on hand and inverse current ratios.

Sources: The Urban Institute, GuideStar-NCCS National Nonprofit Research Database (2003)  
The Urban Institute, NCCS Core File (Public Charities, 2010)  
The Urban Institute, NCCS Core Supplement (Public Charities, 2010)

---

# Conclusion

This report calls on Massachusetts nonprofits and their public, private and philanthropic partners to come together and utilize the extensive resources dedicated to the nonprofit sector to better meet the needs of the Commonwealth and its residents.

The financial roller coaster experienced by our state's nonprofits over the last decade called on their resilience and tenacity to provide a safety net for the most vulnerable people in our community despite declining revenues and growing need. Combining resourcefulness with the immense volunteer capacity of ordinary citizens, the sector helped communities weather some very tough times.

During this period, the sector also exhibited enormous innovation, introspection and creativity—resulting in breakthroughs in new ways of working, new models of organization and new ways to finance social change. These efforts bode well for the sector as we enter an era of continued change.

The Massachusetts nonprofit sector is a powerful force. Its power lies in its resilience, its commitment, its scale and scope. The sector's propensity to put mission above everything else, however, is threatened by its weak financial condition and cutbacks in government funding, a key source of revenue for the Social Services segment. The recommendations that follow build on the sector's inventive efforts and draw on the creativity and resolve of its stakeholders to find solutions that deliver powerful outcomes for Massachusetts. These conditions are also necessary for the sector's sustainable future.

**ASSESS and ADDRESS Community Needs:** Recommended strategies include research-based community needs and capacity assessments; a focus on root causes of disparities and poverty; intense, multi-year interventions; and a commitment to common sector-wide results-focused metrics. The examples that follow capture the listed strategies:

- **Dudley Street Neighborhood Initiative** led a collaborative effort to help all children and families break the cycle of poverty. The vision is that all 8,646 children in the DSNI area, from pre-K through high school, receive a world-class education without ever leaving the closely knit circle of care, support and thoughtful monitoring in the neighborhood.
- **Boston Opportunity Agenda** is a public-private partnership committed to the comprehensive education pipeline from early childhood through post-secondary attainment. The approach is based on collaboration and a commitment to shared goals, the long-term commitment of the partners' resources, data and regular accountability to the community.
- **MassNeeds.org** is a coordinated effort by foundations to address urgent hunger, housing and heating needs throughout Massachusetts during the winter months. In three years, this effort has grown to be a consortium of more than 25 foundations and is directing some \$3.6 million to more than 100 programs statewide.
- **Family Independence Initiative** aims to reduce poverty by shifting the responsibility and resources for change to working poor families. Families organize themselves into self-directed groups that support family and community plans for economic advancement. Program participants are provided with a computer and are required to make monthly reports on personal and economic data. Small cash incentives acknowledge and encourage progress and reward initiative.

- **DotWell**, a collaboration of two founding health centers, Codman Square Health Center and Dorchester House Multi-Service Center, uses a patient-centered medical home model and group care to complement clinical care with community services. Dotwell addresses health disparities through a focus on social determinants of health with a current focus on financial literacy, early education and social capital.
- **Health Leads**, based at 21 sites in six U.S. cities, has used more than 1,000 college volunteers to connect 9,000 patients and their families in urban medical centers with community resources. Centered on making the social determinants of health a standard part of patient care, physicians “prescribe” food, housing, fuel assistance or other resources for their patients.
- **LIFT** is a growing movement to combat poverty and expand opportunity for all people in the U.S. LIFT currently runs centers staffed by trained volunteers in Boston, Chicago, New York, Philadelphia and Washington, D.C., to serve low-income individuals and families.
- **Healthy People/Healthy Economy Coalition** is striving to make Massachusetts the preeminent state in the country for health and wellness. The Coalition is targeted at stemming a rising tide of preventable chronic illness and the threat it poses to the Commonwealth’s health, fiscal stability and economic competitiveness by focusing on preventive and public health.

**ALIGN Program and Funding:** Emerging approaches include: strategic collaborations; mergers and partnerships; funding that considers not only program needs but supports organizations; a focus on achieving high-impact versus tight operational controls; and evidence-based performance measurement for learning and enhanced effectiveness. Following are some examples of successful alignment:

- **HopeFound/Pine Street Inn:** With more than 70 years aiding Boston’s homeless, these two organizations have merged. The goal is to simplify the process of finding clients permanent housing by combining their similar, but complementary services. This merger was not driven by cost savings or financial pressure, but rather

to improve the quality and speed of their service delivery.

- **CONNECT** is a partnership among Chelsea Neighborhood Developers, Centro Latino, Metro Credit Union, Metro Boston Housing Partnership, CareerSource and Bunker Hill Community College to co-locate services and integrate, in one central and supportive location, resources to address the community’s housing, financial, educational and employment needs. This service mix, along with financial coaching and peer networks supports underserved families in Chelsea and the surrounding communities in their efforts to build financial resilience and security.
- **Victory Programs**, a human services organization focused on health and housing for men, women and families facing homelessness, addiction and chronic illnesses, has continued to expand delivery on its mission by forming mergers or alliances with six complementary nonprofits in the past decade. By bringing organizations under its umbrella, Victory Programs has developed a rigorous internal vetting process for potential mergers. Their model also allows programs to maintain some brand identity while benefiting from Victory Programs’ infrastructure and management.
- **Urban Edge CDC/Allston Brighton CDC’s Asset Management Partnership** will create a new entity focused solely on the oversight of affordable real estate developed and owned by nonprofits in the Greater Boston area. The new entity will manage both organizations’ real estate asset portfolios, enabling them to focus more deeply on their core mission activities such as developing affordable housing, community building, organizing and individual and family asset building programs.
- **MetroBoston DataCommon** is a partnership between the Metropolitan Area Planning Council and the Boston Indicators Project at the Boston Foundation. It is a web-based data resource focused on the region’s people and communities through a variety of topics from arts and education to the environment and transportation—and is designed to help residents, stakeholders, planners, city and town officials, educators and journalists explore data and make informed decisions.

---

**ASSURE Sustainable Funding:** A critical condition for bringing scaled and sustainable change in the nonprofit sector includes stable, committed multi-year funding; full-cost program service funding; Program-Related Investments and growth capital; and affordable cash flow loans and longer-term financing. Examples include:

- **Massachusetts Chapter 257**—This 2008 legislation was passed to provide more equitable and adequate funding to the Commonwealth’s purchase of health and human services. Unfortunately, the process of setting new rates has been delayed and the added funding for these services has not been forthcoming.
- **Massachusetts House Bill 3754** was signed in to law in March and would make available new pre-tax retirement savings opportunities for employers that lack the case overhead to set up retirement plans.
- **Home Funders Inc.**, a collaborative of foundations has responded to the urgent housing crisis in Massachusetts using more than \$22 million of its capital to create affordable housing for homeless and extremely low-income families. Home Funders Inc. offers flexible 2-3% loans to developers of rental housing projects for acquisition, predevelopment and bridge loans, as well as permanent financing. To date it has created 2,454 units of housing, with 819 of these units targeted towards extremely low-income families.
- **Stabilizing Urban Neighborhoods (SUN) Initiative** offers foreclosed homeowners the opportunity to stay in their homes. SUN purchases foreclosed properties at current market value, resells those properties to the current occupants at a significant discount off the prior mortgage value and provides a new 30-year fixed rate mortgage. Several private individuals and institutions have invested in this important initiative.
- **Social Finance Inc. and Nonprofit Finance Fund** in partnership with local and national funders and the White House Office of Social Innovation are working to bring the UK practice of Pay-for-Success Financings or Social Impact Bonds to the U.S. These programs use capital from private investors to fund multi-year preventative or early intervention social service programs usually funded through the government. If social service providers achieve contractually agreed targets for performance and achievement outcome metrics, the government pays the investors a return based on its cost savings.

- **Sin Taxes and Subsidies:** Governor Deval Patrick included a proposal in his FY13 budget to remove the sales tax exemption on soda and candy. Such measures that increase “sin taxes” or subsidies for these activities can create new funding sources to support programs that target the undesired behavior.

With so many examples of successful alliances and legislation to draw on, the authors of *Passion & Purpose Revisited* invite the nonprofit sector and all of its stakeholders to embrace innovation when it comes to balancing mission with long-term financial health and, in the process, deliver on the promise of a Massachusetts that is home to thriving people and vibrant communities.



# Technical Appendices

## Appendix A

### The Industry Sector Composition of Massachusetts Public Charities

Public charities operate with a specific core mission or program area, and the nature of each nonprofit operation varies in relation to that mission. To better understand the relationship between the mission and the varying business models within which different nonprofits operate, we consulted with practitioners and experts in the area of nonprofit finance to segment the sectors.

The categorization in the 2008 *Passion & Purpose* report built upon the 26 “NTEE” categories developed by the Urban Institute’s National Center for Charitable Statistics, which distinguish nonprofits on the basis of their main programmatic mission. These have been grouped into 10 major industry sectors. For this current report, the 10 sectors have been grouped into two larger nonprofit segments as follows:

TABLE A.1  
Industry Sector Composition of Massachusetts Public Charities

Major Industry Sectors	NTEE Classification
<b>Social Services:</b>	
Community Capacity	Crime & Legal related (I); Employment (J); Public Safety, Disaster Preparedness and Relief (M); Civil Rights, Social Action & Advocacy (R); Community Improvement & Capacity Building (S)
Human Services	Food, Agriculture & Nutrition (K); Human Services (P)
Housing & Shelter	Housing & Shelter (L)
Youth Development, Sports & Recreation	Youth Development (O), Sports & Recreation (N)
<b>Other Societal Benefit:</b>	
Arts, Culture & Humanities	Arts, Culture & Humanities (A)
Education, Science, Technology & Social Sciences	Education (B); Science & Technology (U); Social Sciences (V)
Environment and Animal-Related	Environment (C); Animal-Related (D)
Health Care & Medical	Healthcare (E); Mental Health & Intervention (F); Disease, Disorders & Medical Disciplines (G); Medical Research (H)
Philanthropy	Philanthropy (T)
Other	International, Foreign Affairs & National Security (Q); Public & Societal Benefit (W); Religion-Related (X);



---

## Appendix B

### Data Glossary and Dictionary

**501(c)3 Organization** is a nonprofit organization, whose tax-exemption is based on Section 501(c)3 of the Internal Revenue Code. They are charitable, religious, educational and/or scientific organizations. The two kinds of 501(c)3 organizations are private foundations and public charities.

**Cash On Hand** compares the cash balance to operating expenses (total expenses less depreciation), and indicates how many days or months of expenses an organization can cover with current cash holdings and without liquidating investments or relying on new revenues.

**Compensation** is composed of wages and salaries, payroll taxes, pension payments and other fringe benefits.

**Current Ratio** is current assets (the accounts that will convert into cash in the next 12 months), divided by current liabilities (the accounts that will need to be settled using cash or the delivery of services) in the next 12 months.

**Leverage** is defined as total liabilities divided by net assets.

**Liquidity** is whether an organization has sufficient cash resources to deliver its mission and pay its obligations on a timely basis.

**Net Working Capital** is current assets (cash, receivables, inventory or prepaid expenses), less current liabilities (unpaid bills, grants payable and deferred revenue).

**Nonprofit Organizations** for purposes of this study include organizations that have obtained tax-exemption from the federal government and/or the Commonwealth of Massachusetts. It includes those organizations that have received a tax exemption under Section 501(c) of the Internal Revenue Code.

**National Taxonomy of Nonprofit Entities (NTEE)** is a classification system for nonprofit organizations recognized as tax exempt under the Internal Revenue Code. The NTEE was developed by National Center for Charitable Statistics during the 1980s to focus on the collaboration of major nonprofit organizations.

**Poverty Line** is a federally determined standard designed to determine the minimum level of income deemed necessary to achieve an adequate standard of living.

**Public Charities** include churches, hospitals, colleges and universities and social service agencies that have an active fundraising program and a diverse set of contributors.

TABLE A.2  
Data Sources

Accounting Data	Definition	Location in Annual Tax Filings		
		Old Form 990	New Form 990	New Form 990EZ
Total revenue	Total revenue	Part I Line 12	Part VIII Line 12 (A)	Part I Line 9
Contributions	Total contributions gifts and grants	Part I Line 1e	Part VIII Line 1h	Part I Line 1
Program service revenue	Program service revenue	Part I Line 2	Part VIII Line 2g (A)	Part I Line 2
Investment income	Total investment income	Sum of Part I Lines 4, 5 & 7	Part VIII Line 3A	Part I Line 17
Other revenue	Revenue not included in contributions program service revenue or investment income			
	Program expenses	Part II Line 44 (B)	Part IX Line 25 (B)	
Total expenses	Total expenses	Part I Line 17	Part IX Line 25 (A)	Part II Line 27 (B)
Net income or surplus	Total revenues minus total expenses	Part I Line 18	Part I Line 19	Part II Line 25 (B)
Cash	Cash savings and temporary investments	Part IV Lines 45 & 36 (B)	Part X Lines 1 & 2 (B)	Part II Line 22
Investments	Publicly traded securities	Part X Line 11 (B)	Part X Line 11 (B)	
Fixed assets	Land buildings and equipment, net	Part IV Line 57c (B)	Part X Line 10c (B)	Part II Line 23
Total assets	Total assets	Part IV Line 59 (B)	Part X Line 16 (B)	Part II Line 25 (B)
Long term debt	Mortgages, loans and other long term debt	Part IV Lines 64a & 64b (B)	Part X Line 20, 23 & 24 (B)	
Total liabilities	Total liabilities at end of year	Part IV Line 66 (B)	Part X Line 26 (B)	Part II Line 26 (B)
Net assets	Total assets minus total liabilities	Part I Line 21	Part I Line 22	Part I Line 21 (B)

---

## Appendix C

### What Constitutes Nonprofit Financial Health?

In this and the 2008 *Passion & Purpose* report, we posed a concern that nonprofit organizations, their funders and clients are overly focused on whether they are sufficiently addressing current service needs to the detriment of sound finances and the ability to meet future service needs. We urged nonprofits to adopt more sound financial business models characterized in the right hand column in **Table A.3**.

An external financial analysis can provide insight on a nonprofit's financial health as follows:

#### 1. Profitability:

**Has the organization earned new economic revenues that are sufficient to cover current expenses and allow for appropriate growth and a margin for error?**

Profitability in the nonprofit sector is generally measured by net income (annual deficit or surplus) as a percent of total revenues. This measure is known as the *surplus margin*. Many organizations operate based on annual budgets that call for breakeven operations, a surplus margin of 0%. This goal, however, does not ensure that current resources are sufficient to meet current needs, while also ensuring intergenerational equity and organizational sustainability. Specifically, it does not take into consideration four issues: current financial health; economic growth; contingencies; and projected future service needs.

Most organizations do not budget for positive surplus margins in order to build their existing financial resources to the target level that is desirable for their industry focus and business model. Since nonprofits cannot issue stock, running surpluses (either in operations or in capital gifts) is the only method to grow the organization's resource base. In addition, organizations may seek to keep pace with inflation or even real economic growth. Breakeven budgets also fail to recognize that budgets are estimates and subject to error (often adverse and unexpected), so a cushion of 0.5% of revenues may be advisable. The final factor to consider in setting a budget target is the level of expected future service needs.

Combined, these factors suggest that many nonprofits should budget and operate regularly with positive surplus margins in the 2% to 5% range. Due to the high variance in both revenues and expenses, losses are relatively common in nonprofits. However, running repeated deficits is not sustainable.

#### 2. Liquidity:

**Does the organization have sufficient cash resources to deliver its services and pay its obligations on a timely basis?**

Several different measures can help assess liquidity. *Cash on hand*, which compares the cash balance to operating expenses, indicates how many days or months of expenses an organization can cover out of current cash holdings without liquidating investments or relying on new revenues. The net operating cycle looks more broadly at the liquidity position by comparing current assets (cash, receivables, inventory or prepaid expenses) less current liabilities (unpaid bills, grants payable and deferred revenue) to operating expenses. Others look at the *current ratio*, which is current assets-to-current liabilities, to compare the resources that can be turned into cash with the current liabilities that need to be paid in cash or delivered in services in the next 12 months. This study presents all of these measures. Many nonprofits report no current liabilities, rendering the current ratio incomputable. Therefore the study reports the *inverse current ratio*, which is current liabilities divided by current assets.

A rule of thumb that is often asserted is that nonprofits should have three months of cash on hand as a liquidity buffer. Some nonprofit organizations may have this reserve, but it may not be clearly identifiable in the Form 990 financial statements. Essentially, nonprofits may hold short-term instruments, such as treasury bills, to meet short-term liquidity needs, but this holding would be carried as an investment rather than cash on the balance sheet.

---

### 3. Sustainability (Solvency and Capital Structure):

**Does the organization have enough of its own resources to continue operations into the future?**

This concept is the hardest to assess well, since a business outlook is not offered with the financial statements. As forward-looking information is readily attainable, sustainability will be measured using *leverage*. This measure is defined as total liabilities divided by total assets, and it measures the degree to which an organization relies on debt rather than its own resources—known as *net assets*—to fund its assets. Net assets is the accumulation of surpluses and deficits over the organization's operating history, with a positive number indicating that accumulated surpluses exceed accumulated losses.

A for-profit is encouraged to borrow in order to fund long-lived assets (such as buildings and land) and overcome short-term liquidity needs when necessary. As borrowing allows firms to grow internally or acquire others and interest is tax-deductible, leverage is encouraged up to the point that a firm may no longer be able to service its debts in a timely fashion. In a nonprofit setting, most forms of debt (excluding publicly issued bonds) do not benefit from tax exemption-related subsidies, making it less attractive. In addition, many nonprofits are not offered the ability to borrow from a lender, vendor or even a funder. These factors combined cause nonprofits to rely relatively little on credit or debt financing. Therefore, a high percentage of nonprofits report neither current nor long-term liabilities.

TABLE A.3  
**Sound Financial Business Model**

	Less Sustainable	More Sustainable
<b>1. Profitability</b>		
a. Revenues	Urgent short term appeals Heavy reliance on one time donors Uncertain revenue streams Restricted programmatic funding Time limited funding Costly to raise Undiversified revenue streams	Value or cost-based pricing Solid base of recurrent funders Extensive unrestricted revenues Diversified revenue base
b. Expenses	Overhead costs not fully recovered from grants Program delivery absorbs all excess dollars	Full costing Rich understanding of cost structure Investments regularly made
c. Surplus	Breakeven operations Additional revenues spent immediately on program	Regularly runs a surplus Fully meet financial obligations Surplus builds operating and capital reserves
<b>2. Liquidity – Working Capital</b>	Government reimbursement contracts No cash on hand Constant or growing reliance of line of credit Bill payment difficult	Grants and contracts paid in advance 3–6 months of cash on hand Unused line of credit Sufficient cash to pay bills throughout year
<b>3. Solvency</b>	Little or no net assets	Operating reserves Fixed assets maintenance & plant reserves Endowments and quasi-endowments
<b>4. Quality of Accounting Systems</b>	Trust deemed sufficient Few segregation of duties or internal controls Manual or out-of-date records	Well designed and functional accounting systems Segregation of duties and internal controls Timely and informative internal reports
<b>5. Capital Structure</b>	Little or no equity or long-term debt	Matched book, i.e. long-term financing sufficient to fund long-term assets

Source: *Passion & Purpose: Raising the Fiscal Bar for Massachusetts Nonprofits* (2008)

---

# Endnotes

## Executive Summary:

1. Holding the Fort: Nonprofit Employment during a Decade of Turmoil (2012); Nonprofit Economic Data Bulletin #39 | Lester M. Salamon, S. Wojciech Sokolowski, and Stephanie L. Geller. Website: <http://ccss.jhu.edu/publications-findings?did=369>.
2. A Time Like No Other: Charting the Course for the Next Revolution, Boston Indicators Project report 2004-2006. Website: <http://www.bostonindicators.org/indicators2006/summaryreport.aspx>.
3. FISCAL FALLOUT: The Great Recession, Policy Choices, & State Budget Cuts, Fiscal Years 2009-2012 (updated). Website: [http://www.massbudget.org/report\\_window.php?loc=Final\\_Cuts\\_20July\\_2011.html](http://www.massbudget.org/report_window.php?loc=Final_Cuts_20July_2011.html).
4. The Resilient Sector: The State of Nonprofit America, Lester Salamon, John Hopkins Centre for Policy Studies, 2003.
5. FISCAL FALLOUT: The Great Recession, Policy Choices, & State Budget Cuts, Fiscal Years 2009-2012 (updated). Website: [http://www.massbudget.org/report\\_window.php?loc=Final\\_Cuts\\_20July\\_2011.html](http://www.massbudget.org/report_window.php?loc=Final_Cuts_20July_2011.html).
6. The Boston Economy in 2010 – Website: <http://www.bostonredevelopmentauthority.org/PDF/ResearchPublications//TheBostonEconomyin2010.pdf>.
7. Demographic and Socio-Economic Trends in Boston: What we learned from the latest census data. Website: <http://www.bostonredevelopmentauthority.org/PDF/ResearchPublications//BostonEconomyDemographics.pdf>.
8. Massachusetts Tax Revenue Forecasts for FY 2011 and FY 2012; The Beacon Hill Institute at Suffolk University. Website: <http://www.beaconhill.org/RevenueForecastsBHI/FY2011-FY2012/BHIMAForecastFY11FY12-101214FINAL.pdf>.
9. Recovery.Gov – Tracking the Money. Website: <http://www.recovery.gov/Transparency/RecipientReportedData/Pages/statesummary.aspx?StateCode=MA>.

10. Moving Beyond the Economic Crisis - Foundations Assess the Impact and Their Response; Steven Lawrence, November 2010. Website: [http://foundationcenter.org/gainknowledge/research/pdf/researchadvisory\\_economy\\_201011.pdf](http://foundationcenter.org/gainknowledge/research/pdf/researchadvisory_economy_201011.pdf).
11. Foundations call for renewed support for local basic needs providers: March 1, 2012. Website: <http://www.tbf.org/utilitynavigation/multimedialibrary/newsdetail.aspx?id=19394&parentId=356>.
12. 2012 State of the Sector Survey – An annual Survey of Nonprofits, Nonprofit Finance Fund. Website: [http://nonprofitfinancefund.org/files/docs/2012/2012survey\\_nat\\_summary.pdf](http://nonprofitfinancefund.org/files/docs/2012/2012survey_nat_summary.pdf).

## Chapter One:

1. Holding the Fort: Nonprofit Employment during a Decade of Turmoil (2012); Nonprofit Economic Data Bulletin #39 | Lester M. Salamon, S. Wojciech Sokolowski, and Stephanie L. Geller. Website: <http://ccss.jhu.edu/publications-findings?did=369>.

## Chapter Two:

1. Due to the less detailed reporting requirements of the Form 990EZ, it is difficult to gain a full picture of the assets held by the smallest entities. One can infer from the balance sheets of the larger Grassroots groups and other public charities, that the smallest nonprofits are heavily laden with cash and other current assets.
2. During this period, some mergers were undertaken by Safety Net organizations that resulted in the creation of newly registered nonprofit entities. These transactions were most frequent in the Health Care sector. Due to data limitations, these mergers are excluded from the analysis.



---

3. DMA Health Strategies. Financial Health of the Providers in the Massachusetts Human Service System, October 2007. Website: <http://www.scribd.com/doc/48522675/Financial-Health-of-Providers-in-the-Massachusetts-Human-Service-System>.

4. Providers' Council: Testimony to the House and Senate Ways & Means Committees: March 9, 2012. Website: [http://b3cdn.net/pcouncil/65e0cc30826aaf5200\\_s4m6bx9d7.pdf](http://b3cdn.net/pcouncil/65e0cc30826aaf5200_s4m6bx9d7.pdf).

### **Chapter Three:**

1. DMA Health Strategies. Financial Health of the Providers in the Massachusetts Human Service System, October 2007. Website: <http://www.scribd.com/doc/48522675/Financial-Health-of-Providers-in-the-Massachusetts-Human-Service-System>.

---

## About the Authors

**Elizabeth K. Keating, CPA**, is a Lecturer at Boston University and at the Carroll School of Management at Boston College. Her research focuses on nonprofit and governmental accountability, financial health retirement funding, employee compensation and benefits and overhead. She has taught at Harvard University, Northwestern University, and New York University. Elizabeth received her PhD in Management from the Sloan School of Management at MIT and her MBA from the Stern School of Business at New York University.

**Geeta Pradhan** is Director of Programs at the Boston Foundation. She oversees the Foundation's portfolio of Housing and Neighborhood Vitality, Health and Wellness and Arts and Culture strategies. Geeta was instrumental in the creation and launch of Massachusetts Nonprofit Network—the state's association of nonprofits, and in 2008, co-authored (with Elizabeth Keating) *Passion & Purpose: Raising the Fiscal Fitness Bar for Massachusetts Nonprofits*—the first major study on the financial health of the Massachusetts Nonprofit Sector. As a follow up of the report, she designed and helped launch the *Catalyst Fund for Nonprofits* to support transformational collaborations and mergers among nonprofits. Geeta received her undergraduate degree in architecture from New Delhi, India and her Master's Degree in Urban Design from the Graduate School of Design at Harvard University.

---

## Acknowledgements

The authors wish to particularly acknowledge the following contributors who have provided ideas, input guidance, comments, and/or support:

From the Urban Institute, we thank Thomas Pollak, Jon Durnford and Katie Roeger. From the Nonprofit Finance Fund, and the Catalyst Fund, we thank William Pinakiewicz and Peter Kramer and the many nonprofits we cite as examples of innovation and excellence. We wish to thank Boston Foundation staff: Mary Jo Meisner, Barbara Hindley, Jessica Martin, Theresa Strachila and Liz Doolittle for their help and guidance throughout this project, and Kate Canfield, of Canfield Design, for her excellent graphic design and production.



