

Nonprofit Landscape: Greater Boston Area and Massachusetts State Insights

Custom Research Report Prepared for Next Level Social Impact

Second Edition - April 13, 2022



US Nonprofits - The Big Picture

Each year, over 1.7 million nonprofit organizations in the US work tirelessly to help mitigate our urgent social issues. They support over 550,000 individuals facing homelessness in the US and 39 million people living under the poverty line. They advocate and take action to help one million individuals without access to toilets and clean water, or the 12% of the population that avoid going to a doctor because they cannot afford medical care. They also work to address long-term strategic issues such as Climate Change, Responsible Consumption & Production, and managing the many inequity gaps in our society.

The nonprofit sector in the US is a \$2.9T economy. The two largest categories in the nonprofit sector are Education (K-12 and Higher Education) with 139K entities and \$390B in annual income, and Healthcare (Hospitals and Medical Research), with 59K entities and \$1.4T in annual income.

To help inform **Next Level Social Impact Partners, Inc.**, we used X4Impact Research Technology to process millions of data points to create an original custom report based on the **Nonprofit Landscape** in:

1. The State of Massachusetts.
2. Greater Boston Area.

3.35M
Tax Exempt Organizations

1.76M
Active Tax Exempt Organizations

\$2.9T Annual Income

\$38B Information Technology Spending

% of Annual Income by Source



US Charitable Organizations Growth by Annual Income

Next Level Social Impact wanted to understand the rate of growth by revenue as a benchmark. To answer this question, X4Impact analyzed tax returns of **259,207 501(C)(3) charitable organizations in the US that filed taxes between 2018 and 2020**. This included organizations of all ages and sizes in order to understand the baseline.

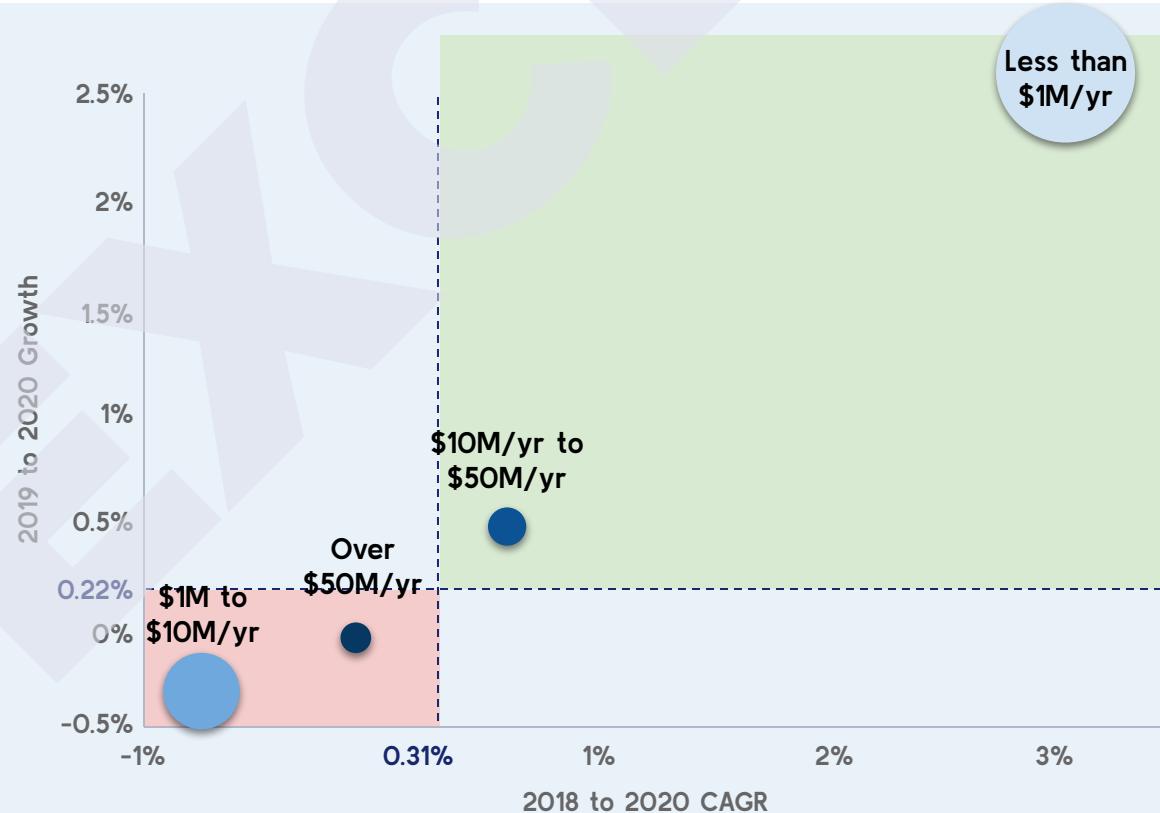
We excluded Foundations, Trusts, Unions, Sororities and Fraternities, Student Services and Scholarships, Public Utilities, K-12 Education, Financial Institutions and Religious Organizations and Cemeteries.

To keep statistical relevance of the results, we looked at two dimensions for analysis:

1. Organizations by Annual Income
2. Organizations by Age (based on IRS ruling date)

Between 2018 and 2020, the Compounded Annual Growth Rate (CAGR) of the Median Annual Income across the defined income level groups was 0.31%. In the 2019 to 2020 period, the median growth rate was 0.22%.

The segment with the least growth is the Lower Mid Market, defined as organizations with an annual income between \$1M and \$10M.



Bubble Size: Number of Organizations

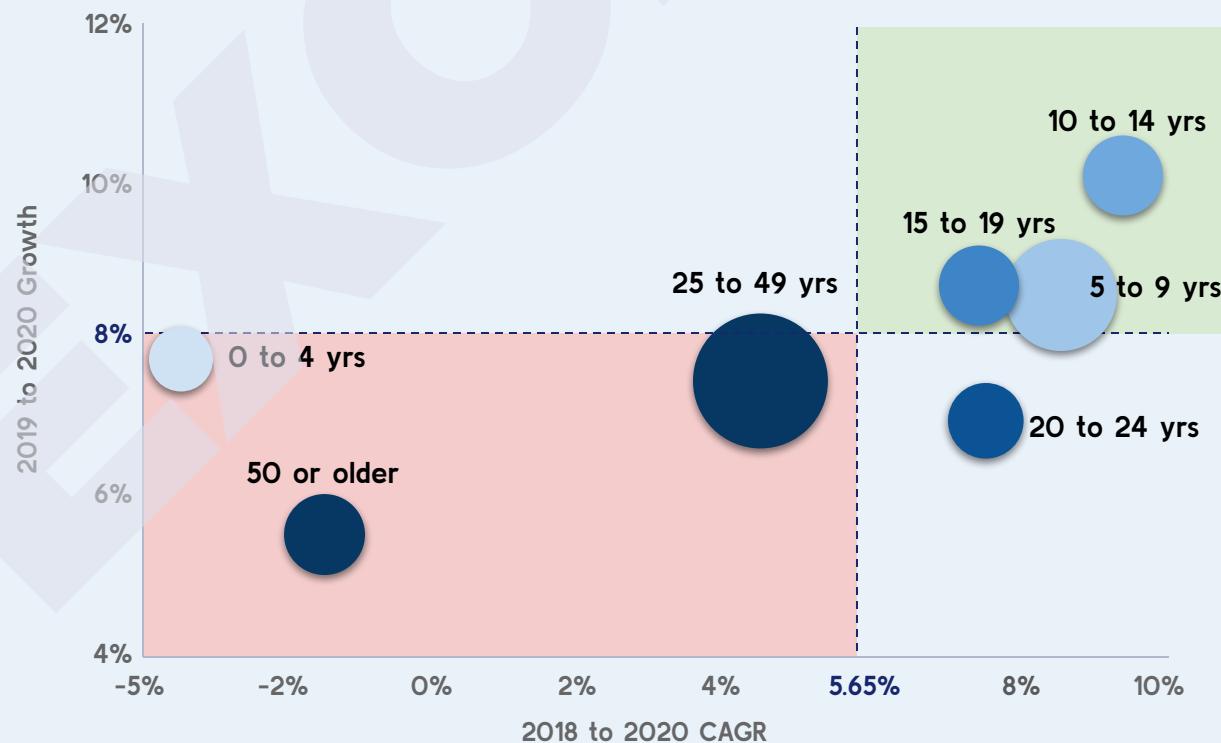
US Charitable Organizations Growth by Age

We based our calculations of an “Organization’s Age” on the IRS Ruling Date, which is the year in which an organization received its 501(C)(3) status. By grouping organizations in segmented bands of 5 or more years, we mitigate common data challenges to the queries, including those listed below:

1. Most charitable organizations incorporate before they register with the IRS. Obtaining the 501(C)(3) status takes time and operations typically start earlier than the IRS ruling date. Some organizations begin without any formal legal structure.
2. Many organizations, as they grow, create branches. These branches might have a recent ruling, even when the organization previously started operations under the 501(C)(3) status of the parent organization.
3. Before the 1960s, The IRS maintained nonprofit information in paper form only, and the recording of ruling dates is subject to data entry issues or misreadings by machine scanning technology (OCR). For example, many organizations are listed as the year 2000, but are classified as 1800 or 1900 because the year was recorded as “OO” on paper.

Between 2018 and 2020, the Compounded Annual Growth Rate (CAGR) of the Median Annual Income across the defined organizational age/stage groups was 5.65%. In the 2019 to 2020 period, the median growth rate was 8%.

Organizations between 10-14 years old have shown the highest growth, followed by those aged 15-19, with above average growth rates in the 5-9 year range.



Bubble Size: Number of organizations

Massachusetts Charitable Orgs 5-15 Years Old

How can Next Level Social Impact craft a grantmaking strategy by using data to understand Massachusetts-based nonprofit organizations 5-15 years old?

To answer this question, we looked at organizations in the state of Massachusetts and applied the following filtering criteria:

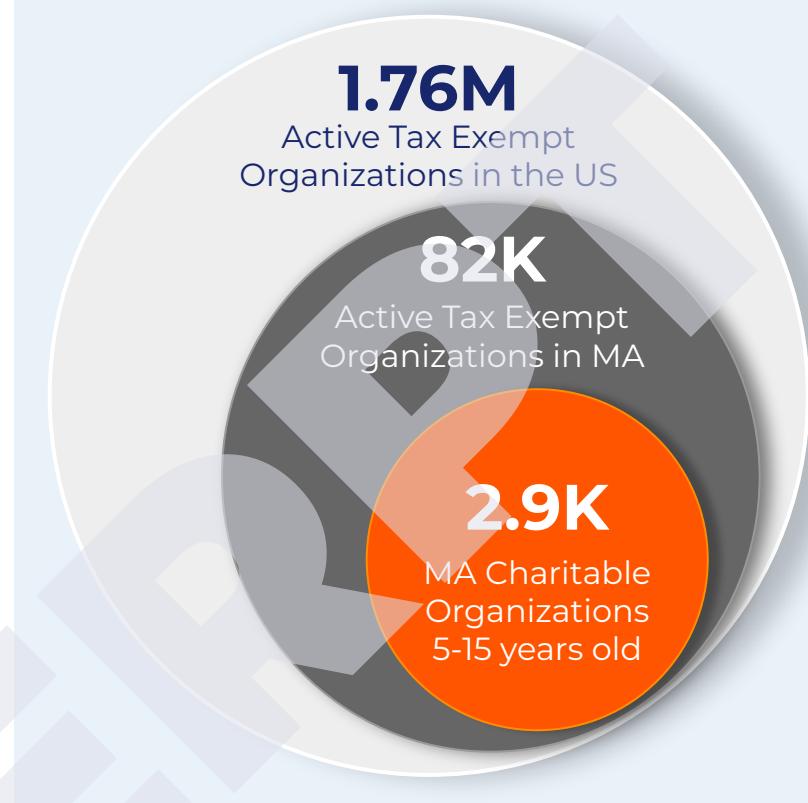
1. We excluded Foundations, Trusts, Unions, Sororities and Fraternities, Student Services and Scholarships, Public Utilities, K-12 Education, Financial Institutions and Religious Organizations and Cemeteries.
2. Focused only on 501(C)(3) organizations.
3. Included only organizations that were founded 5 to 15 years ago (2007 to 2017).

MA Orgs 5-15 Years Old at-a-Glance

There are over 2,900 target organizations included in this report, with \$2B in annual revenue.

They are staffed by 15,900 employees and over 346,000 volunteers.

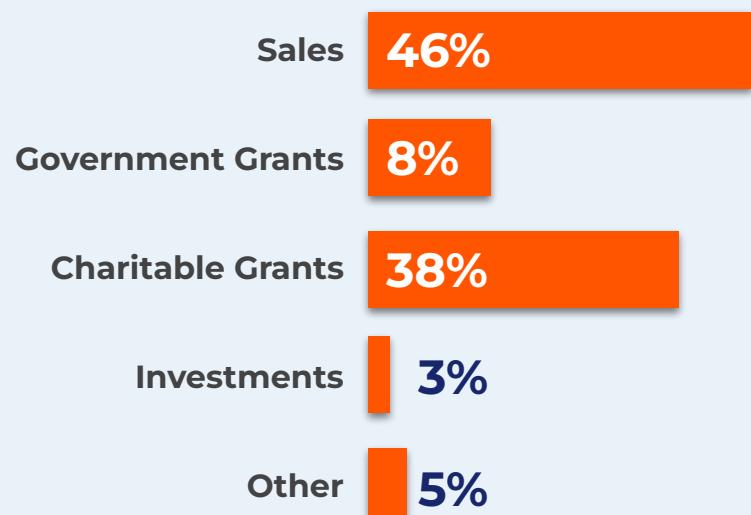
The median income for these organizations is \$77,000 per year. The mean is \$714,000 per organization.



\$2B Annual Income

16K Employees

% Of Annual Income by Source



Massachusetts Charitable Orgs 5-15 Years Old by Size

The ecosystem of 5-15 yr old Charitable Organizations across Massachusetts is composed almost entirely of organizations with annual incomes under \$50M. The vast majority (90%) are small organizations with annual incomes under \$1M. Together, they are staffed by **15,900** employees.

These organizations rely on both grants and the sale of products and services to fund most of their work. Sales generate over **46%** of their income (**\$921M**) while charitable grants account for **38%** (**\$768M**). They are less reliant on government grants, which represent just **8%** of their annual income.

Their income from sales, charitable donations and government grants remains **stable during periods of economic recession**, as observed during the 2008-10 and 2020-21 economic downturns.

They spend over **\$29M on IT** each year, and **\$230M on professional fees** related to accounting, fundraising, lobbying, legal, investment and more. In many cases, these contracts are with Consultants to provide one-off solutions and services that address the needs of a particular nonprofit, failing to take a systematic approach to address the needs of the sector at large. X4Impact data sets include over 80 vendors who have contracts with Massachusetts nonprofits.

Selected Median Annual Figures

	Median Annual Income	Median Employees	Median IT Spending	Median Professional Fees
Enterprise: Over \$50M/yr 3 Orgs	\$57M	247	\$602K	\$2M
Higher Mid Market: \$10M to \$50M/yr 37 Orgs	\$16M	98	\$91K	\$587K
Lower Mid Market: \$1M to \$10M/yr 245 Orgs	\$2.2M	19	\$19K	\$127K
Small: Less than \$1M/yr 2.6K Orgs	\$62K	4	\$2.6K	\$4K

Greater Boston Area Charitable Orgs 5-15 Years Old

To further refine results from the total Massachusetts organizations that are 5-15 years old, we applied two additional filters to understand the market dynamics further:

1. Organizations in the Greater Boston Area, defining the Greater Boston Area as the following counties: **Middlesex, Essex, Suffolk, Norfolk, Plymouth, and Bristol.**
2. Human curation of the largest organizations (\$100M+) in annual income as we found that in many cases the IRS ruling shows aging of 5-15 years old, but the organization is much older.

Greater Boston Area Orgs 5-15 Years Old at-a-Glance

There are roughly **2,200 organizations** which meet the target segmentation of 5-15 years old in the 6-county area, with **\$1.7B** in annual revenue.

They are staffed by 12,800 employees and over 341,000 volunteers.

The median income for these organizations is \$84,000 per year. The average is \$780,000 per organization.

82K
Active Tax Exempt Organizations in Massachusetts

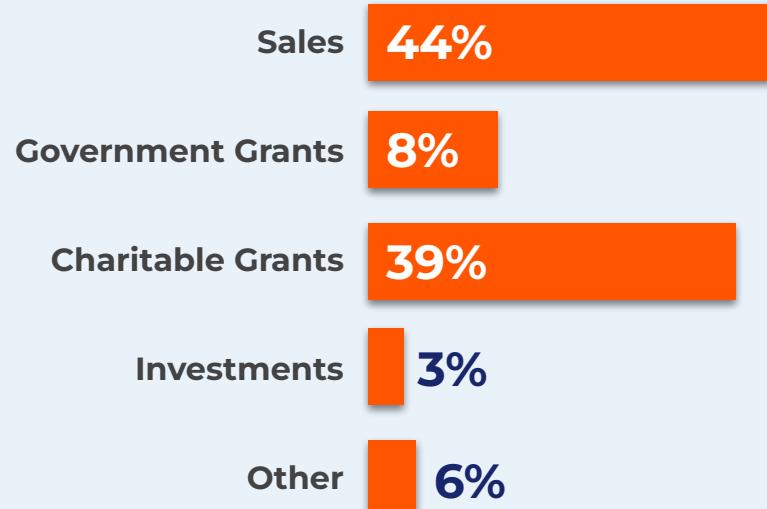
2.9K
Active Charitable Orgs 5-15 years old in MA

2.2K
Active Orgs In Greater Boston

\$1.7B Annual Income

12.8K Employees

% Of Annual Income by Source



Greater Boston Area Database

- A database with details of the target 2,200 organizations in Greater Boston was provided in a separate file.
- We provide Name, Address, NTEE, focus area, UN SDG, website address, revenues, expenses, income sources, focus area, UN SDG classification, and other dimensions for each organization. See [Data Dictionary: Expanded Dataset Tab](#).

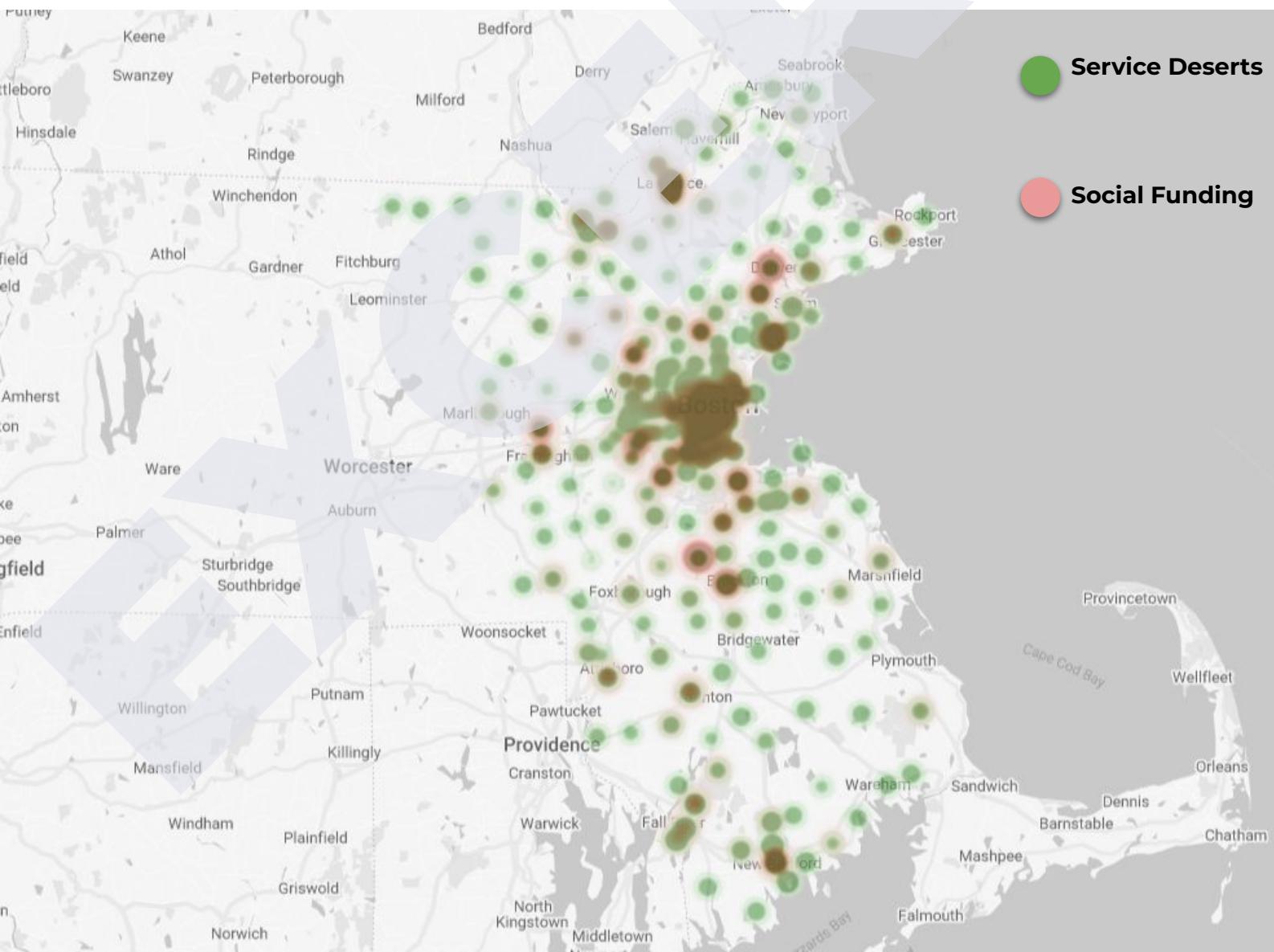


Greater Boston Area Service Desert Map™

To inform **Next Level Social Impact** Funding Strategies, we created this Service Desert Map™ for the Greater Boston Area. The map shows in red the Annual Income or Social Funding reported by nonprofits in the six counties defined as the Greater Boston Area. In green, we see the distribution of households with annual income under \$25,000 as per the US 2020 Census data. A yearly income of less than \$25K per household is well below the definition of low income in the United States.

The areas in dark red or maroon are where we find many low-income households and plenty of Social Funding. **The regions in pure shades of green are Service Deserts where local nonprofit organizations report minimal Social Funding and there is a critical mass of low-income households.**

We excluded Foundations, Trusts, Unions, Sororities and Fraternities, Student Services and Scholarships, Public Utilities, K-12 Education, Financial Institutions, and Religious Organizations and Cemeteries.



Appendix

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Massachusetts - UN Sustainable Development Goals

Massachusetts

Selected State

MA

SDG	Indicator	Rank	# of NGOs	Rank	Total Annual Revenue
1 NO POVERTY	18.5K Homeless individuals	45	2K	8	\$10B
2 ZERO HUNGER	8% Food insecure households	2	488	12	\$2B
3 GOOD HEALTH AND WELL-BEING	2.3 Hospital beds per 1,000 people	30	2K	10	\$60B
4 QUALITY EDUCATION	\$33K Average student debt	11	2K	6	\$33B
5 GENDER EQUALITY	-29% Gender pay gap	25	383	8	\$2B
6 CLEAN WATER AND SANITATION	17K People without access to toilets, sinks, or clean water	29	84	21	\$238M
7 AFFORDABLE AND CLEAN ENERGY	17% Electricity generated from renewable sources	22	70	22	\$332M
8 DECENT WORK AND ECONOMIC GROWTH	625.8K People living below poverty line	29	916	10	\$29B
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	75% Roads in good or fair condition	37	558	10	\$2B
10 REDUCED INEQUALITIES	9 Equal Employment Complaints per 1,000 workers	6	917	9	\$6B
11 SUSTAINABLE CITIES AND COMMUNITIES	401M Trips on public transportation	7	3K	8	\$6B
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	\$1K Value of groceries wasted per capita	45	230	3	\$362M
13 CLIMATE ACTION	11.3 Per capita CO2 emissions (metric tons)	10	117	7	\$302M
14 LIFE BELOW WATER	20 Marine Protected Areas	14	248	7	\$653M
15 LIFE ON LAND	56% Forest coverage	12	373	4	\$500M
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	69.9K People in the correctional system	23	1K	8	\$1B
17 PARTNERSHIPS FOR THE GOALS	97% Percent of population with access to broadband internet	1	313	7	\$911M

Note: it may be possible for two or more states to have the same value for an indicator. In these instances they receive the same ranking.

Select nonprofit organizations in the \$550K-\$700K per year size listed below in 3 areas in the public conversation. Additional data available at [x4i.org/sdg](#) including clickable links to organizational details. Sample organizations shown for reference as an example of the types of organizations in each category.

Climate Action & Clean Energy in Massachusetts

Organization	\$/yr
NORTHWEST ATLANTIC MARINE ALLIANCE INC 🔗	\$641K
BIODIVERSITYWORKS INC 🔗	\$638K
CHARLES RIVER CONSERVANCY INC 🔗	\$630K
GREEN RESTAURANT ASSOCIATION 🔗	\$616K
EQUITABLE ORIGIN INC 🔗	\$585K

* Excludes Public Utilities

Social Justice & Inequalities in Massachusetts

Organization	\$/yr
BRAZILIAN WORKER CENTER INC 🔗	\$639K
MASSACHUSETTS ADVOCATES STANDING STRONG INC 🔗	\$606K
REFUGEE & IMMIGRANT ASSISTANCE CENTER 🔗	\$605K
NEW ENGLAND LEGAL FOUNDATION 🔗	\$591K
SPANISH AMERICAN CENTER INC 🔗	\$567K

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Human Services in Massachusetts

Organization	\$/yr
BOSTON ASIAN YOUTH ESSENTIAL SERVICE INC 🔗	\$637K
BEDFORD VETERANS QUARTERS INC 🔗	\$636K
OAK HILL INC 🔗	\$635K
MINDS MATTER OF BOSTON INC 🔗	\$631K
PRESIDENTIAL PLACE INC 🔗	\$630K

1081-1085 of 2678 [◀](#) [▶](#)

* Excludes Hospitals and Clinics

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More Data &
Insights**

Other Reports you might find useful

- [Nonprofit & Tech for Good Compensation](#)
- [US Nonprofit Landscapes by UN SDG](#)
- [Technology Innovation in the US](#)

Our Data

This report is based on analyzing over 800 million data points gathered from the United States Internal Revenue Service (IRS), The National Center of Charitable Statistics (NCCS), and our proprietary Database of Technology Solutions.

We also conduct primary research to complement our understanding of the sector.

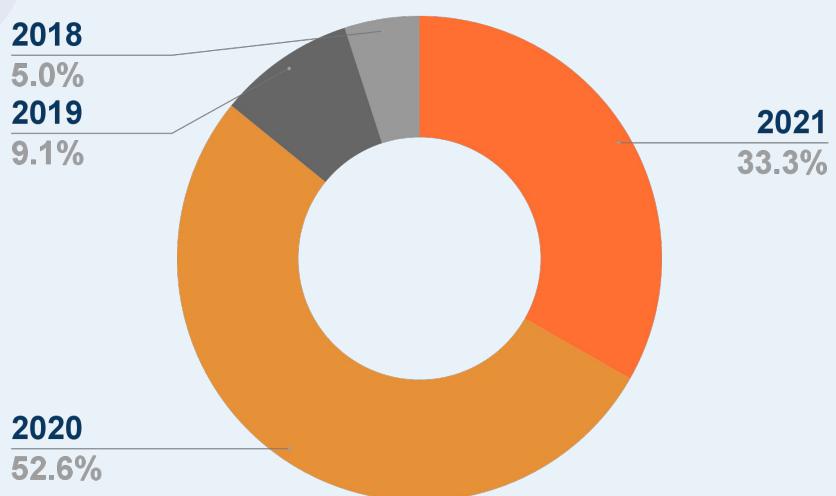
We update our datasets periodically to get the most representative sample of the US nonprofit sector.

Our classification is based on the NTEE codes reported by the IRS, the National Center for Charitable Statistics, and the mission statement reported by organizations in their filings with the IRS.

Margin of error

- Organization Age analysis: For organizations with an IRS ruling before 1960: Over 20%, for organizations with IRS ruling after 1960: +/- 10%, understanding that ruling date does not equal incorporation date.
- Organization Classification under Human Services Sector: +/-10%.
- IT Spending Analysis: +/-3%.
- Professional Fees Spending Analysis: +/-10%.

Data Freshness for the State of MA Dataset:



X4Impact - Data Intelligence for Social Innovation

(The Gartner™ for Social Impact, as some leaders refer to us!)

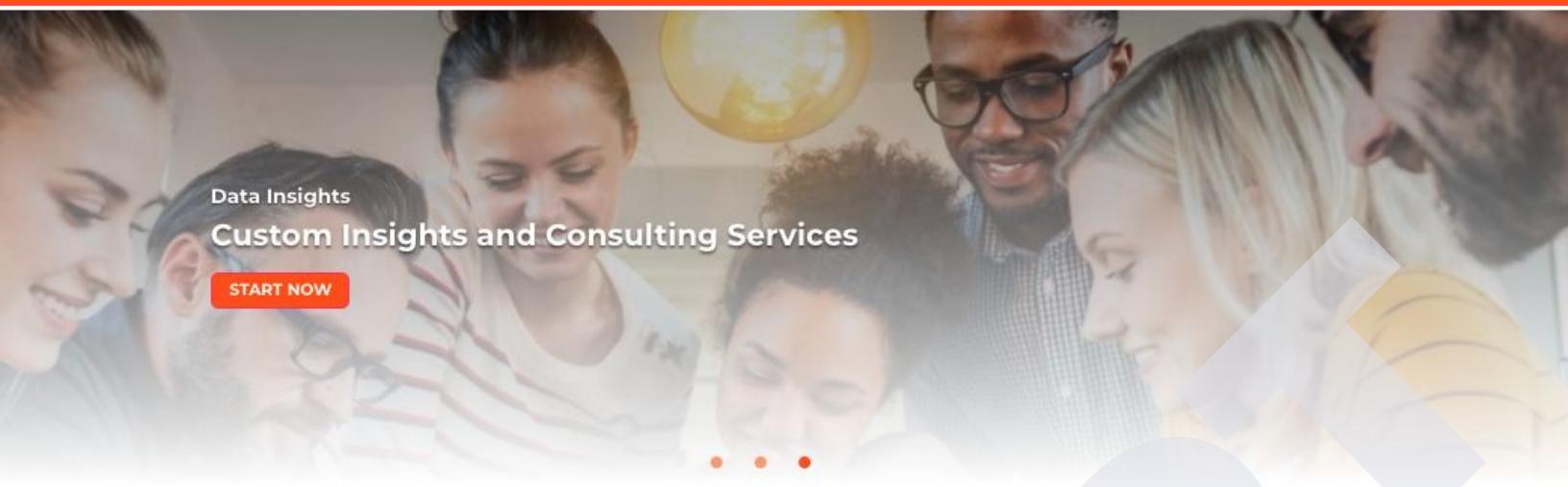
Credits

Key Sources

- X4Impact Analysis of the IRS and NCCS data sets 2017 - 2022
- [X4Impact Tech & Services Solutions Directory 2022](#)
- [X4Impact - Money Flow in the Nonprofit Sector](#) - Interactive Report 2022
- [Nonprofits in America](#) US Bureau of Labor Statistics
- [Research Data on the Nonprofit Sector](#) US Bureau of Labor Statistics
- [X4Impact UN SDG Interactive Reports](#)
- [State by State Guide](#) - X4Impact

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Data Insights

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Our research technology processes billions of social impact data points to provide you with crucial insights, advice, and tools to deliver on your mission and build the social impact organizations of tomorrow. Learn more [about us](#).



Interactive Tool
NTEE Code Finder



Interactive Tool
Nonprofit Compensation Tool



Interactive Tool
\$2.9T of Social Funding & Software Spending



Infographic:
Safe and Affordable Housing - US Landscape

About X4Impact

X4Impact, Inc. is the leading data insights, research, and advisory services company for social innovation in the US.

Our social impact research technology processes billions of data points to provide leaders with the crucial insights, advice, and tools needed to deliver on their mission and build the social impact organizations of tomorrow. We are partners in impact providing data and services to entrepreneurs, investors, philanthropists, local governments, academic institutions, and socially-minded private sector organizations.

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